

**Strategic Report, Report of the Directors and  
Financial Statements  
for the Year Ended 31 March 2021  
for  
Pentre Group Limited**

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# **Pentre Group Limited**

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**Pentre Group Limited**  
**Company Information**  
**for the Year Ended 31 March 2021**

**DIRECTORS:** M F Seymour  
R Johnstone  
Mrs J Meal

**SECRETARY:** Mrs J Meal

**REGISTERED OFFICE:** Unit 2, Penfield Road  
Leigh  
Lancashire  
WN7 3PG

**REGISTERED NUMBER:** 02514415 (England and Wales)

**AUDITORS:** Voisey & Co LLP  
Statutory Auditor  
8 Winmarleigh Street  
Warrington  
Cheshire  
WA1 1JW

**Pentre Group Limited**  
**Strategic Report**  
**for the Year Ended 31 March 2021**

The directors present the strategic report for the year ended 31 March 2021.

**REVIEW OF BUSINESS**

The company's turnover for the year amounted to £14.8M with operating profit being £0.5M. The company's profit on ordinary activities after taxation amounted to £0.6M.

At the year end the company had shareholders' funds of £12.6M.

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 during the year and continuing 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 during the period have shown a reduction in turnover compared to prior periods of the group, however, the actual and forecast for the 2021/22 financial year are showing signs of recovery to a level of 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:-

- Continuing Brexit uncertainty 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.

**ON BEHALF OF THE BOARD:**



Mrs J Meal - Secretary

18 October 2021

**Pentre Group Limited**  
**Report of the Directors**  
**for the Year Ended 31 March 2021**

The directors present their report with the financial statements of the company for the year ended 31 March 2021.

**PRINCIPAL ACTIVITY**

The principle activity of the company continues to be that of the manufacture of cable reels and drums.

**DIVIDENDS**

An interim dividend of £1.54 per share was paid on 31 March 2021. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 March 2021 will be £4,525,000.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 April 2020 to the date of this report.

M F Seymour  
R Johnstone  
Mrs J Meal

Other changes in directors holding office are as follows:

S A Kilgallon ceased to be a director after 31 March 2021 but prior to the date of this report.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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;
- 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 AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Pentre Group Limited**  
**Report of the Directors**  
**for the Year Ended 31 March 2021**

**AUDITORS**

The auditors, Alexander & Co LLP, resigned as auditors on the 29th January 2021 and were succeeded by Voisey & Co. On 1st May 2021 Voisey & Co incorporated into Voisey & Co LLP, the partnership resigned and the limited liability partnership was appointed as succeeding auditors. A resolution proposing the re-appointment of Voisey & Co LLP will be proposed at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**



Mrs J Meal - Secretary

18 October 2021

## **Report of the Independent Auditors 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 2021 which comprise the Income Statement, Other Comprehensive Income, Statement of Financial Position, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

## **Report of the Independent Auditors 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 or the Report of the Directors.

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 Statement of Directors' Responsibilities set out on page three, 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 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.

### **Auditors' 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 a Report of the Auditors 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.

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:

- 1 - Enquiry of management, those charged with governance around actual and potential litigation and claims;
- 2 - Enquiry of entity staff to identify any instances of non-compliance with laws and regulations;
- 3 - Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- 4 - Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**Report of the Independent Auditors to the Members of  
Pentre Group Limited**

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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.



Philip Urmston (Senior Statutory Auditor)  
for and on behalf of Voisey & Co LLP  
Statutory Auditor  
8 Winmarleigh Street  
Warrington  
Cheshire  
WA1 1JW

Date: ..... 20th October 2021 .....

**Pentre Group Limited**  
**Income Statement**  
**for the Year Ended 31 March 2021**

	Notes	31.3.21 £	31.3.20 £
<b>TURNOVER</b>	3	14,789,977	17,916,283
Cost of sales		<u>(10,867,073)</u>	<u>(13,202,135)</u>
<b>GROSS PROFIT</b>		3,922,904	4,714,148
Administrative expenses		<u>(3,595,677)</u>	<u>(3,789,476)</u>
		327,227	924,672
Other operating income	4	<u>143,912</u>	<u>-</u>
<b>OPERATING PROFIT</b>	6	471,139	924,672
Interest receivable and similar income	7	<u>6,822</u>	<u>12,907</u>
		477,961	937,579
Interest payable and similar expenses	8	<u>(15,774)</u>	<u>(11,089)</u>
<b>PROFIT BEFORE TAXATION</b>		462,187	926,490
Tax on profit	9	<u>126,967</u>	<u>(167,560)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u><u>589,154</u></u>	<u><u>758,930</u></u>

The notes form part of these financial statements

**Pentre Group Limited**

**Other Comprehensive Income  
for the Year Ended 31 March 2021**

	31.3.21	31.3.20
Notes	£	£
<b>PROFIT FOR THE YEAR</b>	589,154	758,930
<b>OTHER COMPREHENSIVE INCOME</b>		
Revaluation of tangible fixed assets	-	(70,228)
Income tax relating to other comprehensive income	-	-
	<u>-</u>	<u>-</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>	<u>-</u>	<u>(70,228)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u><u>589,154</u></u>	<u><u>688,702</u></u>

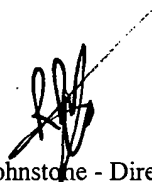
The notes form part of these financial statements

Pentre Group Limited (Registered number: 02514415)

Statement of Financial Position  
31 March 2021

	Notes	31.3.21		31.3.20	
		£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	11		-		-
Tangible assets	12		3,436,449		3,266,900
Investments	13		1,262,429		1,262,429
			<u>4,698,878</u>		<u>4,529,329</u>
<b>CURRENT ASSETS</b>					
Stocks	14	2,271,104		2,047,211	
Debtors	15	10,165,022		10,676,945	
Cash at bank and in hand		1,461,751		4,790,348	
			<u>13,897,877</u>		<u>17,514,504</u>
<b>CREDITORS</b>					
Amounts falling due within one year	16	5,669,441		5,232,646	
<b>NET CURRENT ASSETS</b>			<u>8,228,436</u>		<u>12,281,858</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>12,927,314</u>		<u>16,811,187</u>
<b>PROVISIONS FOR LIABILITIES</b>	19		319,212		267,239
<b>NET ASSETS</b>			<u><u>12,608,102</u></u>		<u><u>16,543,948</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	20		2,926,581		2,926,581
Share premium			1,212,190		1,212,190
Revaluation reserve			517,207		533,891
Retained earnings			7,952,124		11,871,286
<b>SHAREHOLDERS' FUNDS</b>			<u><u>12,608,102</u></u>		<u><u>16,543,948</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 18 October 2021 and were signed on its behalf by:



R Johnstone - Director

The notes form part of these financial statements

**Pentre Group Limited**

**Statement of Changes in Equity  
for the Year Ended 31 March 2021**

	Called up share capital £	Retained earnings £	Share premium £	Revaluation reserve £	Total equity £
<b>Balance at 1 April 2019</b>	2,926,581	11,193,477	1,212,190	622,998	15,955,246
<b>Changes in equity</b>					
Profit for the year	-	758,930	-	-	758,930
Other comprehensive income	-	18,879	-	(89,107)	(70,228)
<b>Total comprehensive income</b>	-	777,809	-	(89,107)	688,702
<b>Dividends</b>	-	(100,000)	-	-	(100,000)
<b>Total transactions with owners, recognised directly in equity</b>	-	(100,000)	-	-	(100,000)
<b>Balance at 31 March 2020</b>	2,926,581	11,871,286	1,212,190	533,891	16,543,948
<b>Changes in equity</b>					
Profit for the year	-	589,154	-	-	589,154
Other comprehensive income	-	16,684	-	(16,684)	-
<b>Total comprehensive income</b>	-	605,838	-	(16,684)	589,154
<b>Dividends</b>	-	(4,525,000)	-	-	(4,525,000)
<b>Total transactions with owners, recognised directly in equity</b>	-	(4,525,000)	-	-	(4,525,000)
<b>Balance at 31 March 2021</b>	2,926,581	7,952,124	1,212,190	517,207	12,608,102

The notes form part of these financial statements

## Pentre Group Limited

### Notes to the Financial Statements for the Year Ended 31 March 2021

#### 1. STATUTORY INFORMATION

Pentre Group Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

#### 2. ACCOUNTING POLICIES

##### **Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

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

The principal accounting policies adopted are set out below.

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, which is in turn a wholly owned subsidiary of Pentre 2020 Limited. The results of Pentre Group Limited are included in the consolidated financial statements of Pentre Holdings Limited and Pentre 2020 Limited, which are available from the Company Secretary, Unit 2, Penfield Road, Leigh, Lancashire, WN7 3PG.

##### **Judgements and key sources of estimation and 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 assumption 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.

## Pentre Group Limited

### Notes to the Financial Statements - continued for the Year Ended 31 March 2021

#### 2. ACCOUNTING POLICIES - continued

##### 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.

##### 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.

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.

##### Intangible fixed assets - goodwill

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

##### 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.

##### 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.

## Pentre Group Limited

### Notes to the Financial Statements - continued for the Year Ended 31 March 2021

#### 2. ACCOUNTING POLICIES - continued

##### **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.

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.

##### **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.

##### **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 overdraft are shown within borrowings in current liabilities.

##### **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.

## Pentre Group Limited

### Notes to the Financial Statements - continued for the Year Ended 31 March 2021

#### 2. ACCOUNTING POLICIES - continued

##### **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.

##### **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.

##### **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 2021

#### 2. 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 2021**

**2. ACCOUNTING POLICIES - continued**

**Derecognition of financial liabilities**

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

**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.

**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.

**Retirement benefits**

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

**3. TURNOVER**

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

	31.3.21 £	31.3.20 £
<b>Turnover analysed by class of business</b>		
Manufacture of cable reels and drums	14,789,977	17,916,283
	<u>                    </u>	<u>                    </u>

**4. OTHER OPERATING INCOME**

	31.3.21 £	31.3.20 £
Government grants	143,912	-
	<u>                    </u>	<u>                    </u>

The accrual model has been adopted to recognise government grants in the year and are measured at the fair value of the asset received or receivable. Where a grant becomes repayable it is recognised as a liability when the repayment meets the definition of a liability. Grant income in the year of £143,912 is in relation to the Coronavirus Job Retention Scheme and all conditions attached to the grants have been met.

**5. EMPLOYEES AND DIRECTORS**

	31.3.21 £	31.3.20 £
Wages and salaries	2,944,248	3,189,612
Social security costs	268,917	288,865
Other pension costs	119,438	122,093
	<u>                    </u>	<u>                    </u>
	<u>3,332,603</u>	<u>3,600,570</u>

The average number of employees during the year was as follows:

	31.3.21	31.3.20
Manual	86	96
Clerical and technical	32	32
	<u>                    </u>	<u>                    </u>
	<u>118</u>	<u>128</u>

**Pentre Group Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 March 2021**

**5. EMPLOYEES AND DIRECTORS - continued**

	31.3.21	31.3.20
	£	£
Directors' remuneration	243,289	289,549
Directors' pension contributions to money purchase schemes	<u>27,839</u>	<u>27,839</u>

The number of directors to whom retirement benefits were accruing was as follows:

Defined benefit schemes	<u>3</u>	<u>3</u>
-------------------------	----------	----------

Information regarding the highest paid director is as follows:

	31.3.21	31.3.20
	£	£
Emoluments etc	92,518	105,509
Pension contributions to money purchase schemes	<u>10,000</u>	<u>10,000</u>

**6. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	31.3.21	31.3.20
	£	£
Hire of plant and machinery	15,682	17,114
Other operating leases	189,588	168,937
Depreciation - owned assets	305,409	315,448
Loss on disposal of fixed assets	4,989	10,000
Auditors' remuneration	21,350	32,265
Foreign exchange differences	<u>(48,976)</u>	<u>(122,181)</u>

**7. INTEREST RECEIVABLE AND SIMILAR INCOME**

	31.3.21	31.3.20
	£	£
Deposit account interest	<u>6,822</u>	<u>12,907</u>

**8. INTEREST PAYABLE AND SIMILAR EXPENSES**

	31.3.21	31.3.20
	£	£
Bank interest	<u>15,774</u>	<u>11,089</u>

**Pentre Group Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 March 2021**

**9. TAXATION**

**Analysis of the tax (credit)/charge**

The tax (credit)/charge on the profit for the year was as follows:

	31.3.21	31.3.20
	£	£
Current tax:		
UK corporation tax	-	88,382
Overprovision in previous year	(178,940)	(7,532)
	<u>(178,940)</u>	<u>80,850</u>
Total current tax	(178,940)	80,850
Deferred tax	51,973	86,710
	<u>51,973</u>	<u>86,710</u>
Tax on profit	<u>(126,967)</u>	<u>167,560</u>

**Reconciliation of total tax (credit)/charge included in profit and loss**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	31.3.21	31.3.20
	£	£
Profit before tax	462,187	926,490
	<u>462,187</u>	<u>926,490</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	87,816	176,033
Effects of:		
Expenses not deductible for tax purposes	1,602	9,436
Depreciation in excess of capital allowances	10,447	7,178
Research and development tax credit	(10,175)	(17,555)
(Over) provided in prior years	-	(7,532)
Deduction on employee share options exercised	(216,657)	-
	<u>(216,657)</u>	<u>-</u>
Total tax (credit)/charge	<u>(126,967)</u>	<u>167,560</u>

**Tax effects relating to effects of other comprehensive income**

There were no tax effects for the year ended 31 March 2021.

	Gross	31.3.20	Tax	Net
	£	£	£	£
Revaluation of tangible fixed assets	(70,228)	-	-	(70,228)
	<u>(70,228)</u>	<u>-</u>	<u>-</u>	<u>(70,228)</u>

**10. DIVIDENDS**

	31.3.21	31.3.20
	£	£
Interim	4,525,000	100,000
	<u>4,525,000</u>	<u>100,000</u>

**Pentre Group Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 March 2021**

**11. INTANGIBLE FIXED ASSETS**

	Goodwill £
<b>COST</b>	
At 1 April 2020 and 31 March 2021	2,025,104
<b>AMORTISATION</b>	
At 1 April 2020 and 31 March 2021	2,025,104
<b>NET BOOK VALUE</b>	
At 31 March 2021	-
At 31 March 2020	-

**12. TANGIBLE FIXED ASSETS**

	Long leasehold £	Plant and machinery £	Totals £
<b>COST OR VALUATION</b>			
At 1 April 2020	1,815,000	4,795,388	6,610,388
Additions	-	483,576	483,576
Disposals	-	(108,836)	(108,836)
	1,815,000	5,170,128	6,985,128
At 31 March 2021	1,815,000	5,170,128	6,985,128
<b>DEPRECIATION</b>			
At 1 April 2020	-	3,343,488	3,343,488
Charge for year	36,719	268,690	305,409
Eliminated on disposal	-	(100,218)	(100,218)
	36,719	3,511,960	3,548,679
At 31 March 2021	36,719	3,511,960	3,548,679
<b>NET BOOK VALUE</b>			
At 31 March 2021	1,778,281	1,658,168	3,436,449
At 31 March 2020	1,815,000	1,451,900	3,266,900

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:

	2021 £	2020 £
Cost	1,848,960	1,848,960
Accumulated depreciation	(580,187)	(556,007)
	1,268,773	1,292,953
Value of land in freehold land and building	640,000	640,000

**Pentre Group Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 March 2021**

**12. TANGIBLE FIXED ASSETS - continued**

Cost or valuation at 31 March 2021 is represented by:

	Long leasehold £	Plant and machinery £	Totals £
Valuation in 2020	1,815,000	-	1,815,000
Cost	-	5,170,128	5,170,128
	<u>1,815,000</u>	<u>5,170,128</u>	<u>6,985,128</u>

**13. FIXED ASSET INVESTMENTS**

	Shares in group undertakings £
<b>COST</b>	
At 1 April 2020 and 31 March 2021	<u>1,262,429</u>
<b>NET BOOK VALUE</b>	
At 31 March 2021	<u>1,262,429</u>
At 31 March 2020	<u>1,262,429</u>

**Subsidiaries**

Details of the company's subsidiaries at 31 March 2021 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Direct
Pentre Deutschland GmbH	1	Reel assembly and repairs	Ordinary	100
Pentre Farres S.L.	2	Plywood reel manufacturer	Ordinary	100
Pentre Kovo CZ Spol. s.r.o	3	Steel reel manufacturer	Ordinary	100
Pentre Overseas Holdings Limited	4	Holding company	Ordinary	100
Pentre Properties Limited	5	Property investment	Ordinary	100

Registered office addresses (all UK unless otherwise indicated):

- 1 Pelmanstr, 45, 45131 Essen, Germany
- 2 Calle Can Carrero N3, Les Franqueses Del Valles, 08520, Barcelona, Spain
- 3 Hurviny 2795, Rakonvik 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 issue share capital.

**Pentre Group Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 March 2021**

**14. STOCKS**

	31.3.21	31.3.20
	£	£
Raw materials and consumables	1,296,983	1,030,968
Work in progress	635,561	621,261
Finished goods and goods for resale	338,560	394,982
	<u>2,271,104</u>	<u>2,047,211</u>

**15. DEBTORS**

	31.3.21	31.3.20
	£	£
Amounts falling due within one year:		
Trade debtors	3,784,055	4,120,145
Amounts owed by group undertakings	5,728,773	6,233,451
Other debtors	188,917	99,046
Corporation tax recoverable	201,590	21,466
Other taxation	101,899	-
Prepayments	145,888	190,437
	<u>10,151,122</u>	<u>10,664,545</u>

Amounts falling due after more than one year:

Other debtors	13,900	12,400
	<u>13,900</u>	<u>12,400</u>

Aggregate amounts

	10,165,022	10,676,945
	<u>10,165,022</u>	<u>10,676,945</u>

**16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.3.21	31.3.20
	£	£
Trade creditors	2,301,481	1,587,581
Amounts owed to group undertakings	3,157,609	3,208,079
Social security and other taxes	121,813	201,544
Accruals and deferred income	88,538	235,442
	<u>5,669,441</u>	<u>5,232,646</u>

**17. LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.3.21	31.3.20
	£	£
Within one year	160,664	160,664
Between one and five years	428,438	589,102
	<u>589,102</u>	<u>749,766</u>

**18. SECURED DEBTS**

The ultimate parent company, Pentre 2020 Limited has provided security in relation to the deferred consideration payable to director Mr M F Seymour by a debenture creating a fixed and floating charge over the company's assets.

**Pentre Group Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 March 2021**

**19. PROVISIONS FOR LIABILITIES**

	31.3.21	31.3.20
	£	£
Deferred tax liabilities	<u>319,212</u>	<u>267,239</u>

**Deferred taxation**

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

**Liabilities**

	31.3.21	31.3.20
	£	£
<b>Balances:</b>		
Accelerated capital allowances	<u>319,212</u>	<u>267,239</u>

**Movements in the year**

		31.3.21
		£
Liability at 1 April 2020		267,239
Charge to profit or loss		51,973
Liability at 31 March 2021		<u>319,212</u>

The deferred tax liability set out above is expected to reverse within 5 years and relates to accelerated capital allowances that are expected to mature within the same period.

**20. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.3.21	31.3.20
			£	£
29,265,813	Ordinary	10p	<u>2,926,581</u>	<u>2,926,581</u>

**21. PENSION COMMITMENTS**

The company operates a defined contributions pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £119,438 (2020 £122,093).

**22. CAPITAL COMMITMENTS**

Amounts contracted for but not provided in the financial statements:

	31.3.21	31.3.20
	£	£
Acquisition of tangible fixed assets	<u>113,335</u>	<u>103,110</u>

**Pentre Group Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 March 2021**

**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. 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 (2020: £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 (2020: £5,614) were also charged in the year and at the balance sheet date £3,683 (2020: £4,479) was owing to the partnership.

**25. 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 2020 Limited, a company also registered in England and Wales.

The registered office of Pentre Holdings Limited and Pentre 2020 Limited is Unit 2, Penfield Road, Leigh, Lancashire, WN7 3PG.

Copies of the consolidated financial statements for Pentre 2020 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 are the shareholders of Pentre 2020 Limited.