

Company registration number 01876684 (England and Wales)

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES**COMPANY INFORMATION**

Directors	D G Williams A J Williams S A Colquhoun D A Williams C W Stewart S A Winter
Secretary	C W Stewart
Company number	01876684
Registered office	Southerham House Southerham Lane Lewes East Sussex BN8 6JN
Auditor	West & Berry Limited Mocatta House Trafalgar Place Brighton BN1 4DU
Business address	Southerham House Southerham Lane Lewes East Sussex BN8 6JN

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES**CONTENTS**

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HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report for the year ended 31 December 2022.

Principal activities

The principal activity of Hanover Displays Limited is the design, manufacture and distribution of passenger information systems for the public transport industry. The company is the parent to the Hanover Displays Group (the group) and provides the main design and manufacturing operation for the group, with subsidiary offices in France, Spain, Germany, Italy, Australia plus a second production facility in the US.

Promoting the success of the company

Under section 172(1) of the Companies Act 2006 (section 172), the Directors are required to act in a way that they consider, in all good faith, would most likely promote the success of the company. This success must be for the benefit of the company's shareholders but also for all other stakeholders.

The Board of Directors is committed to delivering the highest quality products and services and maintaining its reputation for high standards of business conduct. It recognises this is key to our ongoing success and we do this by making available the necessary resources to provide appropriate working environments to maximise the welfare and development of all staff. The directors promote a culture of quality and environmental performance in all our activities and encourage our suppliers, sub-contractors and customers to embrace the same values.

Fair review of the business

During 2022, the group achieved another strong financial performance with revenue of £46.2m representing a 11.4% increase compared to 2021. Gross profit margins were adversely impacted by supply chain challenges and global inflationary pressures, but despite these negative headwinds the group was able to achieve a solid net profit margin of 8.5%.

Whilst challenging trading conditions are still prevalent, the presence of growing order books, coupled with highly skilled and motivated workforce gives the Directors every confidence that the business will continue to trade positively over the coming months.

Principal risks and uncertainties

The Directors consider proper risk management to be crucial to the group's future success and give a high priority to ensuring that adequate systems and structures are in place to measure, analyse and limit exposure to risk. The Directors have established procedures to ensure that the internal controls are effective, efficient and are commensurate with a group of this size. A key control is the day to day supervision of the business by the Directors.

The group's sales outlook is predominantly linked to investment in public transport and its international market exposure, making it difficult to forecast accurately growth or reduction in sales. However, we continue to monitor market information, sales prospects and orders on a regular basis to assist in anticipating future demand.

The group monitors raw material sources on a global basis and negotiates forward purchase contracts where appropriate with key suppliers. The business also seeks to reduce the risk from its supply base and every effort is made to dual source critical parts and components.

The group continues to monitor the potential impact on supply chains or other factors arising directly or indirectly as a result of the Russian invasion of Ukraine, or disruption from Covid-19 related lockdowns in China and other jurisdictions.

Incidents of sophisticated cyber-crime represent a significant and increasing threat to all businesses. Hanover takes this risk seriously and continues to make investments to protect our systems and data.

Position of the group at the year end

The group's financial position at the end of the year is strong both in terms of profit and liquidity exhibited by the strength of its balance sheet. Funds over the requirement for working capital are an essential and inseparable part of the group's strategy of growth and future development. This provides funding to resource additional production facilities and acquisitions that may be required to meet ambitious growth targets. It also provides security against the risks and uncertainties highlighted in the section above.

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Key performance indicators

	2022	2021	2020
Turnover £'000	46,169	41,450	42,971
Turnover growth	+11.4%	-3.5%	-11.0%
Gross profit margin	53.8%	58.5%	57.4%
Profit / (Loss) before tax £'000	3,914	4,563	5,953
Net profit margin	8.5%	11.0%	13.9%

Other performance indicators

Hanover activities are monitored using a number of KPIs including sales turnover, gross profit margin, overheads and operating profit. We maintain a strong cash balance to ensure that personnel, supply chain partners and others are paid on time and dealt with professionally.

The group's net assets at 31 December 2022 were £56.8m (2021: £54.8m) and employee numbers increased to 295 (2021: 290).

Future developments

The group plans to continue implementing its strategy of introducing new products with enhanced functionality to complement its existing range and aspires to exceed customer expectations. Innovative research is key to our success and continued investment in new products and factory technology should provide increasing added value and market share in the major markets.

On behalf of the board

C W Stewart
Director

29 September 2023

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

The principal activities, review of the business and future developments can be found in the strategic report.

Results and dividends

The results for the year are set out on page 10.

Ordinary dividends were paid amounting to £477,135. The directors do not recommend payment of a further dividend.

Directors

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

D G Williams

A J Williams

S A Colquhoun

T S Mark

(Resigned 31 December 2022)

D A Williams

C W Stewart

S A Winter

Financial instruments

The group's financial instruments comprise bank balances, trade creditors and trade debtors. The main purpose of these instruments is to raise funds for the group's operations. Due to the nature of these funds, there is no exposure to price risk. The group's approach to managing other risks applicable to the financial instruments concerned are as follows. In respect of bank balances use of overdraft facilities are minimised. There are no loans from directors or financial institutions. The group manages the liquidity risk by ensuring there are sufficient funds to meet the payments. Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding and overdue. Trade creditors risk is managed by ensuring sufficient funds are available to meet amounts due.

Research and development

The group remains committed to innovatory research and development. Project based management is in place to ensure successful outcomes and control of cost through regular review. This ensures that it can meet or exceed the market requirements and expectations.

Acquisition of own shares

During the year the group acquired and subsequently cancelled 5,000 Ordinary £1 shares for the sum of £600,000.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The group's policy is to consult and discuss with employees matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Business relationships

The group regularly engages with its customers and suppliers through meetings, conferences and events. More formal reviews are undertaken periodically to ensure that relationships remain underpinned by key criteria such as quality, service, safety, innovation and commercial viability.

Auditor

The auditor, West & Berry Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Energy and carbon report

The UK Government's Streamlined Energy and Carbon Reporting (SECR) policy was implemented on 1 April 2019. The figures below represents Hanover Displays energy use and associated greenhouse gas (GHG) emissions from electricity and fuel in the UK.

2022 2021

Energy consumption used to calculate emissions (kWh)

Total Energy Consumption (kWh) 1,385,807 1,389,053

Energy consumption break down (kWh):

Natural gas 60,252 89,833

Electricity 1,209,667 1,189,185

Diesel 43,435 40,997

LPG 72,443 69,039

Scope 1 emissions in metric tonnes CO₂e

Natural gas 10.83 16.19

Diesel 10.31 9.56

LPG 15.29 14.57

Scope 2 emissions in metric tonnes CO₂e

Electricity 230.23 248.51

Total gross emissions in metric tonnes CO₂e 266.66 288.84

Intensity ratio tonnes CO₂e per tonne produced 0.84 0.92

Emissions have been grouped according to the GHG Protocol Corporate Standard. CO₂ emissions have been calculated using the 2022 UK Government Conversion Factors for Company Reporting.

Statement of disclosure to auditor

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

The directors have considered it appropriate to adopt the going concern basis of accounting.

Strategic report

The group has chosen in accordance with Companies Act 2006, s.414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

On behalf of the board

C W Stewart
Director

29 September 2023

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

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

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

Opinion

We have audited the financial statements of Hanover Displays Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the group income statement, the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 group's and the parent company's affairs as at 31 December 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the group and parent 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 group's and parent 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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 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.

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of 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 parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

The objectives of our audit are to identify and assess the risks of material misstatement of the financial statements due to fraud or error; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud or error; and to respond appropriately to those risks. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of the legal and regulatory frameworks applicable to the group and the sector in which it operates.
- We obtained an understanding of how the group is complying with the legal and regulatory frameworks by making inquiries to management.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
- identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
- understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- challenging assumptions and judgments made by management in its significant accounting estimates;
- identifying and testing journal entries.

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

- understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- challenging assumptions and judgments made by management in its significant accounting estimates;
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- assessing the extent of compliance with the relevant laws and regulations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Michelle Westbury FCCA (Senior Statutory Auditor)
for and on behalf of West & Berry Limited

29 September 2023

Chartered Certified Accountants
Statutory Auditor

Mocatta House
Trafalgar Place
Brighton
BN1 4DU

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

GROUP INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Turnover	3	46,168,684	41,450,155
Cost of sales		(21,311,979)	(17,197,827)
Gross profit		24,856,705	24,252,328
Administrative expenses		(22,524,353)	(20,458,529)
Other operating income		-	1,116,680
Operating profit	4	2,332,352	4,910,479
Interest receivable and similar income	8	39,863	11,540
Change in value of investments	9	1,541,304	(358,565)
Profit before taxation		3,913,519	4,563,454
Tax on profit	10	(1,068,840)	(718,044)
Profit for the financial year	30	2,844,679	3,845,410
Profit for the financial year is attributable to:			
- Owners of the parent company		2,844,679	3,819,664
- Non-controlling interests		-	25,746
		2,844,679	3,845,410

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
Profit for the year	2,844,679	3,845,410
Other comprehensive income		
Currency translation gain/(loss) taken to retained earnings	580,308	(834,988)
Total comprehensive income for the year	<u>3,424,987</u>	<u>3,010,422</u>
Total comprehensive income for the year is attributable to:		
- Owners of the parent company	3,424,987	3,009,480
- Non-controlling interests	-	942
	<u>3,424,987</u>	<u>3,010,422</u>

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Notes	2022		2021	
		£	£	£	£
Fixed assets					
Intangible assets	12		37,557		71,031
Tangible assets	13		12,486,386		11,467,089
Investments	14		10,298		8,859
			<u>12,534,241</u>		<u>11,546,979</u>
Current assets					
Stocks	18	16,959,491		11,994,574	
Debtors	19	12,800,205		9,789,939	
Investments	20	17,796,995		16,310,246	
Cash at bank and in hand		11,251,296		16,931,758	
		<u>58,807,987</u>		<u>55,026,517</u>	
Creditors: amounts falling due within one year	21	(8,833,458)		(7,366,005)	
Net current assets			<u>49,974,529</u>		<u>47,660,512</u>
Total assets less current liabilities			<u>62,508,770</u>		<u>59,207,491</u>
Provisions for liabilities					
Provisions	23	2,962,748		2,786,838	
Deferred tax liability	24	2,700,198		1,607,031	
		<u>(5,662,946)</u>		<u>(4,393,869)</u>	
Net assets			<u><u>56,845,824</u></u>		<u><u>54,813,622</u></u>
Capital and reserves					
Called up share capital	26		409,900		414,900
Share premium account	27		30,780		30,780
Capital redemption reserve	28		121,470		116,470
Profit and loss reserves	30		56,283,674		53,869,140
Equity attributable to owners of the parent company			<u>56,845,824</u>		<u>54,431,290</u>
Non-controlling interests			<u>-</u>		<u>382,332</u>
			<u><u>56,845,824</u></u>		<u><u>54,813,622</u></u>

The financial statements were approved by the board of directors and authorised for issue on 29 September 2023 and are signed on its behalf by:

S A Colquhoun
Director

C W Stewart
Director

Company registration number 01876684 (England and Wales)

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Notes	2022		2021	
		£	£	£	£
Fixed assets					
Tangible assets	13	8,380,543		7,070,129	
Investments	14	2,718,247		2,401,158	
			<u>11,098,790</u>		<u>9,471,287</u>
Current assets					
Stocks	18	11,940,912		7,981,290	
Debtors	19	10,478,328		10,209,411	
Investments	20	17,796,995		16,310,246	
Cash at bank and in hand		6,058,191		8,250,232	
		<u>46,274,426</u>		<u>42,751,179</u>	
Creditors: amounts falling due within one year	21	(6,088,877)		(4,635,768)	
Net current assets			<u>40,185,549</u>		<u>38,115,411</u>
Total assets less current liabilities			<u>51,284,339</u>		<u>47,586,698</u>
Provisions for liabilities					
Provisions	23	2,593,563		2,437,092	
Deferred tax liability	24	2,370,269		1,259,742	
		<u>(4,963,832)</u>		<u>(3,696,834)</u>	
Net assets			<u><u>46,320,507</u></u>		<u><u>43,889,864</u></u>
Capital and reserves					
Called up share capital	26	409,900		414,900	
Share premium account	27	30,780		30,780	
Capital redemption reserve	28	121,470		116,470	
Profit and loss reserves	30	45,758,357		43,327,714	
Total equity			<u><u>46,320,507</u></u>		<u><u>43,889,864</u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £3,507,779 (2021 - £6,977,040 profit).

The financial statements were approved by the board of directors and authorised for issue on 29 September 2023 and are signed on its behalf by:

S A Colquhoun
Director

C W Stewart
Director

Company registration number 01876684 (England and Wales)

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Share premium account	Capital redemption reserve	Profit and loss reserves	Total controlling interest	Non-controlling interest	Total
Notes	£	£	£	£	£	£	£
Balance at 1 January 2021	415,150	30,780	116,220	51,263,359	51,825,509	2,661,121	54,486,630
Year ended 31 December 2021:							
Profit for the year	-	-	-	3,819,664	3,819,664	25,746	3,845,410
Other comprehensive income:							
Currency translation differences	-	-	-	(834,988)	(834,988)	-	(834,988)
Amounts attributable to non-controlling interests	-	-	-	24,804	24,804	(24,804)	-
Total comprehensive income	-	-	-	3,009,480	3,009,480	942	3,010,422
Dividends	11	-	-	(323,622)	(323,622)	-	(323,622)
Own shares acquired	-	-	-	(30,000)	(30,000)	-	(30,000)
Redemption of shares	26	-	250	-	250	-	250
Reduction of shares	26	(250)	-	-	(250)	-	(250)
Purchase of shares in subsidiary from non-controlling interest	-	-	-	(50,077)	(50,077)	(2,279,731)	(2,329,808)
Balance at 31 December 2021	414,900	30,780	116,470	53,869,140	54,431,290	382,332	54,813,622

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

GROUP STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Share premium account	Capital redemption reserve	Profit and loss reserves	Total controlling interest	Non-controlling interest	Total	
Notes	£	£	£	£	£	£	£	
Year ended 31 December 2022:								
Profit for the year	-	-	-	2,844,679	2,844,679	-	2,844,679	
Other comprehensive income:								
Currency translation differences	-	-	-	580,308	580,308	-	580,308	
Total comprehensive income	-	-	-	3,424,987	3,424,987	-	3,424,987	
Dividends	11	-	-	(477,135)	(477,135)	-	(477,135)	
Own shares acquired	-	-	-	(600,000)	(600,000)	-	(600,000)	
Redemption of shares	26	-	5,000	-	5,000	-	5,000	
Reduction of shares	26	(5,000)	-	-	(5,000)	-	(5,000)	
Purchase of shares in subsidiary from non-controlling interest	-	-	-	66,682	66,682	(382,332)	(315,650)	
Balance at 31 December 2022		409,900	30,780	121,470	56,283,674	56,845,824	-	56,845,824

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Share premium account	Capital redemption reserve	Profit and loss reserves	Total
Notes	£	£	£	£	£
Balance at 1 January 2021	415,150	30,780	116,220	36,704,296	37,266,446
Year ended 31 December 2021:					
Profit and total comprehensive income for the year	-	-	-	6,977,040	6,977,040
Dividends	11	-	-	(323,622)	(323,622)
Own shares acquired	-	-	-	(30,000)	(30,000)
Redemption of shares	26	-	250	-	250
Reduction of shares	26	(250)	-	-	(250)
Balance at 31 December 2021	414,900	30,780	116,470	43,327,714	43,889,864
Year ended 31 December 2022:					
Profit and total comprehensive income	-	-	-	3,507,778	3,507,778
Dividends	11	-	-	(477,135)	(477,135)
Own shares acquired	-	-	-	(600,000)	(600,000)
Redemption of shares	26	-	5,000	-	5,000
Reduction of shares	26	(5,000)	-	-	(5,000)
Balance at 31 December 2022	409,900	30,780	121,470	45,758,357	46,320,507

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	37				
			(2,103,796)		5,848,541
Income taxes paid			(528,916)		(933,338)
Net cash (outflow)/inflow from operating activities			(2,632,712)		4,915,203
Investing activities					
Purchase of intangible assets		-		(4,180)	
Purchase of tangible fixed assets		(2,346,684)		(1,190,799)	
Proceeds from disposal of tangible fixed assets		17,915		68,203	
Purchase of fixed asset investments		(1,439)		-	
Other investments and loans		54,555		36,253	
Proceeds from other investments and loans		-		733,688	
Interest received		26,738		3,430	
Dividends received		13,125		8,110	
Net cash used in investing activities			(2,235,790)		(345,295)
Financing activities					
Purchase of own shares		(600,000)		(30,000)	
Repayment of bank loans		517		(494,527)	
Purchase of shares in subsidiary from non-controlling interest		(315,650)		(2,329,808)	
Dividends paid to equity shareholders		(477,135)		(323,622)	
Net cash used in financing activities			(1,392,268)		(3,177,957)
Net (decrease)/increase in cash and cash equivalents			(6,260,770)		1,391,951
Cash and cash equivalents at beginning of year			16,931,758		16,374,795
Effect of foreign exchange rates			580,308		(834,988)
Cash and cash equivalents at end of year			11,251,296		16,931,758

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Hanover Displays Limited and Subsidiary Companies ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Southerham House, Southerham Lane, Lewes, East Sussex, BN8 6JN.

The group consists of Hanover Displays Limited and all of its subsidiaries.

1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The accounts comply with FRS 102.

1.2 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

1.3 Basis of consolidation

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

All financial statements are made up to 31 December 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The subsidiaries have been included in the group financial statements using the purchase method of accounting. Accordingly, the group profit and loss account and statement of cash flows include the results and cash flows of the subsidiaries for the twelve month period.

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates. In the group financial statements, associates are accounted for using the equity method.

The results of the group companies Hanover SRL, Hanover Displays BV, Hanover Far East and Hanover Nordic APS have been excluded from the consolidation as exempt under Section 405(2) of the Companies Act 2006 as their inclusion, both individually and collectively, is not material for the purpose of giving a true and fair view.

1.4 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group 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.

1.5 Turnover

Revenue from the sale of all passenger information and display systems, parts and related services is recognised at the point and time of dispatch to customers excluding all sales taxes, rebates and early settlement discounts.

1.6 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred.

1.7 Intangible fixed assets - goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

1.8 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost or value of the asset can be reliably measured.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	3 years straight line
Intellectual property	10 years straight line

1.9 Tangible fixed assets

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

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	Buildings 50 years, Land not depreciated
Property alterations	Remaining lease term where appropriate
Plant and equipment	3 - 10 years straight line
Fixtures and fittings	3 - 10 years straight line
Computers	3 - 10 years straight line
Motor vehicles	3 - 10 years straight line

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.10 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

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

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

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.11 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.12 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.

Cost is calculated using the FIFO method.

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.

1.13 Cash and cash equivalents

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

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.14 Financial instruments

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

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

Financial assets and liabilities are offset and 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.

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 group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

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.

Derecognition of financial liabilities

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

1.15 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.16 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 group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.17 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.18 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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

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.

1.19 Retirement benefits

The group operates a defined contribution pension scheme or other schemes as required by local regulation. The pension costs charged to the financial statements represents the contributions payable by the company during the year.

1.20 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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 leased asset are consumed.

1.21 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.22 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 in the period are included in profit or loss.

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Judgements and key sources of estimation uncertainty

In the application of the group'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.

Key sources of estimation uncertainty

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

Warranty repairs

Provision is made for the average cost of annual repairs over the estimated remaining life of a bus sign.

Stock provision

Full provision is made on all items of free stock over 12 months historic usage.

Dilapidations provision

Full provision is made to restore leased buildings to their original condition as required under the lease.

3 Turnover and other revenue

	2022	2021
	£	£
Turnover analysed by class of business		
The sale of goods	46,168,684	41,450,155
	<u> </u>	<u> </u>
	2022	2021
	£	£
Other revenue		
Interest income	26,738	3,430
Dividends received	13,125	8,110
Grants received	-	1,114,832
	<u> </u>	<u> </u>

In the opinion of the directors it would be seriously prejudicial to the interests of the company to disclose turnover between geographical markets.

The group received government grants during the year of £nil (2021: £1,114,832) to help support it through the Covid-19 pandemic.

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

4 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(681,606)	130,196
Research and development costs	4,882,370	4,215,563
Government grants	-	(1,114,832)
Depreciation of owned tangible fixed assets	1,327,075	1,367,608
(Profit)/loss on disposal of tangible fixed assets	(17,603)	6,975
Amortisation of intangible assets	33,474	33,653
Operating lease charges	701,936	645,918
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2022	2021
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	32,510	31,800
	<u> </u>	<u> </u>
For other services		
All other non-audit services	4,070	5,899
	<u> </u>	<u> </u>

6 Employees

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

	Group 2022	2021	Company 2022	2021
	Number	Number	Number	Number
Office management and development	102	94	74	72
Manufacturing	131	134	99	101
Sales	62	62	15	14
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	295	290	188	187
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	Group 2022	2021	Company 2022	2021
	£	£	£	£
Wages and salaries	14,270,937	12,549,533	9,535,841	8,225,655
Social security costs	2,199,447	1,873,538	913,167	785,047
Pension costs	696,623	602,812	380,656	351,121
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	17,167,007	15,025,883	10,829,664	9,361,823
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

7 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	1,215,506	1,236,248
Company pension contributions to defined contribution schemes	36,658	34,477
	<u>1,252,164</u>	<u>1,270,725</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2021 - 5).

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

	2022 £	2021 £
Remuneration for qualifying services	231,862	231,670
	<u>231,862</u>	<u>231,670</u>

8 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Interest on bank deposits	25,975	3,430
Other interest income	763	-
Total interest revenue	<u>26,738</u>	<u>3,430</u>
Other income from investments		
Dividends received	13,125	8,110
Total income	<u>39,863</u>	<u>11,540</u>

	2022 £	2021 £
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	25,975	3,430
Dividends from financial assets measured at fair value through profit or loss	13,125	8,110
	<u>39,100</u>	<u>11,540</u>

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

9	Amounts written off investments	2022	2021
		£	£
	Fair value gains/(losses) on financial instruments		
	Gain/(loss) on financial assets held at fair value through profit or loss	1,446,862	(362,119)
	Other gains/(losses)		
	Gain on disposal of investments held at fair value	94,442	3,554
		<u>1,541,304</u>	<u>(358,565)</u>
		<u><u>1,541,304</u></u>	<u><u>(358,565)</u></u>
10	Taxation	2022	2021
		£	£
	Current tax		
	UK corporation tax on profits for the current period	-	9,094
	Adjustments in respect of prior periods	(9,094)	-
	Total UK current tax	<u>(9,094)</u>	<u>9,094</u>
	Foreign current tax on profits for the current period	178,651	683,249
	Total current tax	<u>169,557</u>	<u>692,343</u>
		<u><u>169,557</u></u>	<u><u>692,343</u></u>
	Deferred tax		
	Origination and reversal of timing differences	899,283	25,701
		<u>899,283</u>	<u>25,701</u>
	Total tax charge	<u><u>1,068,840</u></u>	<u><u>718,044</u></u>

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

10 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:

	2022 £	2021 £
Profit before taxation	3,913,519	4,563,454
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	743,569	867,056
Tax effect of expenses that are not deductible in determining taxable profit	(14,498)	1,785
Permanent capital allowances in excess of depreciation	(354,417)	(108,876)
Other permanent differences	27,491	970,508
Effect of overseas tax rates	81,081	(35,403)
Under/(over) provided in prior years	(9,095)	-
Dividend income	(182,725)	(1,123,798)
Deferred tax	864,868	77,969
Fair value adjustments	(274,904)	68,803
Losses	187,470	-
Taxation charge	1,068,840	718,044

11 Dividends

	2022 £	2021 £
Recognised as distributions to equity holders:		
Interim paid	477,135	323,622

12 Intangible fixed assets

Group	Goodwill £	Software £	Intellectual property £	Total £
Cost				
At 1 January 2022	15,441	6,062	164,211	185,714
Disposals	-	-	(17,116)	(17,116)
At 31 December 2022	15,441	6,062	147,095	168,598
Amortisation and impairment				
At 1 January 2022	15,441	1,548	97,694	114,683
Amortisation charged for the year	-	1,982	31,492	33,474
Disposals	-	-	(17,116)	(17,116)
At 31 December 2022	15,441	3,530	112,070	131,041

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

12 Intangible fixed assets (Continued)

Carrying amount

At 31 December 2022	-	2,532	35,025	37,557
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2021	-	4,514	66,517	71,031
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The company had no intangible fixed assets at 31 December 2022 or 31 December 2021.

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

13 Tangible fixed assets

Group	Freehold land and buildings £	Property alterations £	Plant and equipment £	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
Cost							
At 1 January 2022	5,614,118	3,393,246	11,247,032	1,066,673	1,562,764	72,433	22,956,266
Additions	-	379,452	1,550,471	1,241	350,829	64,691	2,346,684
Disposals	-	-	(15,016)	-	(40,211)	(42,211)	(97,438)
At 31 December 2022	5,614,118	3,772,698	12,782,487	1,067,914	1,873,382	94,913	25,205,512
Depreciation and impairment							
At 1 January 2022	739,390	2,226,942	6,365,560	985,032	1,101,319	70,934	11,489,177
Depreciation charged in the year	143,527	217,340	757,883	34,440	165,134	8,751	1,327,075
Eliminated in respect of disposals	-	-	(15,016)	-	(39,899)	(42,211)	(97,126)
At 31 December 2022	882,917	2,444,282	7,108,427	1,019,472	1,226,554	37,474	12,719,126
Carrying amount							
At 31 December 2022	4,731,201	1,328,416	5,674,060	48,442	646,828	57,439	12,486,386
At 31 December 2021	4,874,728	1,166,304	4,881,472	81,641	461,445	1,499	11,467,089

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

13 Tangible fixed assets

(Continued)

Company	Freehold land and buildings	Property alterations	Plant and equipment	Fixtures and fittings	Computers	Motor vehicles	Total
	£	£	£	£	£	£	£
Cost							
At 1 January 2022	2,089,422	3,359,962	7,669,833	1,066,673	1,562,764	54,642	15,803,296
Additions	-	379,452	1,448,237	1,241	350,829	62,230	2,241,989
Disposals	-	-	-	-	(40,211)	(42,211)	(82,422)
At 31 December 2022	2,089,422	3,739,414	9,118,070	1,067,914	1,873,382	74,661	17,962,863
Depreciation and impairment							
At 1 January 2022	221,961	2,197,839	4,172,374	985,032	1,101,319	54,642	8,733,167
Depreciation charged in the year	37,904	215,505	471,615	34,440	165,134	6,665	931,263
Eliminated in respect of disposals	-	-	-	-	(39,899)	(42,211)	(82,110)
At 31 December 2022	259,865	2,413,344	4,643,989	1,019,472	1,226,554	19,096	9,582,320
Carrying amount							
At 31 December 2022	1,829,557	1,326,070	4,474,081	48,442	646,828	55,565	8,380,543
At 31 December 2021	1,867,461	1,162,123	3,497,459	81,641	461,445	-	7,070,129

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

14 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	15	10,298	8,859	2,718,247	2,401,158

Movements in fixed asset investments Group

	Shares in subsidiaries £
Cost or valuation	
At 1 January 2022	8,859
Additions	1,439
At 31 December 2022	10,298
Carrying amount	
At 31 December 2022	10,298
At 31 December 2021	8,859

Movements in fixed asset investments Company

	Shares in subsidiaries £
Cost or valuation	
At 1 January 2022	2,401,158
Additions	317,089
At 31 December 2022	2,718,247
Carrying amount	
At 31 December 2022	2,718,247
At 31 December 2021	2,401,158

15 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

15 Subsidiaries (Continued)

Name of undertaking	Address	Nature of business	Class of shares held	% Held Direct
Hanover SRL	Italy	Sign Distributor	Ordinary	80.00
Hanover SL	Spain	Sign Distributor	Ordinary	100.00
Hanover SAS	France	Sign Distributor	Ordinary	100.00
Hanover Displays Pty Ltd	Australia	Sign Distributor	Ordinary	100.00
Hanover Displays Inc	USA	Sign Manufacturer	Ordinary	100.00
Hanover Displays GmbH	Germany	Sign Distributor	Ordinary	100.00
Hanover Displays BV	Belgium	Dormant	Ordinary	100.00
Hanover Far East	Hong Kong	Sign Distributor	Ordinary	100.00

Registered office addresses:

- 1 Via Martiri Lager n. 98/D - 06128 Perugia, Italy
- 2 Av. De Las Americas, 4 Nave CB, 28823 Coslada, Spain
- 3 1974 Moyenne Corniche des Pugets, 06700 St Laurent du Var, France
- 4 Unit 2, Redland Drive, Mitcham, Victoria 3132, Australia
- 5 1601 Tonne Road, Elk Grove Village, Illinois 60007, United States
- 6 Nollenhammer Weg 16, 42349 Wuppertal, Germany
- 7 Kardinaal Mercierplein 2, 2800 Mechelen, Belgium
- 8 Unit 404, Tower 1, 11 Skies, Lantau Island, Hong Kong

16 Associates

Details of associates at 31 December 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Hanover Nordic APS	Denmark	Dormant	Ordinary	40

The latest available accounts for Hanover Nordic APS are those for the year ended 31 December 2021. These accounts show the entity has not traded for the year ended 31 December 2021. The company is currently in legal dispute with Hanover Nordic APS.

Shares in participating interest - cost brought forward £189,627 (2021: £189,627), provision for impairment £189,627 (2021: £189,627), net book value £nil (2021: £nil).

17 Financial instruments

	Group	2021	Company	2021
	2022		2022	
	£	£	£	£
Carrying amount of financial assets				
Instruments measured at fair value through profit or loss	17,796,995	16,310,246	17,796,995	16,310,246

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

18 Stocks

	Group 2022 £	2021 £	Company 2022 £	2021 £
Raw materials and consumables	16,385,888	11,365,555	11,367,309	7,352,271
Work in progress	573,603	629,019	573,603	629,019
	<u>16,959,491</u>	<u>11,994,574</u>	<u>11,940,912</u>	<u>7,981,290</u>

Stocks are stated after a stock provision of £1,357,685 (2021: £1,309,956). The results for the year include an increase in stock provision of £47,729 (2021: £85,940).

19 Debtors

	Group 2022 £	2021 £	Company 2022 £	2021 £
Amounts falling due within one year:				
Trade debtors	10,059,510	7,737,080	3,257,976	2,593,970
Corporation tax recoverable	390,637	31,315	115,664	19,717
Amounts owed by group undertakings	-	-	1,964,651	1,129,224
Other debtors	1,114,787	1,091,629	796,190	829,440
Prepayments and accrued income	801,365	688,763	679,709	2,391,511
	<u>12,366,299</u>	<u>9,548,787</u>	<u>6,814,190</u>	<u>6,963,862</u>
Deferred tax asset (note 24)	433,906	241,152	245,659	-
	<u>12,800,205</u>	<u>9,789,939</u>	<u>7,059,849</u>	<u>6,963,862</u>
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	3,418,479	3,245,549
	<u>-</u>	<u>-</u>	<u>3,418,479</u>	<u>3,245,549</u>
Total debtors	<u>12,800,205</u>	<u>9,789,939</u>	<u>10,478,328</u>	<u>10,209,411</u>

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

20 Current asset investments

	Group 2022 £	2021 £	Company 2022 £	2021 £
Listed investments	6,188,539	5,921,281	6,188,539	5,921,281
Unlisted investments	11,608,456	10,388,965	11,608,456	10,388,965
	<u>17,796,995</u>	<u>16,310,246</u>	<u>17,796,995</u>	<u>16,310,246</u>

Market value of listed investments at 31 December 2022 is £6,188,539 (2021: £5,921,281).

Historic cost of listed investments at 31 December 2022 is £5,268,581 (2021: £5,178,081). Historic cost of unlisted investments at 31 December 2022 is £5,185,395 (2021: £5,185,395).

Movement of listed investments for the year comprises additions of £732,649 (2021: £9,342), disposals of £787,203 (2021: £38,510) and fair value adjustments of £227,371 (2021: -£88,018). Movement of unlisted investments for the year comprises fair value adjustments of £1,219,491 (2021: -£274,100).

If all listed and unlisted investments were sold at their valuation, an estimated tax charge of £1,543,436 (2021: £914,447) would arise.

21 Creditors: amounts falling due within one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans	22	2,313	1,796	-	-
Trade creditors		4,278,554	3,693,405	3,063,075	2,669,862
Amounts owed to group undertakings		-	-	561,770	25,840
Corporation tax payable		21,796	22,963	-	-
Other taxation and social security		1,575,966	1,160,688	212,941	228,739
Other creditors		1,354,655	807,661	1,284,929	758,871
Accruals and deferred income		1,600,174	1,679,492	966,162	952,456
		<u>8,833,458</u>	<u>7,366,005</u>	<u>6,088,877</u>	<u>4,635,768</u>

22 Loans and overdrafts

	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans	2,313	1,796	-	-
	<u>2,313</u>	<u>1,796</u>	<u>-</u>	<u>-</u>
Payable within one year	2,313	1,796	-	-
	<u>2,313</u>	<u>1,796</u>	<u>-</u>	<u>-</u>

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

23 Provisions for liabilities

	Group 2022 £	2021 £	Company 2022 £	2021 £
Other provisions	2,962,748	2,786,838	2,593,563	2,437,092

Movements on provisions:

Group	Other provisions £			
At 1 January 2022				2,786,838
Additional provisions in the year				175,910
At 31 December 2022				2,962,748

Company	Other provisions £			
At 1 January 2022				2,437,092
Additional provisions in the year				156,471
At 31 December 2022				2,593,563

Other provisions relate to the liability for future warranty repairs on the group's products calculated at net present value over the average life of the product, and the obligation of the company upon termination of their lease to return the factory to its original state.

24 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2022 £	Liabilities 2021 £	Assets 2022 £	Assets 2021 £
Group				
Accelerated capital allowances	1,156,762	692,584	-	-
Tax losses	-	-	433,906	241,152
Revaluations	1,543,436	914,447	-	-
	2,700,198	1,607,031	433,906	241,152

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

24 Deferred taxation (Continued)

Company	Liabilities	Liabilities	Assets	Assets
	2022	2021	2022	2021
	£	£	£	£
Accelerated capital allowances	826,833	345,295	-	-
Tax losses	-	-	245,659	-
Revaluations	1,543,436	914,447	-	-
	<u>2,370,269</u>	<u>1,259,742</u>	<u>245,659</u>	<u>-</u>
			Group	Company
			2022	2022
			£	£
Movements in the year:				
Liability at 1 January 2022			1,365,879	1,259,742
Charge to profit or loss			900,413	864,868
Liability at 31 December 2022			<u>2,266,292</u>	<u>2,124,610</u>

The estimated amount of the deferred tax liabilities expected to reverse during the year beginning after the reporting period is £82,459 (2021: £116,508).

25 Retirement benefit schemes

	2022	2021
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	696,623	602,812
	<u>696,623</u>	<u>602,812</u>

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

26 Share capital

Group and company	2022	2021	2022	2021
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary of £1 each	409,900	414,900	409,900	414,900
	<u>409,900</u>	<u>414,900</u>	<u>409,900</u>	<u>414,900</u>

The company has one class of ordinary shares which carry no right to fixed income.

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

27 Share premium account

	Group 2022	2021	Company 2022	2021
	£	£	£	£
At the beginning and end of the year	30,780	30,780	30,780	30,780
	<u>30,780</u>	<u>30,780</u>	<u>30,780</u>	<u>30,780</u>

28 Capital redemption reserve

	Group 2022	2021	Company 2022	2021
	£	£	£	£
At the beginning of the year	116,470	116,220	116,470	116,220
Transfers	5,000	250	5,000	250
At the end of the year	121,470	116,470	121,470	116,470
	<u>121,470</u>	<u>116,470</u>	<u>121,470</u>	<u>116,470</u>

29 Reserves - non distributable

Accumulated reserves include fair value adjustments totalling £7,343,019 (2021: £5,946,771) which are not available for distribution until realised.

30 Profit and loss reserves

	Group 2022	2021	Company 2022	2021
	£	£	£	£
At the beginning of the year	53,869,140	51,263,359	43,327,714	36,704,296
Profit for the year	2,844,679	3,819,664	3,507,778	6,977,040
Dividends	(477,135)	(323,622)	(477,135)	(323,622)
Currency translation differences	580,308	(834,988)	-	-
Amounts attributable to non-controlling interests	-	24,804	-	-
Own shares acquired	(600,000)	(30,000)	(600,000)	(30,000)
Purchase of shares in subsidiary from non-controlling interest	66,682	(50,077)	-	-
At the end of the year	56,283,674	53,869,140	45,758,357	43,327,714
	<u>56,283,674</u>	<u>53,869,140</u>	<u>45,758,357</u>	<u>43,327,714</u>

31 Financial commitments, guarantees and contingent liabilities

A contingent liability has been estimated at £174,553 (2021: £507,339) for possible retirement benefits in France.

There is a management fee commitment in Australia, estimated at £392,836 (2021: £484,234).

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

32 Operating lease commitments

Lessee

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

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Within one year	587,564	179,384	587,564	174,000
Between two and five years	2,336,928	520,500	2,336,928	520,500
In over five years	2,418,470	350,000	2,418,470	350,000
	<u>5,342,962</u>	<u>1,049,884</u>	<u>5,342,962</u>	<u>1,044,500</u>

Operating lease payments recognised as an expense in the year £701,936 (2021: £645,918).

33 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Acquisition of tangible fixed assets	629,174	697,939	629,174	697,939
	<u>629,174</u>	<u>697,939</u>	<u>629,174</u>	<u>697,939</u>

34 Related party transactions

Transactions with related parties

The director D G Williams holds 20% of the issued share capital in the subsidiary company Hanover Displays SRL.

During the year no transactions took place between Hanover Displays Limited and Hanover Displays SRL.

The exemption for 100% owned subsidiaries is being claimed for transactions between Hanover Displays Limited and it's group undertakings Hanover France SAS, Hanover Displays Pty Ltd, Hanover Displays Inc, Hanover Displays GmbH and Hanover SL.

No guarantees have been given or received.

35 Controlling party

The company is controlled by the director, D G Williams by reason of his shareholding.

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

36 Directors' transactions

Dividends totaling £417,680 (2021: £283,296) were paid in the year in respect of shares held by the directors of Hanover Displays Limited.

37 Cash (absorbed by)/generated from group operations

	2022	2021
	£	£
Profit for the year after tax	2,844,679	3,845,410
Adjustments for:		
Taxation charged	1,068,840	718,044
Investment income	(39,863)	(11,540)
(Gain)/loss on disposal of tangible fixed assets	(17,603)	6,975
Amortisation and impairment of intangible assets	33,474	33,653
Depreciation and impairment of tangible fixed assets	1,327,075	1,367,608
Other gains and losses	(1,541,304)	358,565
Increase/(decrease) in provisions	175,910	(211,708)
Movements in working capital:		
Increase in stocks	(4,964,917)	(797,280)
(Increase)/decrease in debtors	(2,458,190)	462,749
Increase in creditors	1,468,103	76,065
Cash (absorbed by)/generated from operations	<u>(2,103,796)</u>	<u>5,848,541</u>

38 Cash generated from/(absorbed by) operations - company

	2022	2021
	£	£
Profit for the year after tax	3,507,778	6,977,040
Adjustments for:		
Taxation charged	855,774	87,063
Finance costs	-	28,606
Investment income	(1,101,016)	(5,968,236)
(Gain)/loss on disposal of tangible fixed assets	(1,996)	6,975
Depreciation and impairment of tangible fixed assets	931,263	1,013,943
Other gains and losses	(1,541,304)	358,565
Increase/(decrease) in provisions	156,471	(228,543)
Movements in working capital:		
Increase in stocks	(3,959,622)	(424,266)
Decrease/(increase) in debtors	72,689	(1,094,788)
Increase/(decrease) in creditors	1,453,109	(2,560,240)
Cash generated from/(absorbed by) operations	<u>373,146</u>	<u>(1,803,881)</u>

HANOVER DISPLAYS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

39 Analysis of changes in net funds - group

	1 January 2022	Cash flows	Exchange rate movements	31 December 2022
	£	£	£	£
Cash at bank and in hand	16,931,758	(6,260,770)	580,308	11,251,296
Borrowings excluding overdrafts	(1,796)	(517)	-	(2,313)
	<u>16,929,962</u>	<u>(6,261,287)</u>	<u>580,308</u>	<u>11,248,983</u>

40 Analysis of changes in net funds - company

	1 January 2022	Cash flows	31 December 2022
	£	£	£
Cash at bank and in hand	8,250,232	(2,192,041)	6,058,191
	<u>8,250,232</u>	<u>(2,192,041)</u>	<u>6,058,191</u>