

Registered number: 05154708

## **PENLAW NORTHWEST LIMITED**

### **DIRECTOR'S REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022**



## **PENLAW NORTHWEST LIMITED**

### **COMPANY INFORMATION**

**Director** Richard Burnley (appointed 25 August 2023)

**Registered number** 05154708

**Registered office** Adsetts House  
16 Europa View  
Sheffield Business Park  
Sheffield  
S9 1XH

**Independent auditors** Ashgates Corporate Services Limited  
Statutory Auditor  
5 Prospect Place  
Millenium Way  
Pride Park  
Derby  
DE24 8HG

**Bankers** HSBC plc  
91 High Street  
Brentwood  
Essex  
CM14 4RU

# **PENLAW NORTHWEST LIMITED**

## **CONTENTS**

|                                          | Page   |
|------------------------------------------|--------|
| <b>Director's Report</b>                 | 1 - 2  |
| <b>Independent Auditors' Report</b>      | 3 - 5  |
| <b>Profit and Loss Account</b>           | 6      |
| <b>Balance Sheet</b>                     | 7      |
| <b>Statement of Changes in Equity</b>    | 8      |
| <b>Notes to the Financial Statements</b> | 9 - 25 |

## **PENLAW NORTHWEST LIMITED**

### **DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

The Director presents his report and the financial statements for the year ended 31 December 2022.

#### **Director's responsibilities statement**

The Director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Director to prepare financial statements for each financial year. Under that law the Director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Director is required to:

- select suitable accounting policies for the Company's financial statements 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Director is 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 to enable him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

#### **Principal activity**

The principal activity of the Company is the supply of products to the construction industry.

#### **Directors**

The Directors who served during the year and subsequently were:

Philip Johns (resigned 25 August 2023)  
Christopher Lodge (resigned 25 August 2023)  
Richard Burnley (appointed 25 August 2023)

**DIRECTOR'S REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**Disclosure of relevant information to auditors**

Each of the persons who are Directors at the time when this Director's Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Small companies note**

In preparing this report, the Director has taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the Board on 29 September 2023 and signed on its behalf.



Richard Burnley  
Director

## **PENLAW NORTHWEST LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PENLAW NORTHWEST LIMITED**

#### **Opinion**

We have audited the financial statements of Penlaw Northwest Limited for the year ended 31 December 2022 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the Notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

We draw attention to Note 1 in the financial statements in respect of going concern, which states that whilst the Director has assessed the future cash forecasts and revenue projections for the underlying business and consider the going concern basis to be appropriate, after the balance sheet date and within twelve months of signing off these financial statements it is fully expected that, the trade and assets of this Company will be legally hived up to SIG Trading Limited, meaning that the company will be effectively dormant from that date. Our opinion is not modified in respect of this matter.

#### **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 Director is 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 this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

## **PENLAW NORTHWEST LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PENLAW NORTHWEST LIMITED**

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Director's 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 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 Director**

As explained more fully in the Director's responsibilities statement set out on page 1, the Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Director either intends to liquidate the company or to cease operations, or has 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.

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

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

We are not responsible for preventing irregularities. Our approach to detecting irregularities included, but was not limited to, the following:

- obtaining an understanding of the legal and regulatory framework applicable to the entity and how the entity is complying with that framework;
- obtaining an understanding of the entity's policies and procedures and how the entity has complied with these, through discussions and walk-through testing;
- obtaining an understanding of the entity's risk assessment process, including the risk of fraud;
- enquiring of management as to actual and potential fraud, litigation and claims;
- designing our audit procedures to respond to our risk assessment;
- performing audit testing over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness and evaluating the business rationale of significant transactions outside the normal course of business;
- assessing whether judgements and assumptions made in determining the accounting estimates set out in Note 2 were indicative of potential bias, and;
- performing analytical procedures to identify any large, unusual or unexpected relationships.

## **PENLAW NORTHWEST LIMITED**

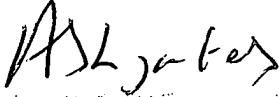
### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PENLAW NORTHWEST LIMITED**

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we are less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission and misrepresentation.

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

#### **Use of our Report**

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



Gavin Robert Booth (Senior Statutory Auditor)

for and on behalf of Ashgates Corporate Services Limited

5 Prospect Place  
Millenium Way  
Pride Park  
Derby  
DE24 8HG

29 September 2023

**PENLAW NORTHWEST LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

|                                             |             |                      | As restated<br>Period from<br>1 November<br>2020 to 31<br>December<br>2021<br>£000 |
|---------------------------------------------|-------------|----------------------|------------------------------------------------------------------------------------|
|                                             | <b>Note</b> | <b>2022<br/>£000</b> |                                                                                    |
| Turnover                                    | 3           | 12,830               | 13,040                                                                             |
| Cost of sales                               |             | (10,790)             | (10,638)                                                                           |
| <b>Gross profit</b>                         |             | <b>2,040</b>         | <b>2,402</b>                                                                       |
| Distribution costs                          |             | (844)                | (828)                                                                              |
| Administrative expenses                     |             | (989)                | (1,457)                                                                            |
| Other operating income                      | 8           | -                    | 13                                                                                 |
| <b>Operating profit</b>                     | 6           | <b>207</b>           | <b>130</b>                                                                         |
| Interest payable and similar expenses       | 9           | -                    | (155)                                                                              |
| <b>Profit/(loss) before tax</b>             |             | <b>207</b>           | <b>(25)</b>                                                                        |
| Tax on profit/(loss)                        | 10          | 28                   | 30                                                                                 |
| <b>Profit for the financial year/period</b> |             | <b>235</b>           | <b>5</b>                                                                           |

There were no recognised gains and losses for 2022 or 2021 other than those included in the profit and loss account.

The notes on pages 9 to 25 form part of these financial statements.

Details of the prior year adjustment & restatement of the results for the period ended 31 December 2021 are included in Note 25.

**PENLAW NORTHWEST LIMITED**  
**REGISTERED NUMBER:05154708**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2022**

|                                                | Note | 2022<br>£000        | As restated<br>2021<br>£000 |
|------------------------------------------------|------|---------------------|-----------------------------|
| <b>Fixed assets</b>                            |      |                     |                             |
| Tangible assets                                | 11   | 159                 | 209                         |
| Other financial assets                         | 12   | 1                   | 1                           |
|                                                |      | <u>160</u>          | <u>210</u>                  |
| <b>Current assets</b>                          |      |                     |                             |
| Stocks                                         | 13   | 761                 | 950                         |
| Debtors due within one year                    | 14   | 5,081               | 3,406                       |
| Bank and cash balances                         |      | 96                  | 129                         |
|                                                |      | <u>5,938</u>        | <u>4,485</u>                |
| Creditors: amounts falling due within one year | 15   | (4,630)             | (3,454)                     |
| <b>Net current assets</b>                      |      | <u>1,308</u>        | <u>1,031</u>                |
| <b>Total assets less current liabilities</b>   |      | <u>1,468</u>        | <u>1,241</u>                |
| Provisions for liabilities                     | 16   | (145)               | (153)                       |
| <b>Net assets</b>                              |      | <u><u>1,323</u></u> | <u><u>1,088</u></u>         |
| <b>Capital and reserves</b>                    |      |                     |                             |
| Called up share capital                        | 20   | 1                   | 1                           |
| Share premium account                          | 21   | 449                 | 449                         |
| Profit and loss account                        | 21   | 873                 | 638                         |
|                                                |      | <u>1,323</u>        | <u>1,088</u>                |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 September 2023.



Richard Burnley  
Director

Details of the prior year adjustment & restatement of the results for the period ended 31 December 2021 are included in Note 25.

**PENLAW NORTHWEST LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**

|                                                  | <b>Called up<br/>share capital<br/>£000</b> | <b>Share<br/>premium<br/>account<br/>£000</b> | <b>Revaluation<br/>reserve<br/>£000</b> | <b>Profit and<br/>loss account<br/>£000</b> | <b>Total<br/>£000</b> |
|--------------------------------------------------|---------------------------------------------|-----------------------------------------------|-----------------------------------------|---------------------------------------------|-----------------------|
| <b>At 1 November 2020</b>                        | 1                                           | 449                                           | 244                                     | 389                                         | 1,083                 |
| <b>Comprehensive income for the period</b>       |                                             |                                               |                                         |                                             |                       |
| Profit for the period (restated)                 | -                                           | -                                             | -                                       | 5                                           | 5                     |
| Transfer of realised profit                      | -                                           | -                                             | -                                       | 244                                         | 244                   |
| Transfer of realised profit                      | -                                           | -                                             | (244)                                   | -                                           | (244)                 |
| <b>Total comprehensive income for the period</b> | -                                           | -                                             | (244)                                   | 249                                         | 5                     |
| <b>At 31 December 2021 (restated)</b>            | 1                                           | 449                                           | -                                       | 638                                         | 1,088                 |
| <b>Comprehensive income for the year</b>         |                                             |                                               |                                         |                                             |                       |
| Profit for the year                              | -                                           | -                                             | -                                       | 235                                         | 235                   |
| <b>Total comprehensive income for the year</b>   | -                                           | -                                             | -                                       | 235                                         | 235                   |
| <b>At 31 December 2022</b>                       | 1                                           | 449                                           | -                                       | 873                                         | 1,323                 |

The notes on pages 9 to 25 form part of these financial statements.

Details of the prior year adjustment & restatement of the results for the period ended 31 December 2021 are included in Note 25.

## **PENLAW NORTHWEST LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **1. Significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below.

The Company is a private company limited by share capital and is incorporated and domiciled in the UK. The address of the registered office is given in the Company Information section. The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

The Company's principal activity is the supply of products to the construction industry in the UK.

The principal place of business is:

Penlaw House  
2 Eagle Park Dr  
Warrington  
WA2 8JA

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention and 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 are presented in Sterling and rounded to the nearest £'000.

#### **Summary of disclosure exemptions**

The Company meets the definition of a qualifying entity under FRS102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements.

Exemptions have been taken in the presentation of a cash flow statement and remuneration of key management personnel.

#### **Going concern**

For the year ended 31 December 2022 the Company made a profit before tax of £0.3m (period ended 31 December 2021: restated £nil) and at the end of the year had net current assets of £1.4m (2021: restated £1.0m) and net assets of £1.5m (2021: restated £1.1m).

The Director has assessed the future cash forecasts and revenue projections flows for the underlying business and in consideration of this believe that the business has adequate resources to continue in operational existence for the forecast period to 30 September 2024.

The Director therefore considers it appropriate to adopt the going concern basis in preparing the 2022 financial statements.

However, as part of the wider group plan it is fully anticipated that the trade and assets of the company will be legally hived up to its parent company, SIG Trading Limited within twelve months of the approval of these financial statements. From the date that hive up takes place this company will be effectively dormant.

#### **Investments**

Fixed asset investments are stated at historical cost less provision for any diminution in value.

## PENLAW NORTHWEST LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1. Significant accounting policies (continued)

##### **Tangible assets**

Tangible assets are measured at cost less accumulated depreciation and provision for impairment.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset on a straight line basis over its estimated useful life as follows:

|                                  |                                          |
|----------------------------------|------------------------------------------|
| Leasehold property costs         | straight line over the life of the lease |
| Fixtures, fittings and equipment | between 15% and 25% reducing balance     |
| Plant and machinery              | 25% reducing balance                     |
| Motor vehicles                   | 25% reducing balance                     |

##### **Stocks**

Stocks are stated at the lower of cost and net realisable value. The cost formula used in measuring stocks is a first in first out basis.

Net realisable value is based on estimated normal selling price, less further costs expected to be incurred up to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

##### **Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit and loss on a straight-line basis over the period of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

##### **Financial instruments**

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS102 to all of its financial instruments.

Financial assets and liabilities are recognised in the Company's Balance Sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets and financial 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**1. Significant accounting policies (continued)**

**Other financial assets**

Other financial assets, including investment 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 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, which include 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**1. Significant accounting policies (continued)**

**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 FRS102 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.

**Derecognition of financial liabilities**

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

**Taxation**

Income tax on the profit or loss for the periods presented comprises both current and deferred tax. Income tax is recognised in the Profit and Loss Account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in the Statement of Income and Retained Earnings.

Current tax is the expected tax payable on the taxable income for the year, using tax rates that have been enacted by the balance sheet date, and any adjustment to tax payable in respect of previous years.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is provided using the balance sheet liability method, providing for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted by the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**1. Significant accounting policies (continued)**

**Provisions for liabilities**

As part of the Company's property leasing arrangements there is an obligation to repair damages incurred during the life of the leases, such as wear and tear. The cost is charged to profit and loss as the obligation arises. The provision is expected to be utilised in 2026 and 2031 when the leases terminate.

The provision is based on an assessment by an independent third party firm of chartered surveyors and an internal assessment by the SIG plc group's property experts at the date of acquisition of the Company by the SIG Group in October 2021 and assessed again by the Director as at 31 December 2022.

**Turnover**

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Company's activities. Turnover is shown net of sales/value added tax and returns.

The Company recognises revenue when:

- the amount of revenue can be reliably measured;
- it is probable that future economic benefits will flow to the entity; and
- specific criteria have been met for each of the Company's activities.

**Foreign currency transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

**Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Profit and Loss Account in the same period as the related expenditure.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**2. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described above, the Director is required to make judgements (other than those involving estimates) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts 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 change takes place if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the course of preparing the financial statements, no judgements have been made in applying the Company's accounting policies and that has had a significant effect on the amounts recognised in the financial statements.

**Key sources of estimation uncertainty**

There are no key sources of estimation uncertainty at the balance sheet date, that are considered to have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year. However, the following areas of estimation uncertainty are presented as additional disclosures of estimates in the financial statements.

*Impairment of stock*

The Company's products are subject to changing market demand. It is therefore necessary to consider on a periodic basis the recoverability of the cost of stocks and the associated impairment. The Company calculates impairments by considering the nature and condition of the stocks and applies assumptions around anticipated saleability of finished goods.

*Provisions against debtors*

On a periodic basis, management makes an estimation of the recoverability of debtors. Management makes such estimations based on the ageing profile, and historical experience.

*Dilapidations provision*

The Company has a number of leasehold properties with contractual obligations to reinstate the properties to their original state of repair at the end of the lease contract. The Company has recognised a provision of £138,180 at 31 December 2022 (2021 restated: £138,180) in relation to this obligation. The total provision includes both the estimated cost of rectifying or reinstating leasehold modifications and improvements carried out, which is recognised at the inception of the lease with the corresponding asset recognised in fixed assets and depreciated over the term of the lease, together with the estimated cost of rectifying wear and tear which is recognised as incurred over the life of the lease.

Estimates are based on assessments by third party independent property surveyors, internal assessments by the Company's property experts and previous settlement history. Whilst the Director considers the estimates to be reasonable based on latest available information, actual amounts payable could be different to the amount provided depending on specific circumstances of individual properties and counterparties at the expiry of the lease contract. The amount payable is not expected to be materially different to the amount provided in the following year but there could be a material adjustment over a longer timescale. The provision is reassessed each year on the basis of the latest information, which could also result in a change in the value of the provision year on year of up to c. 10% based on past experience.

**PENLAW NORTHWEST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**3. Turnover**

An analysis of turnover by class of business is as follows:

|                                       | <b>2022</b><br><b>£000</b> | Period from<br>1 November<br>2020 to 31<br>December<br>2021<br>£000 |
|---------------------------------------|----------------------------|---------------------------------------------------------------------|
| Sale of goods - construction products | 12,830                     | 13,040                                                              |
|                                       | <u>12,830</u>              | <u>13,040</u>                                                       |

Analysis of turnover by country of destination:

|                | <b>2022</b><br><b>£000</b> | Period from<br>1 November<br>2020 to 31<br>December<br>2021<br>£000 |
|----------------|----------------------------|---------------------------------------------------------------------|
| United Kingdom | 12,830                     | 13,040                                                              |
|                | <u>12,830</u>              | <u>13,040</u>                                                       |

# **PENLAW NORTHWEST LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

### **4. Information regarding Directors and employees**

The aggregate payroll costs (including directors' remuneration) were as follows:  
Staff costs, including Directors' remuneration, were as follows:

|                                     |             | Period from<br>1 November<br>2020 to 31<br>December |
|-------------------------------------|-------------|-----------------------------------------------------|
|                                     | <b>2022</b> | <b>2021</b>                                         |
|                                     | <b>£000</b> | <b>£000</b>                                         |
| Wages and salaries                  | 673         | 867                                                 |
| Social security costs               | 72          | 95                                                  |
| Cost of defined contribution scheme | 30          | 70                                                  |
| Other employee costs                | 14          | 8                                                   |
|                                     | <u>789</u>  | <u>1,040</u>                                        |

The average monthly number of employees, including the Directors, during the year/period was as follows:

|                                        |             | Period from<br>1 November<br>2020 to 31<br>December |
|----------------------------------------|-------------|-----------------------------------------------------|
|                                        | <b>2022</b> | <b>2021</b>                                         |
|                                        | <b>No.</b>  | <b>No.</b>                                          |
| Production                             | 6           | 2                                                   |
| Sales, distribution and administration | 16          | 18                                                  |
|                                        | <u>22</u>   | <u>20</u>                                           |

### **5. Directors' remuneration**

During the year, no director was paid or their salary costs allocated to the Company, with the Directors being employed elsewhere within the SIG Group.

|                                                               |             | Period from<br>1 November<br>2020 to 31<br>December |
|---------------------------------------------------------------|-------------|-----------------------------------------------------|
|                                                               | <b>2022</b> | <b>2021</b>                                         |
|                                                               | <b>£000</b> | <b>£000</b>                                         |
| Directors' emoluments                                         | -           | 296                                                 |
| Company contributions to defined contribution pension schemes | -           | 2                                                   |
|                                                               | <u>-</u>    | <u>298</u>                                          |

During the year retirement benefits were accruing to none of the Directors (period ended 31 December 2021: two) in respect of defined contribution pension schemes.

**PENLAW NORTHWEST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**6. Operating profit**

Operating profit is stated after charging/(crediting):

|                                                                                      | Period from<br>1 November<br>2020 to 31<br>December |              |
|--------------------------------------------------------------------------------------|-----------------------------------------------------|--------------|
|                                                                                      | 2022<br>£000                                        | 2021<br>£000 |
| Depreciation of tangible fixed assets                                                | 50                                                  | 67           |
| Rent expense - property                                                              | 177                                                 | 195          |
| Rent expense - plant and machinery                                                   | 12                                                  | -            |
| Profit on the disposal of fixed assets                                               | -                                                   | (374)        |
| Fees payable to the Company's auditor for the audit of the Company's annual accounts | 26                                                  | 14           |
|                                                                                      | <u>26</u>                                           | <u>14</u>    |

**7. Dividends paid**

Dividends totalling £nil were paid during the year (period ended 31 December 2021: £nil). No further dividends are proposed for the year ended 31 December 2022.

**8. Other operating income**

|                              | Period from<br>1 November<br>2020 to 31<br>December |              |
|------------------------------|-----------------------------------------------------|--------------|
|                              | 2022<br>£000                                        | 2021<br>£000 |
| Government grants receivable | -                                                   | 13           |
|                              | <u>-</u>                                            | <u>13</u>    |

**9. Interest payable and similar expenses**

|                                                                          | Period from<br>1 November<br>2020 to 31<br>December |              |
|--------------------------------------------------------------------------|-----------------------------------------------------|--------------|
|                                                                          | 2022<br>£000                                        | 2021<br>£000 |
| Interest on bank overdrafts and borrowings                               | -                                                   | 156          |
| Interest on obligations under finance leases and hire purchase contracts | -                                                   | (1)          |
|                                                                          | <u>-</u>                                            | <u>155</u>   |

**PENLAW NORTHWEST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**10. Taxation**

|                                                         | <b>2022<br/>£000</b> | <b>As restated<br/>Period from<br/>1 November<br/>2020 to 31<br/>December<br/>2021<br/>£000</b> |
|---------------------------------------------------------|----------------------|-------------------------------------------------------------------------------------------------|
| <b>Corporation tax</b>                                  |                      |                                                                                                 |
| Current tax on profits/(losses) for the year/period     | -                    | (35)                                                                                            |
| Adjustments in respect of previous periods              | (20)                 | 2                                                                                               |
| <b>Total current tax</b>                                | <b>(20)</b>          | <b>(33)</b>                                                                                     |
| <b>Deferred tax</b>                                     |                      |                                                                                                 |
| Origination and reversal of timing differences          | (8)                  | 3                                                                                               |
| <b>Total deferred tax</b>                               | <b>(8)</b>           | <b>3</b>                                                                                        |
| <b>Taxation on profit/(loss) on ordinary activities</b> | <b>(28)</b>          | <b>(30)</b>                                                                                     |

**PENLAW NORTHWEST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**10. Taxation (continued)**

**Factors affecting tax credit for the year/period**

The tax assessed for the year/period is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

|                                                                                                                  | <b>2022<br/>£000</b> | <b>As restated<br/>Period from<br/>1 November<br/>2020 to 31<br/>December<br/>2021<br/>£000</b> |
|------------------------------------------------------------------------------------------------------------------|----------------------|-------------------------------------------------------------------------------------------------|
| Profit/(loss) on ordinary activities before tax                                                                  | 207                  | (25)                                                                                            |
| Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%) | 39                   | (5)                                                                                             |
| <b>Effects of:</b>                                                                                               |                      |                                                                                                 |
| Adjustment to corporation tax in respect of prior periods                                                        | (20)                 | 2                                                                                               |
| Expenses not deductible for tax purposes                                                                         | 1                    | 4                                                                                               |
| Capital allowances for year/period in excess of depreciation                                                     | (2)                  | (4)                                                                                             |
| Deferred tax arising from origination and reversal of timing differences                                         | -                    | 3                                                                                               |
| Other tax effects for reconciliation differences between accounting profit and tax expense/(income)              | -                    | (38)                                                                                            |
| Group relief                                                                                                     | (46)                 | 8                                                                                               |
| <b>Total tax credit for the year/period</b>                                                                      | <b>(28)</b>          | <b>(30)</b>                                                                                     |

**Factors that may affect future tax charges**

In the 2021 Budget, the Government announced that the main rate of corporation tax in the UK will increase by 6% to 25% from 1 April 2023.

**PENLAW NORTHWEST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**11. Tangible fixed assets**

|                                        | <b>Leasehold<br/>property<br/>£000</b> | <b>Plant and<br/>machinery<br/>£000</b> | <b>Motor<br/>vehicles<br/>£000</b> | <b>Fixtures,<br/>fittings and<br/>office<br/>equipment<br/>£000</b> | <b>Total<br/>£000</b> |
|----------------------------------------|----------------------------------------|-----------------------------------------|------------------------------------|---------------------------------------------------------------------|-----------------------|
| <b>Cost or valuation</b>               |                                        |                                         |                                    |                                                                     |                       |
| At 1 January 2022                      | 7                                      | 132                                     | 430                                | 84                                                                  | 653                   |
| At 31 December 2022                    | <u>7</u>                               | <u>132</u>                              | <u>430</u>                         | <u>84</u>                                                           | <u>653</u>            |
| <b>Depreciation</b>                    |                                        |                                         |                                    |                                                                     |                       |
| At 1 January 2022                      | -                                      | 54                                      | 328                                | 62                                                                  | 444                   |
| Charge for the year on owned<br>assets | 1                                      | 20                                      | 26                                 | 3                                                                   | 50                    |
| At 31 December 2022                    | <u>1</u>                               | <u>74</u>                               | <u>354</u>                         | <u>65</u>                                                           | <u>494</u>            |
| <b>Net book value</b>                  |                                        |                                         |                                    |                                                                     |                       |
| At 31 December 2022                    | <u>6</u>                               | <u>58</u>                               | <u>76</u>                          | <u>19</u>                                                           | <u>159</u>            |
| At 31 December 2021                    | <u>7</u>                               | <u>78</u>                               | <u>102</u>                         | <u>22</u>                                                           | <u>209</u>            |

The net book value of land and buildings may be further analysed as follows:

|                 | <b>2022<br/>£000</b> | <b>2021<br/>£000</b> |
|-----------------|----------------------|----------------------|
| Short leasehold | 6                    | 7                    |
|                 | <u>6</u>             | <u>7</u>             |

Tangible fixed assets with a carrying amount of £nil (2021: £209,247) have been pledged as security for the Company's bankers.

**PENLAW NORTHWEST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**12. Other financial assets**

|                          | Financial<br>assets at<br>cost less<br>impairment<br>£000 |
|--------------------------|-----------------------------------------------------------|
| <b>Cost or valuation</b> |                                                           |
| At 1 January 2022        | 1                                                         |
| At 31 December 2022      | 1                                                         |

**13. Stocks**

|               | 2022<br>£000 | 2021<br>£000 |
|---------------|--------------|--------------|
| Raw materials | 761          | 950          |
|               | 761          | 950          |

The carrying amount of stocks pledged as security for liabilities amounted to £nil (2021: £949,530).

**14. Debtors**

|                                           | 2022<br>£000 | As restated<br>2021<br>£000 |
|-------------------------------------------|--------------|-----------------------------|
| Trade debtors                             | 2,650        | 2,116                       |
| Supplier rebates receivable               | 1,800        | 953                         |
| Amounts owed by fellow group undertakings | 250          | -                           |
| Other debtors                             | 222          | 208                         |
| Prepayments and accrued income            | 100          | 90                          |
| Tax recoverable                           | 59           | 39                          |
|                                           | 5,081        | 3,406                       |

Amounts owed by the fellow group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

The carrying amount of receivables pledged as security for liabilities amounted to £nil (restated 2021: £3,406,432).

Details of the prior year adjustment & restatement of the results for the period ended 31 December 2021 are included in Note 25.

**PENLAW NORTHWEST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**15. Creditors: Amounts falling due within one year**

|                                           | <b>2022</b>  | As restated<br><b>2021</b> |
|-------------------------------------------|--------------|----------------------------|
|                                           | <b>£000</b>  | <b>£000</b>                |
| Trade creditors                           | 1,763        | 1,406                      |
| Amounts owed to fellow group undertakings | 819          | 1,986                      |
| Amounts owed to parent undertaking        | 1,901        | -                          |
| Other creditors                           | 41           | 6                          |
| Accruals and deferred income              | 106          | 56                         |
|                                           | <u>4,630</u> | <u>3,454</u>               |

Amounts due to the fellow group undertakings and the parent undertaking are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**16. Provisions for liabilities**

|                              | <b>Deferred<br/>taxation<br/>£000</b> | <b>Dilapidations<br/>£000</b> | <b>Total<br/>£000</b> |
|------------------------------|---------------------------------------|-------------------------------|-----------------------|
| At 1 January 2022 (restated) | 15                                    | 138                           | 153                   |
| Charged to profit or loss    | (8)                                   | -                             | (8)                   |
| <b>At 31 December 2022</b>   | <u>7</u>                              | <u>138</u>                    | <u>145</u>            |

As part of the Company's property leasing arrangements there is an obligation to repair damages which incur during the life of the leases, such as wear and tear. The cost is charged to profit and loss as the obligation arises. The provision is expected to be utilised in 2026 and 2031 when the leases terminate.

The provision has been calculated by a firm of chartered surveyors at the date of acquisition of the Company by the SIG Group in October 2021 and assessed again by the director as at 31 December 2022.

Details of the prior year adjustment & restatement of the results for the period ended 31 December 2021 are included in Note 25.

# **PENLAW NORTHWEST LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

### **17. Deferred taxation**

|                            | <b>2022<br/>£000</b> |
|----------------------------|----------------------|
| At 1 January 2022          | 15                   |
| Released to profit         | (8)                  |
| <b>At 31 December 2022</b> | <b>7</b>             |

The provision for deferred taxation is made up as follows:

|                              | <b>2022<br/>£000</b> | <b>2021<br/>£000</b> |
|------------------------------|----------------------|----------------------|
| Accelerated tax depreciation | 7                    | 15                   |
|                              | <u>7</u>             | <u>15</u>            |

The amount of the net reversal of deferred tax assets and deferred tax liabilities expected to occur during the year beginning after the reporting year is £5,336 (2021: £6,532).

### **18. Contingent liabilities**

The Company had entered into a cross guarantee arrangement, together with its bankers to secure the liabilities of the Penlaw group companies. This arrangement was satisfied in 2023. The contingent liability as at 31 December 2022 is £nil (2021: £nil).

### **19. Related party transactions**

During the previous period, an interest free loan owed by a director amounting to £8,452 was repaid.

The Company has taken advantage of the exemption available under FRS102 from disclosing transactions with entities that are part of the same group.

### **20. Share capital**

|                                                       | <b>2022<br/>£</b> | <b>2021<br/>£</b> |
|-------------------------------------------------------|-------------------|-------------------|
| <b>Authorised, allotted, called up and fully paid</b> |                   |                   |
| 510 (2021: 510) Ordinary shares of £1 each            | 510               | 510               |

#### **Rights, preferences and restrictions**

Ordinary shares have the following rights, preferences and restrictions:

All shares rank equally, each share entitles each holder to one vote, entitles the holder to dividend payments or due distribution, and each share entitles the holder pari passu to participate in a distribution from a winding up of the Company.

## PENLAW NORTHWEST LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 21. Reserves

##### Share premium account

The share premium reserve represents an additional amount of funds received by the Company exceeding the par value of its shares.

##### Profit and loss account

The profit and loss account represents cumulative profits and losses net of dividends and other adjustments.

#### 22. Pension and other schemes

##### Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £30,028 (period ended 31 December 2021: £69,845).

Contributions totalling £nil (2021: £2,182) were payable to the scheme at the end of the period and were included in creditors.

#### 23. Commitments under operating leases

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

|                                              | 2022<br>£000 | 2021<br>£000 |
|----------------------------------------------|--------------|--------------|
| Not later than 1 year                        | 231          | 206          |
| Later than 1 year and not later than 5 years | 438          | 466          |
|                                              | <u>669</u>   | <u>672</u>   |

#### 24. Ultimate parent undertaking

The Company is an indirectly wholly owned subsidiary of SIG Trading Limited, which is registered in England and Wales. The Company's ultimate parent company and ultimate controlling party is SIG plc, which is also registered in England and Wales.

The only Group in which the results of the Company are consolidated is that headed by SIG plc, the ultimate parent company. The consolidated financial statements are available to the public and may be obtained from the Company Secretary of SIG plc at Adsetts House, 16 Europa View, Sheffield Business Park, Sheffield, S9 1XH, or via the Company website [www.sigplc.com](http://www.sigplc.com).

**PENLAW NORTHWEST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**25. Prior year adjustment**

A prior year adjustment has been recognised relating to provisions for leased property dilapidations, the criteria for which were met for the 2021 year end. The balance sheet as at 31 December 2021 has been adjusted for the recognition of a provision of £138,180 and associated changes to prepayments and corporation tax debtor of £51,388 and £16,490 respectively. The Profit and Loss Account for the period ended 31 December 2021 has been adjusted to increase administration costs, and so reduce profit before tax by £86,792, reduce the tax charge by £16,490, thereby reducing profit after tax by £70,302.