

Registered number: 05154708

PENLAW NORTHWEST LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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PENLAW NORTHWEST LIMITED

COMPANY INFORMATION

Director Ian Jackson (appointed 1 September 2024)

Registered number 05154708

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

Independent auditors DJH Audit 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

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PENLAW NORTHWEST LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The Director presents his report and the financial statements for the year ended 31 December 2023.

Director's responsibilities statement

The Director is responsible for preparing the Directors' 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.

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

On 31 December 2023, the trade, assets and liabilities of the Company were hived up to the parent company, SIG Trading Limited, at the carrying value of the net assets. The Company will therefore be dormant going forward. Prior to the hive up the Company's principal activity was the supply of products to the construction industry in the UK.

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) (resigned 1 September 2024)

Ian Jackson (appointed 1 September 2024)

PENLAW NORTHWEST LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

Disclosure of relevant information to auditors

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

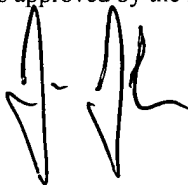
- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors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

Small companies note

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

This report was approved by the Board on 26 September 2024 and signed on its behalf.

Ian Jackson
Director

A handwritten signature in black ink, appearing to be 'I. Jackson', written over a horizontal line.

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 2023 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 2023 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 as at the 31 December 2023 the trade, assets and liabilities of the Company were hived up to its parent company. From that date the company is effectively dormant and no longer a going concern. 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 DJH Audit Limited, Statutory Auditor

5 Prospect Place
Millenium Way
Pride Park
Derby
DE24 8HG

26 September 2024

PENLAW NORTHWEST LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Note	2023 £000	2022 £000
Turnover	3	12,052	12,830
Cost of sales		(9,930)	(10,790)
Gross profit		<u>2,122</u>	<u>2,040</u>
Distribution costs		(753)	(844)
Administrative expenses		(1,459)	(989)
Operating (loss)/profit	6	<u>(90)</u>	<u>207</u>
Tax on (loss)/profit	7	(12)	28
(Loss)/profit for the financial year		<u><u>(102)</u></u>	<u><u>235</u></u>

There are no items of other comprehensive income for 2023 or 2022 other than the (loss)/profit for the year. As a result, no separate Statement of Comprehensive Income has been presented.

The notes on pages 9 to 23 form part of these financial statements.

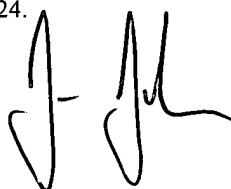
PENLAW NORTHWEST LIMITED
REGISTERED NUMBER:05154708

BALANCE SHEET
AS AT 31 DECEMBER 2023

	Note	2023 £000	2022 £000
Fixed assets			
Tangible assets	8	-	159
Other financial assets	9	-	1
		<u>-</u>	<u>160</u>
Current assets			
Stocks	10	-	761
Debtors due within one year	11	1,221	5,081
Bank and cash balances		-	96
		<u>1,221</u>	<u>5,938</u>
Creditors: amounts falling due within one year	12	-	(4,630)
Net current assets		<u>1,221</u>	<u>1,308</u>
Total assets less current liabilities		<u>1,221</u>	<u>1,468</u>
Provisions for liabilities	13	-	(145)
Net assets		<u><u>1,221</u></u>	<u><u>1,323</u></u>
Capital and reserves			
Called up share capital	17	1	1
Share premium account		449	449
Profit and loss account		771	873
		<u>1,221</u>	<u>1,323</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 September 2024.

Ian Jackson
Director



PENLAW NORTHWEST LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total £000
At 1 January 2022	1	449	638	1,088
Comprehensive income for the year				
Profit for the year	-	-	235	235
Total comprehensive income for the year	-	-	235	235
At 1 January 2023	1	449	873	1,323
Comprehensive income for the year				
Loss for the year	-	-	(102)	(102)
Total comprehensive income for the year	-	-	(102)	(102)
At 31 December 2023	1	449	771	1,221

The notes on pages 9 to 23 form part of these financial statements.

PENLAW NORTHWEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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

On 31 December 2023, the trade, assets and liabilities of the Company were hived up to the parent company, SIG Trading Limited, at the carrying value of the net assets. The Company will therefore be dormant going forward.

Investments

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

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

PENLAW NORTHWEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. Significant accounting policies (continued)

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

1. Significant accounting policies (continued)

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 2023**

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.

PENLAW NORTHWEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. Significant accounting policies (continued)

Provisions for liabilities

Provisions are recognised when an event has taken place that gives rise to a legal or constructive obligation, a transfer of economic benefits is probable and a reliable estimate can be made.

Provisions are measured as the best estimate of the amount required to settle the obligation, taking into account the related risks and uncertainties.

Increases in provisions are generally charged as an expense to profit or loss.

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 2023.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

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. Prior to the hive up of net assets to the parent company the Company had recognised a provision of £147,621 at 31 December 2023 (2022: £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 2023

3. Turnover

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

	2023 £000	2022 £000
Sale of goods - construction products	12,052	12,830
	<u>12,052</u>	<u>12,830</u>

Analysis of turnover by country of destination:

	2023 £000	2022 £000
United Kingdom	12,052	12,830
	<u>12,052</u>	<u>12,830</u>

4. Information regarding Directors and employees

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

	2023 £000	2022 £000
Wages and salaries	726	673
Social security costs	81	72
Cost of defined contribution scheme	25	30
Other employee costs	10	-
	<u>842</u>	<u>775</u>

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

	2023 No.	2022 No.
Sales and marketing	5	5
Distribution and operations	15	15
Management and administration	2	2
	<u>22</u>	<u>22</u>

PENLAW NORTHWEST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

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.

6. Operating profit

Operating profit is stated after charging/(crediting):

	2023 £000	2022 £000
Depreciation of tangible fixed assets	39	50
Rent expense - property	220	177
Rent expense - plant and machinery	-	12
Profit on the disposal of fixed assets	2	-
Fees payable to the Company's auditor for the audit of the Company's annual accounts	18	26
	<u> </u>	<u> </u>

7. Taxation

	2023 £000	2022 £000
Adjustments in respect of previous periods	20	(20)
	<u> </u>	<u> </u>
	20	(20)
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
Total current tax	<u> </u> 20	<u> </u> (20)
Deferred tax		
Origination and reversal of timing differences	(8)	(8)
	<u> </u>	<u> </u>
Total deferred tax	<u> </u> (8)	<u> </u> (8)
	<u> </u>	<u> </u>
Tax on (loss)/profit	<u> </u> 12	<u> </u> (28)
	<u> </u>	<u> </u>

PENLAW NORTHWEST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

7. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022 - lower than) the standard rate of corporation tax in the UK of 23.5% (2022 - 19%). The differences are explained below:

	2023 £000	2022 £000
(Loss)/profit on ordinary activities before tax	<u>(90)</u>	<u>207</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.5% (2022 - 19%)	(21)	39
Effects of:		
Expenses not deductible for tax purposes	1	1
Capital allowances for year in excess of depreciation	-	(2)
Adjustments to tax charge in respect of prior periods	20	(20)
Deferred tax not recognised	4	-
Group relief	8	(46)
Total tax charge for the year	<u>12</u>	<u>(28)</u>

PENLAW NORTHWEST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

8. Tangible fixed assets

	Leasehold property £000	Plant and machinery £000	Motor vehicles £000	Fixtures, fittings and office equipment £000	Total £000
At 1 January 2023	7	132	430	84	653
Additions	-	-	-	11	11
Hived up to parent company	(7)	(132)	(363)	(74)	(576)
Disposals	-	-	(67)	(21)	(88)
At 31 December 2023	-	-	-	-	-
At 1 January 2023	2	73	353	66	494
Charge for the year on owned assets	-	15	19	5	39
Hived up to parent company	(2)	(88)	(308)	(59)	(457)
Disposals	-	-	(64)	(12)	(76)
At 31 December 2023	-	-	-	-	-
Net book value					
At 31 December 2023	-	-	-	-	-
At 31 December 2022	5	59	77	18	159

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

	2023 £000	2022 £000
Short leasehold	-	6
	-	6

PENLAW NORTHWEST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

9. Other financial assets

	Financial assets at cost less impairment £000
Cost or valuation	
At 1 January 2023	1
At 31 December 2023	1
Impairment	
Charge for the period	1
At 31 December 2023	1
Net book value	
At 31 December 2023	-
At 31 December 2022	1

PENLAW NORTHWEST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

10. Stocks

	2023 £000	2022 £000
Raw materials	-	761
	<u>-</u>	<u>761</u>
	<u>-</u>	<u>761</u>

The carrying amount of stocks pledged as security for liabilities amounted to £nil (2022: nil).

11. Debtors

	2023 £000	2022 £000
Trade debtors	-	2,650
Supplier rebates receivable	-	1,800
Amounts owed by fellow group undertakings	-	250
Amounts owed by parent undertaking	1,221	-
Other debtors	-	222
Prepayments and accrued income	-	100
Tax recoverable	-	59
	<u>1,221</u>	<u>5,081</u>
	<u>1,221</u>	<u>5,081</u>

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

12. Creditors: Amounts falling due within one year

	2023 £000	2022 £000
Trade creditors	-	1,763
Amounts owed to fellow group undertakings	-	819
Amounts owed to parent undertaking	-	1,901
Other creditors	-	41
Accruals and deferred income	-	106
	<u>-</u>	<u>4,630</u>
	<u>-</u>	<u>4,630</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.

PENLAW NORTHWEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

13. Provisions for liabilities

	Deferred taxation £000	Dilapidations £000	Total £000
At 1 January 2023	7	138	145
Charged to profit or loss	(7)	10	3
Hived up to parent company	-	(148)	(148)
At 31 December 2023	-	-	-

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 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 2023.

14. Deferred taxation

	2023 £000
At 1 January 2023	7
Charged to profit or loss	(7)
At 31 December 2023	-

The provision for deferred taxation is made up as follows:

	2023 £000	2022 £000
Accelerated tax depreciation	-	7
	-	7

15. 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 2023 is £nil (2022: £nil).

PENLAW NORTHWEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

16. Related party transactions

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

17. Share capital

	2023 £	2022 £
Authorised, allotted , called up and fully paid		
510 (2022: 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.

18. 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.

19. Pension and other schemes

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 £24,794 (2022: £30,028).

20. Commitments under operating leases

At 31 December 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023 £000	2022 £000
Not later than 1 year	95	231
Later than 1 year and not later than 5 years	353	438
	448	669

One lease was novated to the parent company during the period. The commitments for the lease remaining in the name of Penlaw Northwest Limited will be met by the parent company, SIG Trading Limited.

PENLAW NORTHWEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

21. 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.

22. Divestments

On 31 December 2023 the trade and net assets of the Company were hived up to the parent company, SIG Trading Limited. The assets and liabilities were transferred at carrying value, which was the agreed consideration between the two parties. The net assets hived up were as follows:

	2023 £000
Tangible fixed assets	125
Inventories	580
Debtors	2,734
Cash at bank and in hand	35
Liabilities	(3,749)
Total net assets and consideration	(275)

23. Post balance sheet events

Since the year end the company has voted and paid dividends amounting to £770,620.