

PENLAW & COMPANY LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

Introduction

The Director, in preparing the Strategic Report, has complied with s414C of the Companies Act 2006.

The Director presents his annual report on the affairs of the Company, together with the financial statements for the year ended 31 December 2023.

Principal activity and business review

On 31 December 2023, the trading 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 cease trading and effectively be dormant from a trading point of view going forward. Prior to the hive up the Company's principal activity was the supply of products to the construction industry in the UK.

The Company reported turnover for the year of £36.9m (2022: £42.5m), gross margin of 14.7% (2022: 16.4%) and loss before tax of £2.4m (2022: profit before tax of £0.2m).

The Director aims to present a balanced and comprehensive review of the development and performance of the Company during the year and its position at the year end. The review is consistent with the size and nature of the Company and is written in the context of the risks and uncertainties faced.

Turnover decreased in the face of challenging market conditions which saw demand weaken considerably from 2022 levels. This, along with increased administration costs, in part due to continued high levels of bad debts and also as a result of recharges from the parent company, saw the company make a net loss before tax of £2.4m for the year against a small profit in 2022.

All of the trading assets and liabilities were hived up into the parent company on 31 December 2023 and consequently the balance sheet contains minimal balances at the year end.

Principal risks and uncertainties

Following the hive up of the net assets to the parent company there are no principal risks and uncertainties going forward.

PENLAW & COMPANY LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

S172 (1) statement

During the year ended 31 December 2023, the Board and senior management team of Penlaw & Company Limited considers, as individuals and collectively, that it has acted in a way it considers, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole, and by having regard to stakeholders and matters set out in s172(1) (a-f) of the Act, in the decisions taken during the year.

It is important to the Board that we develop strong and positive relationships with our employees, customers, suppliers and investors, as well as government and regulators. We also strive to make a positive contribution to the environment and local communities in which we operate.

The following paragraphs summarise how the Director fulfils his duties:

Likely consequences of long term decisions

The Director and senior management team communicate regularly and are responsible for the strategy and long-term vision of the Company. Following the hive up to the parent company the Company will be dormant going forward.

The interests of the Company's employees

The Director recognises that the Company's employees are fundamental and core to our business and delivery of strategic ambitions. The success of our business depends on attracting, retaining, and motivating employees. From ensuring that we remain a positive employer, from pay and benefits to health, safety and workplace environment, the Director factors the implications of decisions on employees and the wider workplace, where relevant and feasible.

Business relationships

Delivering our strategy requires strong mutually beneficial relationships with key suppliers and customers. The Company seeks the promotion and application of certain general principles in such relationships and the Director also continuously reviews and approves the Company's approach to these key relationships.

Impact on the community and the environment

The Director takes reasonable steps to minimise any detrimental impact the Company's operations may have on the environment.

Reputation for high standards of business conduct

The Company aims to meet the growing need for construction supplies which are economically, environmentally, and socially responsible. The Board is informed and monitors compliance with relevant governance standards to help assure its decisions are taken and that the Company acts in ways that promote high standards of business conduct.

Acting fairly between members of the Company

After weighing up all relevant factors, the Director considers which course of action best enables delivery of our strategy through the long-term, taking into consideration the impact on stakeholders. In doing so, the Director acts fairly as between the Company's members.

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

Ian Jackson
Director

