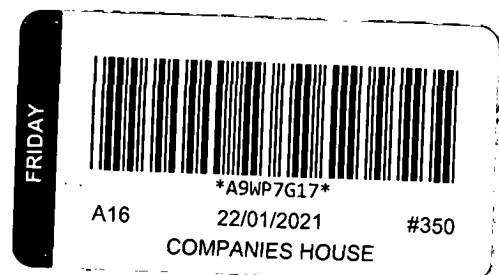


Registered number: 00667727

Delga Press Limited

**Annual report and financial statements
for the period ended 31 January 2020**



Delga Press Limited

Company Information

Directors	S H Grist C Gregory I M Conetta S A McLellan D Gilley (appointed 22 May 2020)
Registered number	00667727
Registered office	Seaplane House Sir Thomas Longley Road Rochester Kent ME2 4DP
Independent auditor	Kreston Reeves LLP Statutory Auditor & Chartered Accountants Montague Place Quayside Chatham Maritime Chatham Kent ME4 4QU
Bankers	HSBC Bank Plc Thames Gateway South Commercial Centre Lakeview West Crossways Business Park Dartford Kent DA2 6QE

Delga Press Limited

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Delga Press Limited

Strategic report for the period ended 31 January 2020

Introduction

The directors have the pleasure in presenting their strategic report for the period 1 August 2018 to 31 January 2020. The directors aim to present a balanced and comprehensive review of the development and performance of the company's business during the period and its position at the period end. The review is consistent with the size and nature of the business and is written in the context of the risks and uncertainties that the company faces.

Business review

The company continued to see a decline in revenue from the music sector, supported by investments in new machinery and maintaining the long standing relationships in the music sector the company pursued new opportunities with new business from other sectors. The company was successful in diversifying its revenue streams following targeted marketing campaigns to generate brand awareness outside its historical customer base. The company has not lost sight of its heritage but now has a strong presence within other sectors outside of Music.

Principal risks and uncertainties

The directors recognise that risk is inherent in any business and seek to manage risk in a controlled manner. The key business risks are set out as follows:

Economic – the company is subject to many of the same general economic risks faced by other businesses especially during periods of economic downturn. The company seeks to mitigate this risk by having a diverse geographical mix of customers.

Commercial – the company operates in a competitive marketplace and faces competition from other manufacturers. The company seeks to mitigate this risk by continually developing and expanding their product range, and offering an extensive range of high quality products.

Financing – the company's funding requirements are met through a combination of medium term loans and short term invoice discounting facilities. The company continues to maintain a strong cash position which reduces the requirement for the utilisation of external funding.

Financial – the company has a specific exposure to credit risk, liquidity risk, and interest rate fluctuations. The company has established a number of policies to mitigate the risks presented.

COVID-19 – the company's staff & customers have an inherent risk from infection, with the main risk to the company resulting in closure of a site facility. The company has implemented stringent controls and processes and trades in a fully COVID compliant manner, creating a safe environment for our customers and staff.

BREXIT – the company operates primarily in the UK with minimal exports to the European Union. The biggest risk is from tariff changes on paper imports, the company seeks to mitigate this through long term commercial partnerships with our key suppliers.

Financial key performance indicators

The key performance indicators are as follows:

	18 months to 31 January 2020	12 months to 31 July 2018
	£'000	£'000
Turnover	7,997	7,991
Pre-tax (loss)/profit before exceptional restructuring costs	(523)	411

The directors monitor a range of KPIs on a regular basis including operating efficiency, asset utilisation and cash flow.

Delga Press Limited

**Strategic report (continued)
for the period ended 31 January 2020**

Future developments

The company has identified eVape Liquid, Vitamins and Nutraceuticals as the key market sectors to target and has continued its ambitious growth plans in these sectors following the changes in the Music sector. Despite COVID-19 impacting sales between April & June resulting in a 23% decline year on year, this targeted strategy has returned the business to growth from July onwards with New business growing month on month.

This report was approved by the board on 19 January 2021 and signed on its behalf.

A handwritten signature in black ink, appearing to be 'C Gregory', written over a dotted line.

C Gregory
Director

Delga Press Limited

Directors' report for the period ended 31 January 2020

The directors present their report and the financial statements for the 1 August 2018 to ended 31 January 2020.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Principal activities

The principal activities of the company continued to be that of printers, printed packaging and fulfillment specialists.

Results and dividends

The loss for the period, after taxation, amounted to £450,869 (2018 - profit £159,677).

There were no dividends paid during the period (2018 - none).

Directors

The directors who served during the period were:

S H Grist
C Gregory
I M Conetta
S A McLellan

Post balance sheet events

At the time of signing the financial statements the directors are aware of the potential economic effects of the COVID-19 virus outbreak. The full impact of the pandemic on the UK economy is yet to be seen. The directors will continue to mitigate this risk by following UK government guidelines and adapting and developing internal strategies. The company has taken advantage of the government's furlough scheme. At the date of signing these accounts there are considered to be sufficient financial resources to enable the company to trade for the foreseeable future. Other than the outbreak of the COVID-19 virus, there have been no significant events affecting the company since the period end.

Delga Press Limited

**Directors' report (continued)
for the period ended 31 January 2020**

Disclosure of information to auditor

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

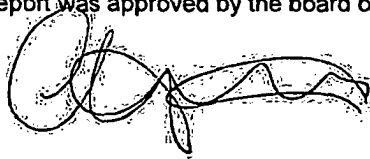
- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor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

Auditor

Under section 487(2) of the Companies Act 2006, Kreston Reeves LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 19 January 2021

and signed on its behalf.

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

C Gregory
Director

Delga Press Limited

Independent auditor's report to the members of Delga Press Limited

Opinion

We have audited the financial statements of Delga Press Limited (the 'Company') for the period ended 31 January 2020, which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 January 2020 and of its loss for the period 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 United Kingdom, including the Financial Reporting Council'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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Delga Press Limited

Independent auditor's report to the members of Delga Press Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Delga Press Limited

Independent auditor's report to the members of Delga Press Limited (continued)

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.


As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the Company's members 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 for our audit work, for this report, or for the opinions we have formed.



Allan Pinner FCCA (senior statutory auditor)

for and on behalf of
Kreston Reeves LLP

Statutory Auditor
Chartered Accountants

Chatham Maritime
Date: 20 January 2021

Delga Press Limited

**Statement of comprehensive income
for the period ended 31 January 2020**

		18 months to 31 January 2020 £	12 months to 31 July 2018 £
	Note		
Turnover	4	7,997,319	7,990,737
Cost of sales		(5,624,912)	(5,399,381)
Gross profit		2,372,407	2,591,356
Distribution costs		(770,404)	(681,831)
Administrative expenses		(2,078,731)	(1,672,076)
Operating (loss)/profit	5	(476,728)	237,449
Interest receivable and similar income	8	426	141
Interest payable and expenses	9	(46,792)	(31,685)
(Loss)/profit before tax		(523,094)	205,905
Tax on (loss)/profit	10	72,225	(46,228)
(Loss)/profit for the financial period		(450,869)	159,677

There was no other comprehensive income for 2020 (2018: £NIL).


The notes on pages 11 to 26 form part of these financial statements.

Delga Press Limited
Registered number: 00667727

Balance sheet
as at 31 January 2020

	Note	31 January 2020 £	31 July 2018 £
Fixed assets			
Tangible assets	11	846,844	1,220,231
Current assets			
Stocks	12	260,213	295,018
Debtors: amounts falling due within one year	13	6,849,709	6,728,275
Cash at bank and in hand	14	158,663	165,144
		<u>7,268,585</u>	<u>7,188,437</u>
Creditors: amounts falling due within one year	15	(5,617,524)	(5,129,671)
Net current assets		<u>1,651,061</u>	<u>2,058,766</u>
Total assets less current liabilities		<u>2,497,905</u>	<u>3,278,997</u>
Creditors: amounts falling due after more than one year	16	(267,305)	(539,014)
Provisions for liabilities			
Deferred tax	19	(51,267)	(109,781)
Net assets		<u>2,179,333</u>	<u>2,630,202</u>
Capital and reserves			
Called up share capital	20	10,000	10,000
Profit and loss account		2,169,333	2,620,202
		<u>2,179,333</u>	<u>2,630,202</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:
 19 January 2021


C Gregory
 Director
 Date:

The notes on pages 11 to 26 form part of these financial statements.

Delga Press Limited

Statement of changes in equity for the period ended 31 January 2020

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 August 2017	10,000	2,460,525	2,470,525
Profit for the year	-	159,677	159,677
At 1 August 2018	10,000	2,620,202	2,630,202
Loss for the period	-	(450,869)	(450,869)
At 31 January 2020	10,000	2,169,333	2,179,333

Called up share capital

This represents the nominal value of shares that have been issued by the company.

Profit and loss account

This reserve comprises all current and prior period retained profits and losses after deducting any distributions made to the company's shareholders.

Delga Press Limited

Notes to the financial statements for the period ended 31 January 2020

1. General information

Delga Press Limited is a limited liability company incorporated in England and Wales, company registration number 00667727. The address of the registered office and principal place of business is Seaplane House, Sir Thomas Longley Road, Rochester, Kent, ME2 4DP. The principal activities of the company are disclosed within the Directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of The Delga Group Limited as at 31 January 2020 and these financial statements may be obtained from Companies House.

2.3 Going concern

In accordance with UK GAAP, the company annually assesses whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the ability of the company to continue as a going concern and meet its obligations as they become due, for at least one year after the date that the financial statements are issued. The evaluation is based on relevant conditions and events that are known or reasonably knowable at this date.

The financial statements have been prepared on the going concern basis. In light of COVID-19, the Directors have taken the necessary steps to continue to trade in line with government guidance and protect cashflow, in doing this the group has utilised the furlough scheme in all parts of the business and successfully applied for a £1.5m CBILs in July 2020, this loan is for a 6 year period and utilising the BIP is payment & interest free for the first year. In November 2020 the company also successfully applied for a CBIL against the Invoice Financing facility which effectively increases the available funds to a maximum of 100% of the facility and is capped at £290k over 3 years.

**Notes to the financial statements
for the period ended 31 January 2020**

2. Accounting policies (continued)

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

**Notes to the financial statements
for the period ended 31 January 2020**

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following bases:

Leasehold land and buildings	- over the period of the lease
Plant and machinery	- 15% to 25% reducing balance
Motor vehicles	- 25% reducing balance
Fixtures and fittings	- 7% to 33.3% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.9 Financial instruments

The Company enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, such as the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

**Notes to the financial statements
for the period ended 31 January 2020**

2. Accounting policies (continued)

2.9 Financial instruments (continued)

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an 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.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is pound sterling.

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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

2.12 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**Notes to the financial statements
for the period ended 31 January 2020**

2. Accounting policies (continued)

2.13 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.14 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance leases are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.15 Pensions

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 the Statement of comprehensive income 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.

2.16 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

2.17 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.18 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the period in which they are incurred.

2.19 Invoice discounting

The company has an agreement with HSBC Bank Plc whereby the majority of its trade debtors are invoice discounted, with recourse after 60 days. On the basis that the benefits and risks attaching to the debts remain with the company, a separate presentation has been adopted, in accordance with FRS102 section 2. On this basis the gross debts are included as an asset within trade debtors and the proceeds received are included within bank loans as a liability.

Delga Press Limited

Notes to the financial statements for the period ended 31 January 2020

2. Accounting policies (continued)

2.20 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Notes to the financial statements
for the period ended 31 January 2020**

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires the directors to make judgments, estimates and assumptions that can affect the amounts reported for assets and liabilities, and the results for the period. The nature of estimation is such though that actual outcomes could differ significantly from those estimates.

The following judgments have had the most significant impact on amounts recognised in the financial statements:

Lease commitments

The company has entered into a range of lease commitments in respect of property, plant and equipment. The classification of these leases as either financial or operating leases requires the directors to consider whether the terms and conditions of each lease are such that the company has acquired the risks and rewards associated with the ownership of the underlying assets.

Tangible fixed assets

The company has recognised tangible fixed assets with a carrying value of £846,844 at the reporting date (see note 11). These assets are stated at their cost less provision for depreciation and impairment. The company's accounting policy sets out the approach to calculating depreciation for immaterial assets acquired. For material assets such as land and buildings the company determines at acquisition reliable estimates for the useful life of the asset, its residual value and decommissioning costs. These estimates are based upon such factors as the expected use of the acquired asset and market conditions. At subsequent reporting dates the directors consider whether there are any factors such as technological advancements or changes in market conditions that indicate a need to reconsider the estimates used.

Where there are indicators that the carrying value of tangible assets may be impaired the company undertakes tests to determine the recoverable amount of assets. These tests require estimates of the fair value of assets less cost to sell and of their value in use. Wherever possible the estimate of the fair value of assets is based upon observable market prices less incremental cost for disposing of the asset. The value in use calculation is based upon a discounted cash flow model, based upon the company's forecasts for the foreseeable future which do not include any restructuring activities that the company is not yet committed to or significant future investments that will enhance the asset's performance. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as expected future cash flows and the growth rate used for extrapolation purposes.

4. Turnover

The whole of the turnover is attributable to the principal activities of the Company.

Analysis of turnover by country of destination:

	2020 £	2018 £
United Kingdom	7,079,660	6,929,255
Rest of Europe	917,659	1,061,482
	<u>7,997,319</u>	<u>7,990,737</u>

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**Notes to the financial statements
for the period ended 31 January 2020**

5. Operating (loss)/profit

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

	2020	2018
	£	£
Depreciation of tangible fixed assets	375,436	253,035
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	12,310	11,760
Exchange differences	(12,957)	(17,943)
Other operating lease rentals	360,000	179,271

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2020	2018
	£	£
Wages and salaries	2,769,750	2,615,041
Social security costs	324,667	305,197
Other pension costs	56,976	27,483
	3,151,393	2,947,721

The average monthly number of employees, including the directors, during the period was as follows:

	2020	2018
	No.	No.
Production staff	32	49
Administrative staff	26	30
Distribution staff	1	2
	59	81

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Notes to the financial statements for the period ended 31 January 2020

7. Directors' remuneration

	2020 £	2018 £
Directors' emoluments	390,936	170,084
Company contributions to defined contribution pension schemes	4,902	1,589
	<u>395,838</u>	<u>171,673</u>

During the period retirement benefits were accruing to 4 directors (2018 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £179,520 (2018 - £155,688).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,634 (2018 - £530).

8. Interest receivable and similar income

	2020 £	2018 £
Other interest receivable	<u>426</u>	<u>141</u>

9. Interest payable and similar expenses

	2020 £	2018 £
On hire purchase contracts	23,577	9,959
Other interest payable	23,215	21,726
	<u>46,792</u>	<u>31,685</u>

10. Taxation

	2020 £	2018 £
Corporation tax		
Current tax on profits for the period	-	15,083
Adjustments in respect of previous periods	(13,711)	-
Total current tax	<u>(13,711)</u>	<u>15,083</u>
Deferred tax		
Origination and reversal of timing differences	(58,514)	31,145
Taxation on (loss)/profit on ordinary activities	<u>(72,225)</u>	<u>46,228</u>

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Notes to the financial statements for the period ended 31 January 2020

10. Taxation (continued)

Factors affecting tax charge for the period/year

The tax assessed for the period/year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2020 £	2018 £
Profit on ordinary activities before tax	<u>(523,094)</u>	<u>205,905</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(99,388)	39,122
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,187	7,744
Group relief	<u>23,976</u>	<u>(638)</u>
Total tax charge for the period/year	<u>(72,225)</u>	<u>46,228</u>

Factors that may affect future tax charges

The company has trade losses of £153,305 (2018 - £nil) to carry forward against future trading profits and also has capital losses of £33,802 (2018 - £33,802) to carry forward against future capital profits.

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**Notes to the financial statements
for the period ended 31 January 2020**

11. Tangible fixed assets

	Leasehold land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 August 2018	104,239	3,324,254	14,225	891,726	4,334,444
Additions	-	10,493	5,500	38,882	54,875
Disposals	-	(148,750)	-	-	(148,750)
At 31 January 2020	<u>104,239</u>	<u>3,185,997</u>	<u>19,725</u>	<u>930,608</u>	<u>4,240,569</u>
Depreciation					
At 1 August 2018	104,239	2,163,514	6,834	839,626	3,114,213
Charge for the period	-	324,552	8,317	42,567	375,436
Disposals	-	(95,924)	-	-	(95,924)
At 31 January 2020	<u>104,239</u>	<u>2,392,142</u>	<u>15,151</u>	<u>882,193</u>	<u>3,393,725</u>
Net book value					
At 31 January 2020	<u>-</u>	<u>793,855</u>	<u>4,574</u>	<u>48,415</u>	<u>846,844</u>
At 31 July 2018	<u>-</u>	<u>1,160,740</u>	<u>7,391</u>	<u>52,100</u>	<u>1,220,231</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	31 January 2020 £	31 July 2018 £
Plant and machinery	364,531	550,027
Motor vehicles	1,147	6,308
Fixtures and fittings	5,100	13,600
	<u>370,778</u>	<u>569,935</u>

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Notes to the financial statements for the period ended 31 January 2020

12. Stocks

	31 January 2020 £	31 July 2018 £
Raw materials	156,166	235,498
Work in progress	104,047	59,520
	<u>260,213</u>	<u>295,018</u>

13. Debtors

	31 January 2020 £	31 July 2018 £
Trade debtors	786,620	978,947
Amounts owed by group undertakings	5,889,863	5,642,053
Other debtors	14,085	-
Prepayments and accrued income	145,057	107,275
Amounts recoverable on long term contracts	14,084	-
	<u>6,849,709</u>	<u>6,728,275</u>

The company is able to raise finance secured against approved trade debtors. The gross amount of the debts which are discounted at 31 January 2020 is £724,782 (2018 - £937,668).

14. Cash and cash equivalents

	31 January 2020 £	31 July 2018 £
Cash at bank and in hand	<u>158,663</u>	<u>165,144</u>

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Notes to the financial statements for the period ended 31 January 2020

15. Creditors: Amounts falling due within one year

	31 January 2020 £	31 July 2018 £
Bank loans	529,567	437,460
Other loans	53,351	37,905
Obligations under finance lease and hire purchase contracts	154,364	165,400
Trade creditors	337,271	411,181
Amounts owed to group undertakings	4,315,569	3,716,914
Corporation tax	-	15,083
Taxation and social security	97,896	116,648
Other creditors	16,772	7,884
Accruals and deferred income	112,734	221,196
	5,617,524	5,129,671

Secured loans

The bank loans relate to amounts owed to an invoice financing company which has been secured on the debts arising from the business.

Obligations under hire purchase agreements are guaranteed within the group and secured by a charge over the individual assets that are the subject of the agreement.

16. Creditors: Amounts falling due after more than one year

	31 January 2020 £	31 July 2018 £
Other loans	65,474	127,501
Net obligations under finance leases and hire purchase contracts	201,831	411,513
	267,305	539,014

Included within net obligations under finance leases and hire purchase contracts is a hire purchase contract that is being repaid monthly, with the final payment due July 2025 and with an interest rate of 3%.

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Notes to the financial statements for the period ended 31 January 2020

17. Loans

Analysis of the maturity of loans is given below:

	31 January 2020 £	31 July 2018 £
Amounts falling due within one year		
Bank loans	529,567	437,460
Other loans	53,351	37,905
	<u>582,918</u>	<u>475,365</u>
Amounts falling due 1-2 years		
Other loans	41,352	41,352
Amounts falling due 2-5 years		
Other loans	24,122	86,149
	<u>648,392</u>	<u>602,866</u>

18. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	31 January 2020 £	31 July 2018 £
Within one year	154,364	165,400
Between 1-2 years	101,943	121,532
Between 2-5 years	88,445	230,467
Over 5 years	11,443	59,514
	<u>356,195</u>	<u>576,913</u>

19. Deferred taxation

	2020 £	2018 £
At beginning of year	109,781	78,636
Charged to profit or loss	(58,514)	31,145
At end of year	<u>51,267</u>	<u>109,781</u>

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Notes to the financial statements for the period ended 31 January 2020

19. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	31 January 2020 £	31 July 2018 £
Accelerated capital allowances	80,395	109,781
Tax losses carried forward	(29,128)	-
	51,267	109,781

20. Share capital

	31 January 2020 £	31 July 2018 £
Allotted, called up and fully paid		
10,000 Ordinary shares of £1.00 each	10,000	10,000

21. Contingent liabilities

At the balance sheet date, the company had the following contingent liability.

The company is included in group banking facilities. The company's assets are charged to the group's bankers to guarantee the total bank indebtedness owing by The Delga Group Limited and its UK subsidiary undertakings. At 31 January 2020 the total indebtedness owed by the group to the bank amounted to £1,009,067 (2018 - £876,488). Under the terms of the group banking facility, there is a contingent liability of £635,790 (2018 - £560,929).

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Notes to the financial statements for the period ended 31 January 2020

22. Commitments under operating leases

At 31 January 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	31 January 2020 £	31 July 2018 £
Land and buildings		
Not later than 1 year	250,000	250,000
Later than 1 year and not later than 5 years	1,000,000	1,000,000
Later than 5 years	708,333	1,083,333
	1,958,333	2,333,333
	31 January 2020 £	31 July 2018 £
Other		
Not later than 1 year	153,689	131,568
Later than 1 year and not later than 5 years	1,032,580	658,648
Later than 5 years	334,924	281,162
	1,521,193	1,071,378

23. Related party transactions

The company has taken advantage of the exemption from disclosing related party transactions with members or investees of the group provided by FRS102, section 33.2 as it is a wholly owned subsidiary in the group headed by The Delga Group Limited.

During the year professional fees amounting to £57,073 (2018 - £39,172) were paid to the professional practice of a director of the holding company however, a proportion of the above costs were recharged to other group entities.

24. Controlling party

The immediate and ultimate parent company of the group and for which group accounts are prepared is The Delga Group Limited, a company registered in England and Wales. Accounts can be obtained from Companies House, Crown Way, Cardiff, CF4 3UZ.

The company is under the control of C Gregory.