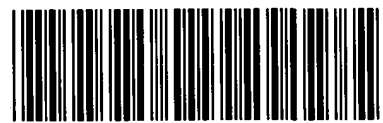


COMPANY REGISTRATION NUMBER: 00939885

PENSORD PRESS LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2020

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COMPANIES HOUSE

PENSORD PRESS LIMITED
FINANCIAL STATEMENTS
Year ended 31 December 2020

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PENSORD PRESS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Mr D J Coxon
Mr K Gater

Registered office

The Pensord Press Ltd
Tram Road
Pontllanfraith
Blackwood
NP12 2YA

Auditor

Kilsby & Williams LLP
Chartered Accountants & statutory auditor
Cedar House
Hazell Drive
Newport
NP10 8FY

PENSORD PRESS LIMITED

STRATEGIC REPORT

Year ended 31 December 2020

The directors present their strategic report for the year ended 31 December 2020.

Review of the Business

2020 started like any other recent year and turned into a year like never before.

Trading for January and February were typical with January slow to start and then picking up to deliver a decent February. The first trading days of March were spent busy planning event related material and bumper issues and then suddenly we were convening an extraordinary board meeting and planning our way through a global crisis.

The rest is history 2020 will go down as the year of the Covid-19 Pandemic and we went from being team of managers/owners of a print business to being a permanent crisis management team.

At Pensord work dropped to around 50% of predicted normal volumes virtually overnight and this would remain unchanged with the exception of an improvement around September/October.

The loss in revenue had to be countered with a drop in overheads and the furlough scheme and support from funders in providing payment holidays on assets was invaluable in helping us to achieve that.

The second half of the year we were able to boost revenues by producing the work that would have been produced at our other group facility Cambrian Printers, which remained furloughed.

We achieved CBIL's funding support from our bank however we were able to fund the losses through available cash and not draw down the bulk of this facility.

At the close of the year we looked to 2021 with as much hope as expectation with so much uncertainty surrounding the pandemic and the global economy and the specific recovery of our sector. However we did this safe in the knowledge that we had taken the appropriate measures across group in order protect ourselves against prolonged pandemic related impacts.

During the year Pensord invested in additional printing capacity with a B1 KBA 10 colour long perfecting press and a new Xerox digital printing press. Additional bindery capacity was also added with a second PUR binding line and thread sewing following a restructure within the group.

Pensord continued to stay active in the pursuit of new clients and the support of the Professional Publishers Association remaining visible and supporting publishers with advice and guidance and providing ongoing support to the Independent Publishers Network continuing as Strategic Partner.

Principal risks and uncertainties

The risks and uncertainties associated with the printing industry remain unchanged from previous years, with over-capacity and margin pressure still prevalent. The Board believes it has taken the most appropriate steps to meet these challenges and, as far as possible, control the aspects of the business it can control. General instability caused by Brexit continues to be a risk to the business with a concern over the continuing weakening of the pound and the impact on materials that are source predominantly from Europe.

This report was approved by the board of directors on 29.09.2021 and signed on behalf of the board by:


D J Coxon
Director

PENSORD PRESS LIMITED

DIRECTORS' REPORT

Year ended 31 December 2020

The directors present their report and the financial statements of the company for the year ended 31 December 2020.

Directors

The directors who served the company during the year were as follows:

Mr D J Coxon
Mr K Gater

Dividends

Particulars of recommended dividends are detailed in note 11 to the financial statements.

Events after the end of the reporting period

Particulars of events after the reporting date are detailed in note 26 to the financial statements.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

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

- select suitable accounting policies 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 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.

PENSORD PRESS LIMITED

DIRECTORS' REPORT *(continued)*

Year ended 31 December 2020

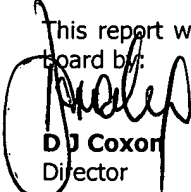
Auditor

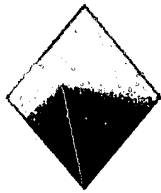
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 29.09.2021 and signed on behalf of the board by:


D J Coxon
Director



**KILSBY
WILLIAMS**
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PENSORD PRESS LIMITED

Year ended 31 December 2020

Opinion

We have audited the financial statements of Pensord Press Limited (the 'company') for the year ended 31 December 2020 which comprise the profit and loss account, balance sheet, 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 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 state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

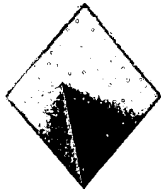
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.



**KILSBY
WILLIAMS**
Chartered Accountants

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PENSORD PRESS
LIMITED** *(continued)*

Year ended 31 December 2020

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

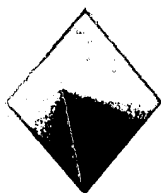
- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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.



**KILSBY
WILLIAMS**
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PENSORD PRESS LIMITED *(continued)*

Year ended 31 December 2020

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the 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.

Auditor's responsibilities for the audit of the financial statements

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

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

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focussed on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management and enquiries of legal counsel. There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We did not identify any key audit matters relating to irregularities, including fraud. As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to



**KILSBY
WILLIAMS**
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PENSORD PRESS LIMITED *(continued)*

Year ended 31 December 2020

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 on the effectiveness of the 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, 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.

Simon Tee (Senior Statutory Auditor)

For and on behalf of

Kilsby & Williams LLP

Chartered Accountants & statutory auditor

Cedar House

Hazell Drive

Newport

NP10 8FY

30.09.2021

PENSORD PRESS LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2020

	Note	2020 £	2019 £
TURNOVER	5	9,387,145	9,452,361
Cost of sales		(6,319,418)	(5,993,531)
GROSS PROFIT		3,067,727	3,458,830
Administrative expenses		(3,372,000)	(3,599,064)
Other operating income		648,313	150,000
OPERATING PROFIT	6	344,040	9,766
Other interest receivable and similar income	9	5,301	56,221
Interest payable and similar expenses		(99,440)	(139,105)
PROFIT/(LOSS) BEFORE TAXATION		249,901	(73,118)
Tax on profit/(loss)	10	(70,211)	82,524
PROFIT FOR THE FINANCIAL YEAR		179,690	9,406
Revaluation of tangible assets		591,561	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		771,251	9,406

All the activities of the company are from continuing operations.

The notes on pages 12 to 24 form part of these financial statements.

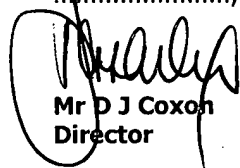
PENSORD PRESS LIMITED

BALANCE SHEET

31 December 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Intangible assets	12	823,650	–
Tangible assets	13	5,793,485	4,454,307
		<u>6,617,135</u>	<u>4,454,307</u>
CURRENT ASSETS			
Stocks	14	274,743	246,661
Debtors	15	6,033,443	6,517,776
Cash at bank and in hand		59,274	46
		<u>6,367,460</u>	<u>6,764,483</u>
CREDITORS: amounts falling due within one year	16	(3,977,180)	(3,915,311)
NET CURRENT ASSETS		<u>2,390,280</u>	<u>2,849,172</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,007,415</u>	<u>7,303,479</u>
CREDITORS: amounts falling due after more than one year	17	(3,714,994)	(2,892,423)
PROVISIONS	19	(410,482)	(260,298)
NET ASSETS		<u>4,881,939</u>	<u>4,150,758</u>
CAPITAL AND RESERVES			
Called up share capital	23	1,630,000	1,630,000
Revaluation reserve	24	733,561	142,000
Profit and loss account	24	2,518,378	2,378,758
SHAREHOLDERS FUNDS		<u>4,881,939</u>	<u>4,150,758</u>

These financial statements were approved by the board of directors and authorised for issue on 29.09.21, and are signed on behalf of the board by:


Mr D J Coxon
Director

Company registration number: 00939885

The notes on pages 12 to 24 form part of these financial statements.

PENSORD PRESS LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

	Note	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total £
AT 1 JANUARY 2019		1,630,000	142,000	2,369,352	4,141,352
Profit for the year				9,406	9,406
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		—	—	9,406	9,406
AT 31 DECEMBER 2019		1,630,000	142,000	2,378,758	4,150,758
Profit for the year				179,690	179,690
Other comprehensive income for the year:					
Revaluation of tangible assets	13	—	591,561	—	591,561
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		—	591,561	179,690	771,251
Dividends paid and payable	11	—	—	(40,070)	(40,070)
TOTAL INVESTMENTS BY AND DISTRIBUTIONS TO OWNERS		—	—	(40,070)	(40,070)
AT 31 DECEMBER 2020		<u>1,630,000</u>	<u>733,561</u>	<u>2,518,378</u>	<u>4,881,939</u>

The notes on pages 12 to 24 form part of these financial statements.

PENSORD PRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

1. GENERAL INFORMATION

The company is a private company limited by shares, registered in England & Wales. The address of the registered office is The Pensord Press Ltd, Tram Road, Pontllanfraith, Blackwood, NP12 2YA.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

It is acknowledged that there remains a degree of uncertainty and the coronavirus can potentially impact operations. The Directors have undertaken planning and forecasting and will continue to closely monitor the developing situation. However, given that the company has successfully negotiated the recent months of restrictions they consider that it is well placed to deal with the challenges ahead.

The directors have reviewed forecasts for a period extending at least 12 months from the date of approval of these financial statements. On the basis of this review, taking into account (i) the general economic position of the sector, (ii) recent developments with regard to COVID19, (iii) the significant overhead saving introduced during FY20 of C. £2.5m and (iv) continuing future prospects, they consider that the company will remain profitable and be in a position to finance its operations and meet its financial obligations as they fall due for the foreseeable future. Furthermore, the company has available to it over £750k in unused CBILS facilities as a consequence of trading materially ahead of forecasts prepared at the start of Covid.

As a consequence, the directors believe that the company is well placed to manage its business risks and working capital cash flows successfully. After reviewing the forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The going concern basis therefore continues to be adopted in preparing the financial statements.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of (enter name of group financial statements) which can be obtained from (enter detail). As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) Disclosures in respect of share-based payments have not been presented.
- (e) No disclosure has been given for the aggregate remuneration of key management personnel.

PENSORD PRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 December 2020

3. ACCOUNTING POLICIES *(continued)*

Turnover

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Goodwill

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business.

Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight-line basis over its useful life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed ten years.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	10 years
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If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

PENSORD PRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 December 2020

3. ACCOUNTING POLICIES *(continued)*

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold property	-	20 years
Plant and machinery	-	5 to 15 years

Invoice discounting facility

The company has in place an invoice discount facility based on the value of trade receivables. Under this arrangement the company has retained both the credit and late payment risk associated with the receivables. As the company has retained substantially all the risk and rewards of ownership of the receivables, it continues to recognise the receivables in the balance sheet with advances from the facility provider treated as a separate liability.

The expenses associated with this facility are included within interest payable within the profit & loss.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

PENSORD PRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 December 2020

3. ACCOUNTING POLICIES *(continued)*

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the balance sheet as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the balance sheet and the amount of the provision as an expense.

PENSORD PRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 December 2020

3. ACCOUNTING POLICIES *(continued)*

Provisions *(continued)*

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

PENSORD PRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 December 2020

3. ACCOUNTING POLICIES *(continued)*

Defined contribution plans *(continued)*

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Depreciation

The company exercises judgement to determine useful lives of tangible fixed assets. These assets are amortised over their useful lives.

Recoverability of trade debtors

Provisions have been made for trade debtors. This provision is an estimate and the actual costs and timing of future cash flows are dependent on future events. The difference between expectations and the actual future liability will be accounted for in the period when such determination is made.

5. TURNOVER

Turnover arises from:

	2020 £	2019 £
Sale of goods	<u>9,387,145</u>	<u>9,452,361</u>

The turnover is attributable to the one principal activity of the company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2020 £	2019 £
United Kingdom	9,387,145	9,432,272
Overseas	<u>–</u>	<u>20,089</u>
	<u>9,387,145</u>	<u>9,452,361</u>

PENSORD PRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 December 2020

6. OPERATING PROFIT

Operating profit or loss is stated after charging/crediting:

	2020 £	2019 £
Amortisation of intangible assets	43,350	–
Depreciation of tangible assets	493,233	948,215
(Gains)/loss on disposal of tangible assets	(32,472)	43,489
Impairment of trade debtors	96,558	68,857

7. STAFF COSTS

The average number of persons employed by the company during the year, including the directors, amounted to:

	2020 No.	2019 No.
Production staff	81	91
Administrative staff	26	22
Number of sales staff	6	7
	<u>113</u>	<u>120</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2020 £	2019 £
Wages and salaries	3,367,580	3,339,736
Social security costs	257,033	312,535
Other pension costs	93,312	116,793
	<u>3,717,925</u>	<u>3,769,064</u>

8. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services was:

	2020 £	2019 £
Remuneration	379,386	300,450
Company contributions to defined contribution pension plans	21,237	19,876
	<u>400,623</u>	<u>320,326</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2020 No.	2019 No.
Defined contribution plans	<u>4</u>	<u>4</u>

Remuneration of the highest paid director in respect of qualifying services:

	2020 £	2019 £
Aggregate remuneration	<u>115,087</u>	<u>93,307</u>

PENSORD PRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 December 2020

9. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2020	2019
	£	£
Interest on cash and cash equivalents	–	56,221
Other interest receivable and similar income	5,301	–
	<u>5,301</u>	<u>56,221</u>

10. TAX ON PROFIT/(LOSS)

Major components of tax expense/(income)

	2020	2019
	£	£
Current tax:		
UK current tax income	(79,973)	–
Deferred tax:		
Origination and reversal of timing differences	150,184	(82,524)
Tax on profit/(loss)	<u>70,211</u>	<u>(82,524)</u>

Reconciliation of tax expense/(income)

The tax assessed on the profit/(loss) on ordinary activities for the year is higher than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020	2019
	£	£
Profit/(loss) on ordinary activities before taxation	249,901	(73,118)
Profit/(loss) on ordinary activities by rate of tax	47,482	(13,892)
Adjustment to tax charge in respect of prior periods	(2,059)	–
Effect of expenses not deductible for tax purposes	(5,354)	1,931
Effect of capital allowances and depreciation	786	4,946
Effect of different UK tax rates on some earnings	–	1,645
Adjustments to deferred tax charge in respect of prior periods	–	(68,541)
Non-taxable income	–	(8,613)
Marginal relief/rate differences	29,356	–
Tax on profit/(loss)	<u>70,211</u>	<u>(82,524)</u>

11. DIVIDENDS

	2020	2019
	£	£
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	<u>40,070</u>	<u>–</u>

PENSORD PRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 December 2020

12. INTANGIBLE ASSETS

	Goodwill £
Cost	
Additions	–
Acquisitions through business combinations	867,000
At 31 December 2020	<u>867,000</u>
Amortisation	
Charge for the year	43,350
At 31 December 2020	<u>43,350</u>
Carrying amount	
At 31 December 2020	<u>823,650</u>
At 31 December 2019	<u>–</u>

13. TANGIBLE ASSETS

	Freehold property £	Plant and machinery £	Total £
Cost			
At 1 January 2020	1,905,357	10,921,847	12,827,204
Additions	–	1,240,850	1,240,850
Disposals	–	(477,982)	(477,982)
At 31 December 2020	<u>1,905,357</u>	<u>11,684,715</u>	<u>13,590,072</u>
Depreciation			
At 1 January 2020	1,255,114	7,117,783	8,372,897
Charge for the year	4,514	488,719	493,233
Disposals	–	(477,982)	(477,982)
Revaluations	(241,561)	(350,000)	(591,561)
At 31 December 2020	<u>1,018,067</u>	<u>6,778,520</u>	<u>7,796,587</u>
Carrying amount			
At 31 December 2020	<u>887,290</u>	<u>4,906,195</u>	<u>5,793,485</u>
At 31 December 2019	<u>650,243</u>	<u>3,804,064</u>	<u>4,454,307</u>

The freehold property valuation was carried out on an open market basis in 2018 by an independent RICS registered valuer. The directors are in the opinion that the value of the revalued property is not materially misstated at the balance sheet date. An item of plant and machinery has been revalued by the directors in the year, to its market value.

PENSORD PRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 December 2020

13. TANGIBLE ASSETS *(continued)*

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Plant and machinery £
At 31 December 2020	4,219,423
At 31 December 2019	3,286,912

14. STOCKS

	2020 £	2019 £
Stock	274,743	246,661

15. DEBTORS

	2020 £	2019 £
Trade debtors	886,330	1,440,120
Amounts owed by group undertakings	4,526,361	4,521,982
Prepayments and accrued income	178,544	72,914
Corporation tax repayable	79,973	95,650
Directors loan account	219,808	293,029
Other debtors	142,427	94,081
	<u>6,033,443</u>	<u>6,517,776</u>

16. CREDITORS: amounts falling due within one year

	2020 £	2019 £
Bank loans and overdrafts	73,728	312,532
Trade creditors	1,387,150	1,076,131
Amounts owed to group undertakings	484,754	475,066
Accruals and deferred income	371,491	199,202
Social security and other taxes	95,178	60,672
Obligations under finance leases and hire purchase contracts	943,094	873,496
Other creditors	621,785	918,212
	<u>3,977,180</u>	<u>3,915,311</u>

The company's banker holds fixed and floating charges over all property, assets and rights of the company. The company and other companies forming part of the group headed by Pensord Twenty10 Limited have cross-guaranteed the bank borrowings of each other.

Net obligations under finance leases and hire purchase contracts are secured against the assets to which they relate.

PENSORD PRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 December 2020

17. CREDITORS: amounts falling due after more than one year

	2020 £	2019 £
Bank loans and overdrafts	693,285	505,750
Obligations under finance leases and hire purchase contracts	3,021,709	2,386,673
	<u>3,714,994</u>	<u>2,892,423</u>

The company's banker holds fixed and floating charges over all property, assets and rights of the company. The company and other companies forming part of the group headed by Pensord Twenty10 Limited have cross-guaranteed the bank borrowings of each other.

Net obligations under finance leases and hire purchase contracts are secured against the assets to which they relate.

18. FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2020 £	2019 £
Not later than 1 year	943,094	873,496
Later than 1 year and not later than 5 years	2,754,466	2,386,673
Later than 5 years	267,243	—
	<u>3,964,803</u>	<u>3,260,169</u>

19. PROVISIONS

	Deferred tax (note 20) £
At 1 January 2020	260,298
Additions	150,184
At 31 December 2020	<u>410,482</u>

20. DEFERRED TAX

The deferred tax included in the balance sheet is as follows:

	2020 £	2019 £
Included in provisions (note 19)	<u>410,482</u>	<u>260,298</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2020 £	2019 £
Accelerated capital allowances	506,296	288,039
Deferred tax - other timing differences user defined - desc in a/cs	(95,814)	(27,741)
	<u>410,482</u>	<u>260,298</u>

PENSORD PRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 December 2020

21. EMPLOYEE BENEFITS

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £93,312 (2019: £116,793).

22. GOVERNMENT GRANTS

The amounts recognised in the financial statements for government grants are as follows:

	2020 £	2019 £
Recognised in other operating income:		
Government grants recognised directly in income	<u>565,999</u>	<u>2,780</u>

23. CALLED UP SHARE CAPITAL

Issued, called up and fully paid

	2020		2019	
	No.	£	No.	£
Ordinary shares of £0.05 each	<u>32,600,000</u>	<u>1,630,000</u>	<u>32,600,000</u>	<u>1,630,000</u>

24. RESERVES

Revaluation reserve - This reserve records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income.

Profit and loss account - This reserve records retained earnings and accumulated losses.

25. OPERATING LEASES

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2020 £	2019 £
Not later than 1 year	43,356	54,618
Later than 1 year and not later than 5 years	36,227	24,517
Later than 5 years	<u>13,577</u>	<u>25,188</u>
	<u>93,160</u>	<u>104,323</u>

26. EVENTS AFTER THE END OF THE REPORTING PERIOD

During the period and post year end economies and financial markets around the world continue to experience financial falls arising from uncertainties linked to the COVID-19 pandemic. There is currently no material impact to the company and this is a non-adjusting event. The future impact of the pandemic on the company is being quantified and managed by the directors.

PENSORD PRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

27. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

During the year the directors entered into the following advances and credits with the company:

	2020			
	Balance brought forward	Advances/ (credits) to the directors	Amounts repaid	Balance outstanding
	£	£	£	£
Mr D J Coxon	257,769	4,607	(56,209)	206,167
Mr K Gater	35,260	630	(22,249)	13,641
	<u>293,029</u>	<u>5,237</u>	<u>(78,458)</u>	<u>219,808</u>

Interest is charged at 3.5% of the outstanding balance.

28. RELATED PARTY TRANSACTIONS

FRS 102 does not require disclosure of transactions entered into between wholly-owned members of the group headed by Pensord Twenty10 Limited.

29. CONTROLLING PARTY

The company's immediate parent company is Pensord Holdings Limited which is incorporated in England and Wales. The company's ultimate parent undertaking is Pensord Twenty10 Limited which is also incorporated in England and Wales. Pensord Twenty10 Limited heads the smallest and largest group into which the results of this company are consolidated. The consolidated financial statements of this group are available from their offices at Tram Road, Pontllanfraith, Blackwood, Gwent, NP12 2YA.

Pensord Twenty10 Limited is controlled by D Coxon by virtue of his majority shareholding in the voting capital of that entity.