

Company Registration No. 02684327 (England and Wales)

PAMARCO EUROPE LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
PAGES FOR FILING WITH REGISTRAR

PAMARCO EUROPE LIMITED

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PAMARCO EUROPE LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £	2018 £
Fixed assets			
Tangible assets	4	1,321,159	1,540,543
Investments	5	1,088,420	1,088,420
		<u>2,409,579</u>	<u>2,628,963</u>
Current assets			
Stocks		332,458	334,142
Debtors	7	875,645	828,747
Cash at bank and in hand		178,589	612,919
		<u>1,386,692</u>	<u>1,775,808</u>
Creditors: amounts falling due within one year	8	<u>(609,630)</u>	<u>(910,407)</u>
Net current assets		<u>777,062</u>	<u>865,401</u>
Total assets less current liabilities		<u>3,186,641</u>	<u>3,494,364</u>
Creditors: amounts falling due after more than one year	9	(292,809)	(386,516)
Provisions for liabilities	10	(198,233)	(166,247)
Net assets		<u><u>2,695,599</u></u>	<u><u>2,941,601</u></u>
Capital and reserves			
Called up share capital	11	150,000	150,000
Capital redemption reserve		298,000	298,000
Profit and loss reserves		2,247,599	2,493,601
Total equity		<u><u>2,695,599</u></u>	<u><u>2,941,601</u></u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provision of FRS 102 Section 1A small entities.

The financial statements were approved by the board of directors and authorised for issue on 28 May 2020 and are signed on its behalf by:

Mr D S Johnson
Director

Company Registration No. 02684327

PAMARCO EUROPE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Capital redemption reserve	Profit and loss reserves	Total
Notes	£	£	£	£
Balance at 1 January 2018	150,000	298,000	2,288,127	2,736,127
Year ended 31 December 2018:				
Profit and total comprehensive income for the year	-	-	520,509	520,509
Dividends	-	-	(315,035)	(315,035)
Balance at 31 December 2018	150,000	298,000	2,493,601	2,941,601
Year ended 31 December 2019:				
Loss and total comprehensive income for the year	-	-	(246,002)	(246,002)
Balance at 31 December 2019	150,000	298,000	2,247,599	2,695,599

PAMARCO EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Pamarco Europe Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 3 New Cut Industrial Estate, Woolston, Warrington, WA1 4AQ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

The company's accounts will be incorporated into the group accounts prepared by Pamarco Europe Limited's parent, Pamarco Technologies LLC. As such the company is not required by the Companies Act 2006 to prepare group accounts for the Pamarco Europe Limited group which constitutes a small group under the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Going concern

Despite the matters set out in the events after the reporting date note, at the date of approving the financial statements the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. This is owing to measures the director have undertaken to minimise the effect of the COVID 19 outbreak by reducing non-essential costs and through the utilisation of the government support measures including the job retention and VAT deferral schemes.

The directors have also confirmed that continued funding support will be provided by the parent company if required and further potential funding is available via the Coronavirus Business Interruption Loan Scheme (CBILS) if needed.

PAMARCO EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.3 Turnover

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The risk and rewards of ownership are considered to have passed at different stages depending on the specific terms of each sale. The main terms of sale are as follows:

CIF (Cost, insurance and freight) relates to goods shipped by sea whereby the seller pays for cost of insurance and transport of goods to the destination. Legal delivery therefore occurs once goods are delivered at the required destination and as such income is not recognised until this point.

CIP (Carriage and insurance paid) relates to goods shipped by air whereby the seller is responsible for delivery of goods to a mutually agreed destination between the buyer and seller. Legal delivery therefore occurs once goods are delivered to that destination and at which point income is recognised.

DAP (Delivery at place) relates to goods delivered within Europe whereby the seller must make the goods available to the buyer at the buyers chosen location. Legal delivery occurs once goods are made available at the specified location and at this point income is recognised.

EXW (Ex Works) relates to the sale of goods whereby the seller is only responsible for packaging and making goods available for collection from the seller's location. Under this term of sale income is therefore recognised as soon as goods are ready for collection.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Over the life of the lease
Plant and machinery	3 to 15 years
Fixtures, fittings & equipment	5 to 10 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

PAMARCO EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.8 Stocks

Stocks which comprises of direct materials, work in progress and finished goods are stated at the lower of cost and net realisable value.

Direct material stock is valued at cost on FIFO basis. Work in progress and finished good stock includes direct material costs plus, where appropriate, an allocation of labour and machine costs that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

PAMARCO EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

PAMARCO EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.16 Leases

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

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 33 (2018 - 31).

3 Taxation

	2019	2018
	£	£
Current tax		
UK corporation tax on profits for the current period	-	18,830
Adjustments in respect of prior periods	(20,388)	(35,742)
Total current tax	<u>(20,388)</u>	<u>(16,912)</u>

PAMARCO EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Deferred tax		
Origination and reversal of timing differences	(231)	22,404
	<u></u>	<u></u>
Total tax (credit)/charge	(20,619)	5,492
	<u></u>	<u></u>

4 Tangible fixed assets

	Leasehold improvements	Assets under construction	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£	£
Cost					
At 1 January 2019	501,029	-	3,549,022	8,014	4,058,065
Additions	-	238	78,528	-	78,766
Disposals	(26,861)	-	(162,414)	(5,033)	(194,308)
	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
At 31 December 2019	474,168	238	3,465,136	2,981	3,942,523
	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
Depreciation and impairment					
At 1 January 2019	388,206	-	2,121,302	8,014	2,517,522
Depreciation charged in the year	25,619	-	272,531	-	298,150
Eliminated in respect of disposals	(26,861)	-	(162,414)	(5,033)	(194,308)
	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
At 31 December 2019	386,964	-	2,231,419	2,981	2,621,364
	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
Carrying amount					
At 31 December 2019	87,204	238	1,233,717	-	1,321,159
	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
At 31 December 2018	112,823	-	1,427,720	-	1,540,543
	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>

5 Fixed asset investments

	2019 £	2018 £
Investments	1,088,420	1,088,420
	<u></u>	<u></u>

PAMARCO EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

5 Fixed asset investments (Continued)

Movements in fixed asset investments

Shares in group
undertakings

£

Cost or valuation

At 1 January 2019 & 31 December 2019

1,088,420

Carrying amount

At 31 December 2019

1,088,420

At 31 December 2018

1,088,420

The investment relates to the acquisition of the company's wholly owned subsidiary, Absolute Engineering Limited, which was purchased on 31 July 2013. The value above represents the cost paid at the date of acquisition which was considered to be its market value as at that date. The directors believe that there has been no impairment in that value since the date of purchase.

6 Subsidiaries

These financial statements are separate company financial statements for Pamarco Europe Limited.

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held	
			Direct	Indirect
Absolute Engineering Limited England & Wales	The design and manufacturing of ancillaries for the printing industry	Ordinary	100.00	0

The aggregate capital and reserves and the result for the year of subsidiaries excluded from consolidation was as follows:

Name of undertaking	Profit/(Loss)	Capital and Reserves
	£	£
Absolute Engineering Limited	734,350	1,159,000

PAMARCO EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

7 Debtors		
	2019	2018
	£	£
Amounts falling due within one year:		
Trade debtors	542,980	626,738
Corporation tax recoverable	56,559	15,171
Other debtors	276,106	186,838
	<u>875,645</u>	<u>828,747</u>
	<u><u>875,645</u></u>	<u><u>828,747</u></u>
8 Creditors: amounts falling due within one year		
	2019	2018
	£	£
Trade creditors	271,067	601,308
Other taxation and social security	32,241	35,632
Other creditors	306,322	273,467
	<u>609,630</u>	<u>910,407</u>
	<u><u>609,630</u></u>	<u><u>910,407</u></u>
9 Creditors: amounts falling due after more than one year		
	2019	2018
	£	£
Other creditors	292,809	386,516
	<u>292,809</u>	<u>386,516</u>
	<u><u>292,809</u></u>	<u><u>386,516</u></u>
Included in the other creditors balances above are amounts totalling £386,516 (2018: £548,039) in respect of hire purchase agreements. These amounts are secured by a charge over the assets purchased by the funding advanced.		
10 Provisions for liabilities		
	2019	2018
	£	£
Warranty provision	74,645	42,428
Deferred tax liabilities	123,588	123,819
	<u>198,233</u>	<u>166,247</u>
	<u><u>198,233</u></u>	<u><u>166,247</u></u>

PAMARCO EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

11 Called up share capital

	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
150,000 ordinary shares of £1 each	150,000	150,000
	<u>150,000</u>	<u>150,000</u>

12 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Peter Taaffe FCA CTA DChA.

The auditor was BWM.

13 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2019 £	2018 £
Within one year	125,874	131,185
Between two and five years	289,129	415,003
	<u>415,003</u>	<u>546,188</u>

14 Financial commitments, guarantees and contingent liabilities

Under H M Revenue & Customs duty deferred scheme, the company has a maximum contingent liability of £40,000 (2018 - £40,000).

15 Related party transactions

During the year the company paid rent of £106,000 (2018 - £106,000) to Talbot and Muir (formerly Namulas Pension Trustees), a pension fund of which T W Ford, a director of the ultimate parent company, is a trustee.

The company has taken advantage of the exemption available not to disclose the transactions or balances with entities which form part of the group on the grounds that 100% of the voting rights in the company are controlled within the group headed by Pamarco Technologies LLC and the company is included in the consolidated financial statements.

PAMARCO EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

16 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2019 £	2018 £
Acquisition of tangible fixed assets	21,497	-

17 Events after the reporting date

The COVID 19 outbreak and the resulting UK lockdown which commenced on 23 March 2020 has had significant impact on both the financial and operational aspects of the business. COVID 19 has particularly impacted operations due to travel restrictions and customer site access limitations.

At the time of approving the financial statements the UK lockdown is still in force and as such the full impact of the COVID 19 outbreak is unknown. Despite this uncertainty product interest has remained strong and sales order bookings have remained consistent. It is anticipated that upon easing of travel and contact restrictions there will be a release of growing demand. Directors have also implemented measures to minimise both the short and the long term risks to the business by reducing non-essential costs and retaining cash reserves through the use of the government job retention and VAT deferral schemes.

18 Controlling party

The ultimate parent company is Kotts Capital Holdings LLP who are also considered to be the controlling party.

The immediate parent company is Pamarco Global Graphics Inc., a company registered in the United States of America.

The results of Pamarco Europe Limited are included in the group accounts of Pamarco Technologies LLC, a company incorporated in the United States of America and the immediate parent company of Pamarco Global Graphics Inc. The consolidated accounts of Pamarco Technologies LLC represent the smallest group for which group accounts are prepared and copies of these financial statements may be obtained from PO Box 145, 235 East 11th Avenue, Roselle, New Jersey, USA.

The parent company of the largest such group is Kotts Capital Holdings LLP, whose consolidated financial statements are available from 3737 Willowick Road, Houston, TX 77019, USA.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.