

Company registration number 02684327 (England and Wales)

**PAMARCO EUROPE LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

# PAMARCO EUROPE LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr J C Burgess Mr D S Johnson Mr S Mortimer	(Appointed 1 July 2021)
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<b>Secretary</b>	Mr S Mortimer
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<b>Company number</b>	02684327
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<b>Registered office</b>	Unit 3 New Cut Industrial Estate Woolston Warrington WA1 4AQ
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<b>Auditor</b>	BWM Tempest Suite 5.1 12 Tithebarn Street Liverpool L2 2DT
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<b>Business address</b>	Unit 3 New Cut Industrial Estate Woolston Warrington WA1 4AQ
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<b>Bankers</b>	National Westminster Bank Plc 23 Sankey Street Warrington WA1 1XH
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<b>Solicitors</b>	Brabners (Manchester) 55 King Street Manchester M2 4LQ
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# **PAMARCO EUROPE LIMITED**

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# **PAMARCO EUROPE LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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The directors present the strategic report for the year ended 31 December 2021.

#### **Fair review of the business**

Profit on ordinary activity after taxation for the Group for the year ended 31 December 2021 is £593,371 (2020: £578,983 loss).

The Group balance sheet position on page 10 of the financial statements show the group's financial position with net current assets of £1,457,390 (2020: £1,003,310). The increase in the net current assets reflects increased operating activities with higher cash, debtors and stocks netted against higher creditors.

Stock level increases reflect the company's effort to improve manufacturing efficiency and production cycle time. Additional stock level increases are anticipated to satisfy demand.

During the year investments in new product development continued. Manufacturing materials development and production processes improvements will continue to improve profitability.

#### **Principal risks and uncertainties**

As in previous periods, pressure from competitors poses a continuing external risk to the Group. The Group strives to ensure a high standard customer experience is retained ensuring good relationships with current customers are upheld.

Covid has led to challenges as well as opportunities. Our colleagues have responded incredibly well, and we have been applauded by customers and suppliers for our resilience during a challenging time. Easing of Covid related travel restrictions has resulted in increased service opportunities.

The Brexit transition was handled by our compliance and operations team members, and we are satisfied that we are moving forward in the appropriate manner. Once again, our customers have applauded how well-organised we have been.

Rising costs from the Company's suppliers remains an area of risk. Further materials and process improvements are being evaluated to ensure that the customer price remains competitive.

The changing value of USD carries a further risk to the manufacturing side of the industry and the ongoing political unrest in Eastern Europe and its impact on the global economy may pose new challenges in the near future.

#### **Financial risk management objectives and policies**

The management of the business and execution of the group and company's strategy are subject to a number of risks including price risk, exchange rate risk, credit risk and liquidity risk. The use of financial derivatives is governed by the group's policies to manage currency exchange risk. The group does not use derivative financial instruments for speculative purposes.

#### **Future developments**

We will continue to offer an extensive range of products at highly competitive prices in order to retain our strong position in the market. Exploration of potential new product offerings is also an area being explored to ensure that we retain our high quality and well stocked reputation. Our current plans for the financial year are centred around continued growth and profitability which we are currently on target to achieve.

#### **Research and development**

During the year the group has undertaken research and development activities as it continues to invest in new designs and to update existing products. Group research and development expenditure has increased steadily during the year, which has enabled the business to develop innovative products that continue to provide a competitive advantage within the industry.

## **PAMARCO EUROPE LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2021***

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#### **Key Performance Indicators**

The company's principal KPIs are revenue, gross margins, on-time delivery and current ratio.

Sales have experienced an increase of 21% (2020: -19.8%). Gross profit has increased to £2.6M (2020: £1.4M). Current ratio has increased up to 153% (2020: 140%).

These key indicators are used by the management team to continually measure business performance.

On behalf of the board

Mr D S Johnson

**Director**

22 December 2022

# **PAMARCO EUROPE LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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The directors present their annual report and financial statements for the year ended 31 December 2021.

### **Principal activities**

The principal activity of the company and group continued to be that of engraving rollers for the printing and packaging industry and the supply of flexographic materials. It is also the holding company to its wholly owned subsidiary, Absolute Engineering which designs and manufactures ancillaries for the printing industry.

### **Results and dividends**

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr J C Burgess  
Mr D S Johnson  
Mr S Mortimer

(Appointed 1 July 2021)

### **Auditor**

BWM were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of post-balance sheet events affecting the group, future developments in the business of the group, research and development activities of the group and the financial risk management objectives and policies of the group including the exposure of the group included in the consolidation to price risk, credit risk, liquidity risk and cash flow risk.

On behalf of the board

Mr D S Johnson  
**Director**

22 December 2022

## **PAMARCO EUROPE LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2021***

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The directors are responsible for preparing the annual 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# PAMARCO EUROPE LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF PAMARCO EUROPE LIMITED

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#### Opinion

We have audited the financial statements of Pamarco Europe Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including 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 group's and the parent company's affairs as at 31 December 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### 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 contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of 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 our 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.



# **PAMARCO EUROPE LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF PAMARCO EUROPE LIMITED**

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### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and their 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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, 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 parent 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 parent 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.

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the group and its parent company through discussions with directors and other management
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the group and its parent company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

# **PAMARCO EUROPE LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF PAMARCO EUROPE LIMITED**

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We assessed the susceptibility of the parent company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Mr Richard Johnson BSc FCA (Senior Statutory Auditor)**  
**For and on behalf of BWM**

22 December 2022

**Chartered Accountants**  
**Statutory Auditor**

Tempest  
Suite 5.1  
12 Tithebarn Street  
Liverpool  
L2 2DT

# PAMARCO EUROPE LIMITED

## GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
<b>Turnover</b>	<b>3</b>	9,847,813	8,133,587
Cost of sales		(7,267,516)	(6,735,173)
<b>Gross profit</b>		2,580,297	1,398,414
Distribution costs		(1,587,016)	(1,592,829)
Administrative expenses		(908,711)	(1,036,946)
<b>Operating profit/(loss)</b>	<b>4</b>	84,570	(1,231,361)
Interest receivable and similar income	<b>7</b>	387	1,068
Interest payable and similar expenses	<b>8</b>	(15,497)	(14,608)
<b>Profit/(loss) before taxation</b>		69,460	(1,244,901)
Tax on profit/(loss)	<b>9</b>	523,911	589,675
<b>Profit/(loss) for the financial year</b>		593,371	(655,226)

Profit/(loss) for the financial year is all attributable to the owners of the parent company.

## **PAMARCO EUROPE LIMITED**

### **GROUP STATEMENT OF COMPREHENSIVE INCOME**

***FOR THE YEAR ENDED 31 DECEMBER 2021***

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	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Profit/(loss) for the year</b>	593,371	(655,226)
<b>Other comprehensive income</b>	-	-
<b>Total comprehensive income for the year</b>	<u>593,371</u>	<u>(655,226)</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

# PAMARCO EUROPE LIMITED

## GROUP BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Intangible assets	11	32,925		26,201	
Tangible assets	12	1,695,764		1,520,749	
		<u>1,728,689</u>		<u>1,546,950</u>	
<b>Current assets</b>					
Stocks	16	1,081,614		921,321	
Debtors	17	2,480,763		2,007,246	
Cash at bank and in hand		620,202		560,354	
		<u>4,182,579</u>		<u>3,488,921</u>	
<b>Creditors: amounts falling due within one year</b>	18	<u>(2,725,189)</u>		<u>(2,485,611)</u>	
<b>Net current assets</b>			1,457,390		1,003,310
<b>Total assets less current liabilities</b>			<u>3,186,079</u>		<u>2,550,260</u>
<b>Creditors: amounts falling due after more than one year</b>	19		(118,229)		(220,485)
<b>Provisions for liabilities</b>					
Provisions	20	26,933		47,669	
Deferred tax liability	21	278,390		112,949	
		<u>(305,323)</u>		<u>(160,618)</u>	
<b>Net assets</b>			<u>2,762,527</u>		<u>2,169,157</u>
<b>Capital and reserves</b>					
Called up share capital	23	150,000		150,000	
Capital redemption reserve		298,000		298,000	
Profit and loss reserves		2,314,527		1,721,157	
<b>Total equity</b>		<u>2,762,527</u>		<u>2,169,157</u>	

The financial statements were approved by the board of directors and authorised for issue on 22 December 2022 and are signed on its behalf by:

Mr D S Johnson  
Director

# PAMARCO EUROPE LIMITED

## COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Tangible assets	12	1,143,184		1,169,024	
Investments	13	1,088,420		1,088,420	
		<u>2,231,604</u>		<u>2,257,444</u>	
<b>Current assets</b>					
Stocks	16	310,387		274,635	
Debtors	17	939,681		766,653	
Cash at bank and in hand		489,170		346,443	
		<u>1,739,238</u>		<u>1,387,731</u>	
<b>Creditors: amounts falling due within one year</b>	18	<u>(1,225,005)</u>		<u>(746,578)</u>	
<b>Net current assets</b>			514,233		641,153
<b>Total assets less current liabilities</b>			<u>2,745,837</u>		<u>2,898,597</u>
<b>Creditors: amounts falling due after more than one year</b>	19		(118,229)		(220,485)
<b>Provisions for liabilities</b>					
Provisions	20	26,933		47,669	
Deferred tax liability	21	196,639		95,365	
		<u>(223,572)</u>		<u>(143,034)</u>	
<b>Net assets</b>			<u>2,404,036</u>		<u>2,535,078</u>
<b>Capital and reserves</b>					
Called up share capital	23	150,000		150,000	
Capital redemption reserve		298,000		298,000	
Profit and loss reserves		1,956,036		2,087,078	
<b>Total equity</b>			<u>2,404,036</u>		<u>2,535,078</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £131,042 (2020 - £84,279 loss).

The financial statements were approved by the board of directors and authorised for issue on 22 December 2022 and are signed on its behalf by:

Mr D S Johnson  
Director

Company Registration No. 02684327

# PAMARCO EUROPE LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2020</b>		150,000	298,000	2,452,626	2,900,626
<b>Year ended 31 December 2020:</b>					
Loss and total comprehensive income for the year		-	-	(655,226)	(655,226)
Dividends	10	-	-	(76,243)	(76,243)
<b>Balance at 31 December 2020</b>		150,000	298,000	1,721,157	2,169,157
<b>Year ended 31 December 2021:</b>					
Profit and total comprehensive income for the year		-	-	593,370	593,370
<b>Balance at 31 December 2021</b>		150,000	298,000	2,314,527	2,762,527

# PAMARCO EUROPE LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2020</b>		150,000	298,000	2,247,599	2,695,599
<b>Year ended 31 December 2020:</b>					
Loss and total comprehensive income for the year		-	-	(84,278)	(84,278)
Dividends	10	-	-	(76,243)	(76,243)
<b>Balance at 31 December 2020</b>		150,000	298,000	2,087,078	2,535,078
<b>Year ended 31 December 2021:</b>					
Loss and total comprehensive income for the year		-	-	(131,042)	(131,042)
<b>Balance at 31 December 2021</b>		150,000	298,000	1,956,036	2,404,036



# PAMARCO EUROPE LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	28	308,410		137,414	
Interest paid		(15,497)		(14,608)	
Income taxes refunded		435,509		514,322	
<b>Net cash inflow from operating activities</b>		<u>728,422</u>		<u>637,128</u>	
<b>Investing activities</b>					
Purchase of intangible assets		(14,155)		-	
Proceeds on disposal of intangibles		-		(28,073)	
Purchase of tangible fixed assets		(558,174)		(274,204)	
Proceeds on disposal of tangible fixed assets		-		11,440	
Interest received		387		1,068	
<b>Net cash used in investing activities</b>		<u>(571,942)</u>		<u>(289,769)</u>	
<b>Financing activities</b>					
Payment of finance leases obligations		(96,632)		(69,399)	
Dividends paid to equity shareholders		-		(76,243)	
<b>Net cash used in financing activities</b>		<u>(96,632)</u>		<u>(145,642)</u>	
<b>Net increase in cash and cash equivalents</b>		<u>59,848</u>		<u>201,717</u>	
Cash and cash equivalents at beginning of year		<u>560,354</u>		<u>358,637</u>	
<b>Cash and cash equivalents at end of year</b>		<u><u>620,202</u></u>		<u><u>560,354</u></u>	

# PAMARCO EUROPE LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **1 Accounting policies**

#### **Company information**

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

The group consists of Pamarco Europe Limited and all of its subsidiaries.

#### **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.

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 under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

# PAMARCO EUROPE LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(continued)

#### 1.2 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Pamarco Europe Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 December 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

#### 1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.4 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.

FOB (Freight on board) relates to goods shipped by sea whereby the seller is responsible for delivering the goods on board the ship. As soon as the goods are placed on the ship then risk is transferred to the buyer and income is recognised at this point.

#### 1.5 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.

# PAMARCO EUROPE LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(continued)

#### 1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation 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:

Patents	10 years
---------	----------

#### 1.7 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 and equipment	5 to 10 years
Motor vehicles	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 recognised in the profit and loss account.

#### 1.8 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 group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible 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.

#### 1.10 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.

# PAMARCO EUROPE LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(continued)

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.

#### 1.11 Cash and cash equivalents

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.

#### 1.12 Financial instruments

The group 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 group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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 group after deducting all of its liabilities.

##### **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.

# PAMARCO EUROPE LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(continued)

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### **1.13 Equity instruments**

Equity instruments issued by the group 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 group.

#### **1.14 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 group'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 if, and only if, there is 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.

#### **1.15 Provisions**

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group 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 GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(continued)

#### 1.16 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.

#### 1.17 Retirement benefits

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

#### 1.18 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 profit or loss 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 profit or loss 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 leased asset are consumed.

#### 1.19 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 in the period are included in profit or loss.

### 2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

# PAMARCO EUROPE LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 3 Turnover and other revenue

	2021	2020
	£	£
<b>Turnover analysed by class of business</b>		
Engraving rollers and supply of Flexographic materials	4,306,051	4,430,882
Design and manufacture of ancillaries	5,541,762	3,702,705
	<u>9,847,813</u>	<u>8,133,587</u>

	2021	2020
	£	£
<b>Turnover analysed by geographical market</b>		
United Kingdom	952,383	1,113,616
European Union	4,570,778	4,255,430
Rest of the world	4,324,652	2,764,541
	<u>9,847,813</u>	<u>8,133,587</u>

	2021	2020
	£	£
<b>Other revenue</b>		
Interest income	387	1,068
	<u>387</u>	<u>1,068</u>

### 4 Operating profit/(loss)

	2021	2020
	£	£
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(50,934)	87,209
Research and development costs	8,750	11,925
Depreciation of owned tangible fixed assets	383,159	368,702
Amortisation of intangible assets	7,431	1,872
Operating lease charges	231,237	234,201
	<u>231,237</u>	<u>234,201</u>

### 5 Auditor's remuneration

	2021	2020
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	9,523	9,230
Audit of the financial statements of the company's subsidiaries	11,483	8,392
	<u>21,006</u>	<u>17,622</u>



# PAMARCO EUROPE LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
60	60	30	31

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	2,548,855	2,384,040	1,046,197	1,125,601
Social security costs	254,054	229,999	109,585	113,848
Pension costs	117,162	107,057	53,788	55,256
	<u>2,920,071</u>	<u>2,721,096</u>	<u>1,209,570</u>	<u>1,294,705</u>

### 7 Interest receivable and similar income

	2021 £	2020 £
<b>Interest income</b>		
Interest on bank deposits	387	191
Other interest income	-	877
Total income	<u>387</u>	<u>1,068</u>

### 8 Interest payable and similar expenses

	2021 £	2020 £
Interest on finance leases and hire purchase contracts	<u>15,497</u>	<u>14,608</u>

### 9 Taxation

	2021 £	2020 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	(234,362)	-
Adjustments in respect of prior periods	(500,900)	(286,230)
Total current tax	<u>(735,262)</u>	<u>(286,230)</u>

# PAMARCO EUROPE LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 9 Taxation (continued)

	2021 £	2020 £
<b>Deferred tax</b>		
Origination and reversal of timing differences	379,786	(255,590)
Tax losses carried forward	(168,435)	(47,855)
Total deferred tax	211,351	(303,445)
Total tax credit	(523,911)	(589,675)

The actual credit for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Profit/(loss) before taxation	69,460	(1,244,901)
UK corporation tax on profits for the current period	(234,362)	-
Adjustments in respect of prior years	(405,122)	(286,230)
Research and development tax credit	(95,778)	-
Deferred tax timing differences	379,786	(255,590)
Deferred tax losses carried forward	(168,435)	(47,855)
Taxation credit	(523,911)	(589,675)

### 10 Dividends

	2021 £	2020 £
Recognised as distributions to equity holders:		
Final paid	-	76,243

## PAMARCO EUROPE LIMITED

### NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

#### 11 Intangible fixed assets

Group	Patents £
<b>Cost</b>	
At 1 January 2021	28,073
Additions - internally developed	14,155
	<hr/>
At 31 December 2021	42,228
	<hr/>
<b>Amortisation and impairment</b>	
At 1 January 2021	1,872
Amortisation charged for the year	7,431
	<hr/>
At 31 December 2021	9,303
	<hr/>
<b>Carrying amount</b>	
At 31 December 2021	32,925
	<hr/>
At 31 December 2020	26,201
	<hr/>

The company had no intangible fixed assets at 31 December 2021 or 31 December 2020.

# PAMARCO EUROPE LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 12 Tangible fixed assets

Group	Freehold land and buildings	Leasehold land and buildings	Assets under construction	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£	£	£
<b>Cost</b>							
At 1 January 2021	174,489	474,168	11,954	4,485,256	30,277	20,179	5,196,323
Additions	-	11,027	40,738	473,966	-	-	558,174
Disposals	-	-	-	(248,023)	-	-	(248,023)
Transfers	-	-	(11,954)	11,954	-	-	-
At 31 December 2021	174,489	485,195	40,738	4,723,153	30,277	52,622	5,506,474
<b>Depreciation and impairment</b>							
At 1 January 2021	151,266	412,433	-	3,087,803	22,787	1,285	3,675,574
Depreciation charged in the year	8,736	25,487	-	336,367	1,662	10,907	383,159
Eliminated in respect of disposals	-	-	-	(248,023)	-	-	(248,023)
At 31 December 2021	160,002	437,920	-	3,176,147	24,449	12,192	3,810,710
<b>Carrying amount</b>							
At 31 December 2021	14,487	47,275	40,738	1,547,006	5,828	40,430	1,695,764
At 31 December 2020	23,223	61,735	11,954	1,397,453	7,490	18,894	1,520,749

# PAMARCO EUROPE LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Company	Leasehold land and buildings	Plant and fixtures, machinery and fittings and equipment	Total
	£	£	£
<b>Cost</b>			
At 1 January 2021	474,168	3,596,306	2,981
Additions	11,027	241,955	-
Disposals	-	(248,023)	-
At 31 December 2021	485,195	3,590,238	2,981
<b>Depreciation and impairment</b>			
At 1 January 2021	412,433	2,489,017	2,981
Depreciation charged in the year	25,487	253,335	-
Eliminated in respect of disposals	-	(248,023)	-
At 31 December 2021	437,920	2,494,329	2,981
<b>Carrying amount</b>			
At 31 December 2021	47,275	1,095,909	-
At 31 December 2020	61,735	1,107,289	-

### 13 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	14	-	-	1,088,420	1,088,420

### Movements in fixed asset investments

Company	Shares in subsidiaries £
<b>Cost or valuation</b>	
At 1 January 2021 and 31 December 2021	1,088,420
<b>Carrying amount</b>	
At 31 December 2021	1,088,420
At 31 December 2020	1,088,420

# PAMARCO EUROPE LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 14 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Absolute Engineering Limited	England & Wales	The design and manufacturing of ancillaries for the printing industry	Ordinary	100.00

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Capital and Reserves £	Profit/(Loss) £
Absolute Engineering Limited	1,446,911	724,413

### 15 Financial instruments

	Group 2021 £	2020 £	Company 2021 £	2020 £
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	2,487,744	2,207,929	1,049,992	966,740
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	2,754,772	2,561,142	n/a	n/a

### 16 Stocks

	Group 2021 £	2020 £	Company 2021 £	2020 £
Raw materials and consumables	880,955	652,976	191,818	121,172
Work in progress	146,129	251,692	93,523	136,857
Finished goods and goods for resale	54,530	16,653	25,046	16,606
	1,081,614	921,321	310,387	274,635

# PAMARCO EUROPE LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 17 Debtors

	Group 2021	2020	Company 2021	2020
	£	£	£	£
<b>Amounts falling due within one year:</b>				
Trade debtors	1,457,857	1,253,726	486,723	470,373
Corporation tax recoverable	330,752	31,000	96,390	31,000
Other debtors	120,791	176,518	74,099	149,924
Prepayments and accrued income	355,073	283,802	66,179	67,501
	<u>2,264,473</u>	<u>1,745,046</u>	<u>723,391</u>	<u>718,798</u>
Deferred tax asset (note 21)	216,290	262,200	216,290	47,855
	<u>2,480,763</u>	<u>2,007,246</u>	<u>939,681</u>	<u>766,653</u>

### 18 Creditors: amounts falling due within one year

	Group 2021	2020	Company 2021	2020
Notes	£	£	£	£
Obligations under finance leases	102,256	96,632	102,256	96,632
Trade creditors	1,192,717	1,041,011	492,253	480,347
Amounts owed to group undertakings	35,731	13,709	-	-
Other taxation and social security	88,646	144,954	26,017	34,668
Other creditors	571,897	158,124	461,114	-
Accruals and deferred income	733,942	1,031,181	143,365	134,931
	<u>2,725,189</u>	<u>2,485,611</u>	<u>1,225,005</u>	<u>746,578</u>

Amounts above in respect of obligations under finance leases totalling £102,256 (2020: £96,632) relates to hire purchase agreements which are secured by a charge over the assets purchased from the funding advanced.

### 19 Creditors: amounts falling due after more than one year

	Group 2021	2020	Company 2021	2020
Notes	£	£	£	£
Obligations under finance leases	118,229	220,485	118,229	220,485
	<u>118,229</u>	<u>220,485</u>	<u>118,229</u>	<u>220,485</u>

The obligations under finance leases balances above of £118,229 (2020: £220,485) relates to hire purchase agreements which are secured by a charge over the assets purchased from the funding advanced.

# PAMARCO EUROPE LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 20 Provisions for liabilities

	Group 2021 £	2020 £	Company 2021 £	2020 £
	26,933	47,669	26,933	47,669
	<u>26,933</u>	<u>47,669</u>	<u>26,933</u>	<u>47,669</u>
Movements on provisions:				
<b>Group</b>				<b>£</b>
At 1 January 2021				47,669
Reversal of provision				(20,736)
				<u>26,933</u>
At 31 December 2021				<u>26,933</u>
				<b>Warranty provision £</b>
<b>Company</b>				
At 1 January 2021				47,669
Reversal of provision				(20,736)
				<u>26,933</u>
At 31 December 2021				<u>26,933</u>

### 21 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2021 £	Liabilities 2020 £	Assets 2021 £	Assets 2020 £
<b>Group</b>				
Accelerated capital allowances	278,390	112,949	-	-
Tax losses	-	-	216,290	262,200
	<u>278,390</u>	<u>112,949</u>	<u>216,290</u>	<u>262,200</u>



# PAMARCO EUROPE LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 21 Deferred taxation

(continued)

	Liabilities 2021 £	Liabilities 2020 £	Assets 2021 £	Assets 2020 £
<b>Company</b>				
Accelerated capital allowances	196,639	95,365	-	-
Tax losses	-	-	216,290	47,855
	<u>196,639</u>	<u>95,365</u>	<u>216,290</u>	<u>47,855</u>
			<b>Group 2021 £</b>	<b>Company 2021 £</b>
<b>Movements in the year:</b>				
Liability/(Asset) at 1 January 2021			(149,251)	47,510
Charge/(credit) to profit or loss			211,351	(67,161)
			<u>62,100</u>	<u>(19,651)</u>
Liability/(Asset) at 31 December 2021				

The deferred tax asset set out above is expected to reverse within 12 months and relates to the utilisation of tax losses against future expected profits of the same period. The deferred tax liability set out above is expected to reverse in line with the depreciation policy of the relevant assets and relates to accelerated capital allowances that are expected to mature within the same period.

### 22 Retirement benefit schemes

	2021 £	2020 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>117,162</u>	<u>107,057</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

### 23 Share capital

Group and company	2021 Number	2020 Number	2021 £	2020 £
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
150,000 ordinary shares of £1 each	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>

# PAMARCO EUROPE LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 24 Operating lease commitments

#### Lessee

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

	Group 2021 £	2020 £	Company 2021 £	2020 £
Within one year	240,024	240,857	114,868	118,557
Between two and five years	484,673	605,194	58,060	170,572
In over five years	289,406	289,406	-	-
	<u>1,014,103</u>	<u>1,135,457</u>	<u>172,928</u>	<u>289,129</u>

### 25 Financial commitments, guarantees and contingent liabilities

Under H M Revenue & Customs duty deferred scheme, the company has a maximum contingent liability of £40,000 (2019: £40,000).

### 26 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2021 £	2020 £
Aggregate compensation	<u>447,275</u>	<u>392,861</u>

#### Other information

During the year the company paid rent of £106,000 (2020: £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 exemption to which it is entitled regarding transactions with its parent and other 100% owned subsidiaries of the group.

# PAMARCO EUROPE LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 27 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.

### 28 Cash generated from group operations

	2021 £	2020 £
Profit/(loss) for the year after tax	593,371	(655,226)
<b>Adjustments for:</b>		
Taxation credited	(523,911)	(589,675)
Finance costs	15,497	14,608
Investment income	(387)	(1,068)
Amortisation and impairment of intangible assets	7,431	1,872
Depreciation and impairment of tangible fixed assets	383,159	368,702
Decrease in provisions	(20,736)	(26,976)
<b>Movements in working capital:</b>		
Increase in stocks	(160,293)	(145,977)
(Increase)/decrease in debtors	(219,675)	238,664
Increase in creditors	233,954	932,490
<b>Cash generated from operations</b>	<b>308,410</b>	<b>137,414</b>

### 29 Analysis of changes in net funds - group

	1 January 2021 £	Cash flows £	31 December 2021 £
Cash at bank and in hand	560,354	59,848	620,202
Obligations under finance leases	(317,117)	96,632	(220,485)
	<b>243,237</b>	<b>156,480</b>	<b>399,717</b>

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