

Sensitisers Group Ltd

Strategic Report

Year ended 31 March 2021

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

PRINCIPAL ACTIVITIES

The principal activities of the group remain unchanged as industrial surface coaters and convertors.

BUSINESS REVIEW

Performance

The group manufactures and distributes a wide range of coated films and papers from its two UK divisions into a range of global markets. The results for the year are set out on page 11. The group made a profit for the financial year after taxation of £15,520 (2020 loss £547,418). A welcome improvement as a result of a restructuring and cost saving program completed in the previous year. The COVID19 pandemic had a significant impact on the group's traditional products and markets, but the group benefited from a high level of demand for floor graphic materials used for social distancing. The group did use the Government's furlough scheme during the periods of lockdown in particular. As markets have re-opened sales have improved across the board and the results for the first six months to 30 September 2021 have shown a much better position with the group's profitability continuing to improve. Turnover in the year declined to £12.830m (2020 £13.357m) a remarkably good result given the very challenging trading environment in the year. As a result of Brexit the majority of the group's European customers are now supplied from our Belgian hub, although transport costs have increased as a result.

Measurement

The group undertakes detailed business planning to define strategic objectives. Key performance indicators include delivery performance, customer complaints, production reliability and productivity and sales plan achievement together with a number relating to both health and safety and our employees. The board considers that the group has an effective measurement and reporting system, consistent with its size and complexity.

As far as financial performance is concerned the key measurements used by the group are turnover and operating profit as reported on the face of the statement of comprehensive income and cashflow performance.

Risks and uncertainties

The following comprises a summary of what the group believes are the main risks to which the group is exposed, which could affect the business, results of operations, cashflow, financial condition, turnover, profits, assets, liquidity and capital resources of the group.

1. The prices of the raw materials the group uses could adversely affect its results of operations, cashflow and or financial condition.

The group uses significant amounts of film, various chemicals and other raw materials in manufacturing its products. Prices for some of these materials are based on commodity prices which can be volatile. The group also relies on a small number of suppliers for key raw materials. If any of these suppliers is unable to meet its obligations or increases its prices, the group may not find a replacement supplier that is able to provide such raw materials on similar terms. This risk is partly mitigated by ensuring the maintenance of high levels of stock of key raw materials.



Sensitisers Group Ltd

Strategic Report *(continued)*

Year ended 31 March 2021

2. The occurrence of major operational problems could have an adverse effect on the group's results of operations, cash flow and or financial condition.

The group's revenues are dependent on the continued operation of its manufacturing facilities. The main operational risks include;

- temporary plant and/or utility outages
- raw material supply disruptions
- labour force shortages
- events impeding the transporting of products
- natural disasters

Whilst the group maintains insurance at levels that it believes are appropriate, some of these operational risks could result in losses and liabilities in excess of its insurance coverage or in uninsured losses or liabilities. The occurrence of major operational problems may have an adverse effect on the results of operations, cash flow and/or financial condition of the group.

3. The group derives a significant percentage of its revenue from sales to major customers and if it is unable to retain these customers, its results of operations, cash flow and or financial condition could be adversely affected.

Sales to major customers are significant. The group believes that the geographical spread of its customers together with the wide range and nature of products sold reduce the potential adverse affects of the loss of business from any one customer. Nevertheless, the loss of a major customer without replacement, could have an adverse effect on the group's results, cash flow and or financial condition.

4. Violations of environmental, health and safety and other laws, regulations and standards could restrict the group's operations, expose it to liability, increase its costs and have an adverse effect on its results of operations, cash flow and or financial condition.

The group is subject to a broad range of laws, regulations and standards, including those relating to pollution, the health and safety of employees, protection of the public, protection of the environment and the generation, storage, handling, transportation, treatment, disposal and remediation of waste materials. In the ordinary course of business, the group is subject to inspections and monitoring by the appropriate enforcement authorities. The group also requires relevant permits for its operations, which require compliance with their terms and annual renewal. The group has established environmental, health and safety and other policies to comply with applicable laws and regulations. Nevertheless, any failure in this area could have an adverse effect on the group's results of operations, cash flow and/or financial condition.

5. Foreign exchange

Revenues in both US dollars and euros make up a significant part of the group's business and the group is therefore exposed to movements in these exchange rates against sterling. This risk is partly mitigated by the fact that purchases are made in both US dollars and euros together with the placing of forward exchange contracts. The group maintains bank accounts in these currencies in order to manage this risk.

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Strategic Report *(continued)*

Year ended 31 March 2021

6. Economic uncertainty

The current economic conditions particularly with the COVID19 pandemic still create a significant element of uncertainty over demand for some of the group's products. The group's forecasts and projections show that the group is expected to have a sufficient level of financial resources available through cash resources and current banking facilities. The directors therefore believe that the group is well placed to manage its business risks successfully despite the economic uncertainty.

Future developments

The directors remain confident that the group will maintain a satisfactory level of performance in the future, with a strong and continued focus on the development of new and innovative materials, production flexibility, product quality and customer service. The group has made significant capital investment in recent years amounting to £3m in both a new building and a new coating machine to both improve operating efficiency and to enable the group to diversify into new markets. This expenditure was supported by the receipt of a government grant for business investment in the sum of £368,000. The new equipment has been repeatedly delayed, the production trials were badly affected by the pandemic and are continuing. Improvements have also been made to the machine but these delays have had a significant negative impact on the results for the year. The machine is now expected to be fully operational by the end of March 2022. The commercial environment continues to be challenging with sustained competitive pressures. The group has experienced a significant increase in raw material costs in the last six months in particular, which has meant an ongoing and continuing review of its own selling prices. Extended lead times, supply issues, employee shortages, and increases in power costs have also become prevalent in the last few months. The group will maintain its focus on developing and introducing new products, identifying new markets and new customers to grow sales and increase profitability.

This report was approved by the board of directors on 10 December 2021 and signed on behalf of the board by:



P A Newell
Director

Sensitisers Group Ltd

Directors' Report

Year ended 31 March 2021

The directors present their report and the financial statements of the group for the year ended 31 March 2021.

Directors

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

P A Newell
P M Bartlett
B Colak

Dividends

The directors do not recommend the payment of a dividend.

Research and development

The group is committed to maintaining a high level of investment into research and development, to continue the development of new and innovative materials and to maintain a competitive position in the market.

Health and safety and the environment

The group places great emphasis on health and safety and is determined by way of continued investment, employee involvement and training to maintain its good health and safety record.

The group recognises the importance of its environmental responsibilities and continues to develop materials with reduced environmental impact. Initiatives designed to improve the group's impact on the environment include energy use improvement and efficiency and the recycling and the reduction of waste. The group mitigates its carbon footprint by financing the planting and lifetime care of trees in the South West of England with the Woodland Trust.

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 group and the company and 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 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.

Sensitisers Group Ltd

Directors' Report *(continued)*

Year ended 31 March 2021

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.

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 group and 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 group and 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 10 December 2021 and signed on behalf of the board by:

A handwritten signature in black ink, appearing to read 'P A Newell', with a large, stylized initial 'P'.

P A Newell
Director

Sensitisers Group Ltd

Independent Auditor's Report to the Members of Sensitisers Group Ltd

Year ended 31 March 2021

Opinion

We have audited the financial statements of Sensitisers Group Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows 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 group's and of the parent company's affairs as at 31 March 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;
- 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 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 or the 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.

Sensitisers Group Ltd

Independent Auditor's Report to the Members of Sensitisers Group Ltd *(continued)*

Year ended 31 March 2021

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 group and the parent 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 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.

Sensitisers Group Ltd

Independent Auditor's Report to the Members of Sensitisers Group Ltd *(continued)*

Year ended 31 March 2021

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 group's and 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 group or 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.

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 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 group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent 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 group or the parent 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Sensitisers Group Ltd

Independent Auditor's Report to the Members of Sensitisers Group Ltd *(continued)*

Year ended 31 March 2021

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.

RRL LLP

Mark Williams (Senior Statutory Auditor)

For and on behalf of

RRL LLP

Chartered accountants & statutory auditor

Peat House
Newham Road
Truro
Cornwall
TR1 2DP

10 December 2021

Sensitisers Group Ltd

Consolidated Statement of Comprehensive Income

Year ended 31 March 2021

	Note	2021 £	2020 £
Turnover	4	12,830,208	13,357,438
Cost of sales		<u>(10,405,708)</u>	<u>(11,217,452)</u>
Gross profit		2,424,500	2,139,986
Administrative expenses		<u>(2,521,217)</u>	<u>(2,658,231)</u>
Other operating income	5	<u>162,488</u>	<u>9,505</u>
Operating profit/(loss)	6	65,771	(508,740)
Other interest receivable and similar income	10	<u>863</u>	<u>2,479</u>
Interest payable and similar expenses	11	<u>(17,792)</u>	<u>(19,413)</u>
Profit/(loss) before taxation		48,842	(525,674)
Tax on profit/(loss)	12	<u>(33,322)</u>	<u>(21,744)</u>
Profit/(loss) for the financial year		<u>15,520</u>	<u>(547,418)</u>
Revaluation of tangible assets		<u>600,000</u>	<u>(11,372)</u>
Potential tax payable on the revaluation of tangible assets.		<u>(61,000)</u>	<u>-</u>
Other comprehensive income for the year		<u>539,000</u>	<u>(11,372)</u>
Total comprehensive income for the year		<u>554,520</u>	<u>(558,790)</u>

All the activities of the group are from continuing operations.

The notes on pages 17 to 30 form part of these financial statements.

Sensitisers Group Ltd

Consolidated Statement of Financial Position

31 March 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	13	6,154,608	5,486,226
Current assets			
Stocks	15	5,066,058	4,314,795
Debtors	16	2,936,672	3,032,784
Cash at bank and in hand		716,006	899,954
		<u>8,718,736</u>	<u>8,247,533</u>
Creditors: amounts falling due within one year	17	<u>3,090,296</u>	<u>2,795,584</u>
Net current assets		<u>5,628,440</u>	<u>5,451,949</u>
Total assets less current liabilities		<u>11,783,048</u>	<u>10,938,175</u>
Creditors: amounts falling due after more than one year	18	691,846	462,493
Provisions			
Taxation including deferred tax	19	<u>96,000</u>	<u>35,000</u>
Net assets		<u>10,995,202</u>	<u>10,440,682</u>
Capital and reserves			
Called up share capital	24	420	420
Revaluation reserve	25	1,709,218	1,170,218
Capital redemption reserve	25	540	540
Profit and loss account	25	<u>9,285,024</u>	<u>9,269,504</u>
Shareholders funds		<u>10,995,202</u>	<u>10,440,682</u>

These financial statements were approved by the board of directors and authorised for issue on 10 December 2021, and are signed on behalf of the board by:



P M Bartlett
Director

Company registration number: 03513777

The notes on pages 17 to 30 form part of these financial statements.

Sensitisers Group Ltd
Company Statement of Financial Position
31 March 2021

	Note	2021 £	2020 £
Fixed assets			
Investments	14	3,510,465	3,510,465
Current assets			
Debtors	16	1,000,500	745,000
Cash at bank and in hand		10,032	187,079
		<u>1,010,532</u>	<u>932,079</u>
Creditors: amounts falling due within one year	17	<u>11,060</u>	<u>5,794</u>
Net current assets		<u>999,472</u>	<u>926,285</u>
Total assets less current liabilities		<u><u>4,509,937</u></u>	<u><u>4,436,750</u></u>
Capital and reserves			
Called up share capital	24	420	420
Capital redemption reserve	25	540	540
Profit and loss account	25	<u>4,508,977</u>	<u>4,435,790</u>
Shareholders funds		<u><u>4,509,937</u></u>	<u><u>4,436,750</u></u>

The profit for the financial year of the parent company was £73,187. (2020: £23,471).

These financial statements were approved by the board of directors and authorised for issue on 10 December 2021, and are signed on behalf of the board by:



P M Bartlett
Director

Company registration number: 03513777

The notes on pages 17 to 30 form part of these financial statements.

Sensitisers Group Ltd

Consolidated Statement of Changes in Equity

Year ended 31 March 2021

	Note	Called up share capital £	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 April 2019		420	1,181,590	540	9,816,922	10,999,472
Loss for the year					(547,418)	(547,418)
Other comprehensive income for the year:						
Revaluation of tangible assets	13	—	(11,372)	—	—	(11,372)
Total comprehensive income for the year		—	(11,372)	—	(547,418)	(558,790)
At 31 March 2020		420	1,170,218	540	9,269,504	10,440,682
Profit for the year					15,520	15,520
Other comprehensive income for the year:						
Revaluation of tangible assets	13	—	600,000	—	—	600,000
Potential tax payable on the revaluation of tangible assets.		—	(61,000)	—	—	(61,000)
Total comprehensive income for the year		—	539,000	—	15,520	554,520
At 31 March 2021		420	1,709,218	540	9,285,024	10,995,202

The notes on pages 17 to 30 form part of these financial statements.

Sensitisers Group Ltd
Company Statement of Changes in Equity
Year ended 31 March 2021

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 April 2019	420	540	4,412,319	4,413,279
Profit for the year	—	—	23,471	23,471
Total comprehensive income for the year	—	—	23,471	23,471
At 31 March 2020	420	540	4,435,790	4,436,750
Profit for the year	—	—	73,187	73,187
Total comprehensive income for the year	—	—	73,187	73,187
At 31 March 2021	<u>420</u>	<u>540</u>	<u>4,508,977</u>	<u>4,509,937</u>

The notes on pages 17 to 30 form part of these financial statements.

Sensitisers Group Ltd
Consolidated Statement of Cash Flows
Year ended 31 March 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit/(loss) for the financial year	15,520	(547,418)
<i>Adjustments for:</i>		
Depreciation of tangible assets	160,476	171,936
Government grant income	(8,130)	(9,505)
Other interest receivable and similar income	(863)	(2,479)
Interest payable and similar expenses	17,792	19,413
Loss/(gains) on disposal of tangible assets	11,196	(12,136)
Tax on profit	33,322	21,744
Accrued income	(8,130)	(9,505)
Change in value of foreign exchange contract derivatives	(187,326)	161,600
<i>Changes in:</i>		
Stocks	(751,263)	1,414,117
Trade and other debtors	162,069	(79,805)
Trade and other creditors	737,525	337,595
Cash generated from operations	182,188	1,465,557
Interest paid	(17,792)	(19,413)
Interest received	863	2,479
Tax paid	(33,322)	(21,744)
Net cash from operating activities	<u>131,937</u>	<u>1,426,879</u>
Cash flows from investing activities		
Purchase of tangible assets	(241,554)	(315,366)
Proceeds from sale of tangible assets	1,500	24,851
Net cash used in investing activities	<u>(240,054)</u>	<u>(290,515)</u>
Cash flows from financing activities		
Proceeds from borrowings	350,000	209,689
Repayments of borrowings	(433,961)	(68,254)
Government grant income	8,130	9,505
Net cash (used in)/from financing activities	<u>(75,831)</u>	<u>150,940</u>
Net (decrease)/increase in cash and cash equivalents	(183,948)	1,287,304
Cash and cash equivalents at beginning of year	899,954	(387,350)
Cash and cash equivalents at end of year	<u>716,006</u>	<u>899,954</u>

The notes on pages 17 to 30 form part of these financial statements.

Sensitisers Group Ltd
Notes to the Financial Statements
Year ended 31 March 2021

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Kernick Road, Penryn, Cornwall, TR10 9DQ.

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.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

(a) No cash flow statement has been presented for the company.

Consolidation

The financial statements consolidate the financial statements of Sensitisers Group Ltd and all of its subsidiary undertakings.

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account.

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.

Sensitisers Group Ltd

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

3. Accounting policies *(continued)*

Revenue recognition

Turnover represents revenue recognised in the financial statements. Revenue is recognised when the company fulfils its contractual obligations to customers by supplying goods and services and excludes value added tax.

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.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the average exchange rates for the year. Exchange differences are taken into account in arriving at the operating profit.

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.

Sensitisers Group Ltd

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

3. Accounting policies *(continued)*

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:

Computer equipment	- 25% straight line
Plant and machinery	- 15% reducing balance
Fixtures and fittings	- 15% reducing balance
Motor vehicles	- 25% reducing balance

Freehold property includes land which is not subject to depreciation. Leasehold additions are depreciated at a rate of 15% per annum on a reducing balance basis.

Investments

Investments in subsidiary and associated companies are accounted for at cost less any accumulated impairment losses. Impairment losses are recognised in other comprehensive income/profit or loss.

Investments in associates

Investments in associates accounted for in accordance with the cost model are recorded at cost less any accumulated impairment losses. Investments in associates accounted for in accordance with the fair value model are initially recorded at the transaction price. At each reporting date, the investments are measured at fair value, with changes in fair value recognised in other comprehensive income/profit or loss. Where it is impracticable to measure fair value reliably without undue cost or effort, the cost model will be adopted. Dividends and other distributions received from the investment are recognised as income without regard to whether the distributions are from accumulated profits of the associate arising before or after the date of acquisition.

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.

Government grants

Government grants are recognised at fair value when there is reasonable assurance that they will be received. Grants related to expenditure on tangible fixed assets are treated as deferred income and are credited to profit over a period approximating to the useful lives of those assets. The grants shown in the balance sheet consist of the total grants receivable to date less the amount so far credited to profit.

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 statement of financial position and the amount of the provision as an expense.

Sensitisers Group Ltd

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

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

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

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.

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. Turnover

Turnover arises from:

	2021 £	2020 £
Sale of goods	<u>12,830,208</u>	<u>13,357,438</u>

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

	2021 £	2020 £
United Kingdom	4,054,338	3,831,821
Overseas	<u>8,775,870</u>	<u>9,525,617</u>
	<u>12,830,208</u>	<u>13,357,438</u>

5. Other operating income

	2021 £	2020 £
Government grant income	8,130	9,505
Coronavirus job retention scheme	<u>154,358</u>	<u>—</u>
	<u>162,488</u>	<u>9,505</u>

Sensitisers Group Ltd

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

6. Operating loss

Operating profit or loss is stated after charging:

	2021	2020
	£	£
Depreciation of tangible assets	160,476	171,936
Loss/(gains) on disposal of tangible assets	11,196	(12,136)
Impairment of trade debtors	(163)	20,158
Research and development expenditure	209,687	218,524
Foreign exchange differences	118,218	(130,246)

7. Auditor's remuneration

	2021	2020
	£	£
Fees payable for the audit of the financial statements	15,000	15,500
Fees payable to the company's auditor and its associates for other services:		
Taxation advisory services	2,695	2,400
Other non-audit services	3,210	—
	5,905	2,400

8. Staff costs

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

	2021	2020
	No.	No.
Production staff	66	69
Administrative staff	20	21
	86	90

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

	2021	2020
	£	£
Wages and salaries	2,726,174	2,839,875
Social security costs	257,932	316,473
Other pension costs	202,407	209,641
	3,186,513	3,365,989

9. Directors' remuneration

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

	2021	2020
	£	£
Remuneration	345,986	331,632
Company contributions to defined contribution pension plans	26,870	29,015
	372,856	360,647

Sensitisers Group Ltd

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

9. Directors' remuneration *(continued)*

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

	2021 No.	2020 No.
Defined contribution plans	<u>3</u>	<u>3</u>

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

	2021 £	2020 £
Aggregate remuneration	<u>166,025</u>	<u>135,381</u>

10. Other interest receivable and similar income

	2021 £	2020 £
Interest on cash and cash equivalents	<u>863</u>	<u>2,479</u>

11. Interest payable and similar expenses

	2021 £	2020 £
Interest on banks loans and overdrafts	<u>17,792</u>	<u>19,413</u>

12. Tax on profit

Major components of tax expense

	2021 £	2020 £
Current tax:		
UK current tax income	(39,500)	(42,000)
Adjustments in respect of prior periods	<u>820</u>	<u>1,213</u>
Total UK current tax	<u>(38,680)</u>	<u>(40,787)</u>
Foreign current tax income	<u>72,002</u>	<u>62,531</u>
Total current tax	<u>33,322</u>	<u>21,744</u>
Tax on profit	<u>33,322</u>	<u>21,744</u>

Unrelieved corporation tax losses to be carried forward amount to £3,195,789 (2020 £2,811,604).

Sensitisers Group Ltd

Notes to the Financial Statements (continued)

Year ended 31 March 2021

12. Tax on profit (continued)

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%).

	2021 £	2020 £
Profit/(loss) on ordinary activities before taxation	48,842	(525,674)
Profit/(loss) on ordinary activities by rate of tax	9,279	(167,450)
Adjustment to tax charge in respect of prior periods	820	1,419
Effect of expenses not deductible for tax purposes	1,237	2,176
Effect of capital allowances and depreciation	(33,707)	(47,293)
Unused tax losses	58,783	180,983
Profit on sale of investment property	–	868
(Under)/over provision for the year	–	12
R & D tax credit/research allowance	(39,500)	(42,206)
Foreign tax	72,002	62,531
Change in value of foreign exchange contract derivatives	(35,592)	30,704
Tax on profit	33,322	21,744

13. Tangible assets

Group	Freehold property £	Computer equipment £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost						
At 1 Apr 2020	3,035,000	155,632	5,468,199	82,393	177,108	8,918,332
Additions	–	8,344	232,216	994	–	241,554
Disposals	–	(6,037)	(172,130)	–	–	(178,167)
Revaluations	600,000	–	–	–	–	600,000
At 31 Mar 2021	3,635,000	157,939	5,528,285	83,387	177,108	9,581,719
Depreciation						
At 1 Apr 2020	–	142,161	3,092,041	61,691	136,213	3,432,106
Charge for the year	–	11,671	135,313	3,282	10,210	160,476
Disposals	–	(6,036)	(159,435)	–	–	(165,471)
At 31 Mar 2021	–	147,796	3,067,919	64,973	146,423	3,427,111
Carrying amount						
At 31 Mar 2021	3,635,000	10,143	2,460,366	18,414	30,685	6,154,608
At 31 Mar 2020	3,035,000	13,471	2,376,158	20,702	40,895	5,486,226

The company has no tangible assets.

Sensitisers Group Ltd

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

13. Tangible assets *(continued)*

The properties were professionally valued in April 2021 on an open market basis by an independent valuer holding a recognised and relevant qualification and having recent experience in similar properties. The properties had an original carrying value of £1,829,782 (2020 £1,829,782). Tax of £96,000 (2020 £35,000) would be payable on the sale of the properties based on their carrying value in the financial statements. This amount has been provided for and is shown in note 20 below. Freehold property includes leasehold additions which have a net book value of £127,947 (2020 £127,947). Freehold property includes land with a cost of £162,609 (2020 £162,609) which is not subject to depreciation. Plant and machinery includes equipment awaiting the completion of production trials with a value of £1,693,596 (2020 £1,573,188) which has not been depreciated.

14. Investments

The group has no investments.

Company	Shares in group and associated companies £
Cost	
At 1 April 2020 and 31 March 2021	<u>3,510,465</u>
Impairment	
At 1 April 2020 and 31 March 2021	<u>-</u>
Carrying amount	
At 1 April 2020 and 31 March 2021	<u>3,510,465</u>
At 31 March 2020	<u>3,510,465</u>

Details of subsidiary and associated companies are disclosed in note 29 to the accounts.

15. Stocks

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Raw materials and consumables	2,776,109	2,730,504	-	-
Work in progress	79,377	128,991	-	-
Finished goods and goods for resale	2,210,572	1,455,300	-	-
	<u>5,066,058</u>	<u>4,314,795</u>	<u>-</u>	<u>-</u>

Sensitisers Group Ltd

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

16. Debtors

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	2,231,102	2,663,600	–	–
Amounts owed by group undertakings	–	–	1,000,500	745,000
Corporation tax repayable	39,500	42,000	–	–
Derivative financial assets	65,957	–	–	–
Other debtors	600,113	327,184	–	–
	<u>2,936,672</u>	<u>3,032,784</u>	<u>1,000,500</u>	<u>745,000</u>

The above includes unsecured loans to other group companies of £1,000,500 (2020 £745,000) which are repayable on demand. Interest is payable on the loans calculated by reference to the base rate of National Westminster Bank Plc.

17. Creditors: amounts falling due within one year

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Bank loans and overdrafts	761,421	1,074,735	–	–
Trade creditors	1,548,177	993,940	–	–
Amounts owed to group undertakings	–	–	11,060	5,794
Accruals and deferred income	258,022	266,152	–	–
Social security and other taxes	78,247	63,277	–	–
Derivative financial liability	–	121,369	–	–
Other creditors	444,429	276,111	–	–
	<u>3,090,296</u>	<u>2,795,584</u>	<u>11,060</u>	<u>5,794</u>

Bank loans and overdrafts include an amount of £648,080 (2020 £1,074,735) which relate to an invoice financing facility provided by National Westminster Bank Plc secured by a debenture over the assets of the group.

An overdraft facility of £350,000 (2020 £350,000) has been made available by National Westminster Bank Plc secured by a debenture over two of the company's freehold properties with a combined value of £1.855m (2020 £1.610m). During the year and as a result of the COVID19 pandemic the group secured a government backed CBILS loan of £350,000. The loan is to be repaid over five years and has a 5% rate of interest for the entire term.

The accruals and deferred income comprises of deferred government grants receivable to date less the amounts so far credited to profit.

18. Creditors: amounts falling due after more than one year

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Bank loans and overdrafts	<u>691,846</u>	<u>462,493</u>	<u>–</u>	<u>–</u>

Sensitisers Group Ltd

Notes to the Financial Statements (continued)

Year ended 31 March 2021

18. Creditors: amounts falling due after more than one year (continued)

Included within creditors: amounts falling due after more than one year is an amount of £92,578 (2020: £111,829) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

The bank loan is secured against one of the group's freehold properties with a value of £580,000 (2020: £425,000) and by a debenture held over the assets of a wholly owned subsidiary company. The loan was advanced on 1st June 2015 and has a repayment term of ten years. The rate of interest payable on the loan is fixed at 3.92% for the entire term. As a result of the COVID19 pandemic, National Westminster Bank Plc provided further support to the company by granting a one year payment holiday on the loan effective from April 2020.

19. Provisions

Group	Deferred tax (note 20) £
At 1 April 2020	35,000
Revaluation of tangible assets	61,000
At 31 March 2021	96,000

The company does not have any provisions.

20. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Included in provisions (note 19)	96,000	35,000	—	—

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

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Accelerated capital allowances	400,000	369,000	—	—
Revaluation of tangible assets	96,000	4,000	—	—
Fair value adjustment of investment property	—	31,000	—	—
Unused tax losses	(400,000)	(369,000)	—	—
	96,000	35,000	—	—

The amount of the net reversal of deferred tax assets and liabilities expected to occur during the year beginning after the reporting period is estimated to be £Nil (2020: £Nil).

21. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £202,407 (2020: £209,641).

Sensitisers Group Ltd

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

21. Employee benefits *(continued)*

The group operates a defined contribution group personal pension scheme for the benefit of the employees. The assets of the scheme are administered by trustees independent from those of the group. There were no outstanding contributions at the balance sheet date.

22. Government grants

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

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Recognised in other operating income:				
Government grants recognised directly in income	<u>8,130</u>	<u>9,505</u>	<u>—</u>	<u>—</u>

23. Financial instruments

The carrying amount for each category of financial instrument is as follows:

Financial assets measured at fair value through profit or loss

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Financial assets measured at fair value through profit or loss	<u>187,326</u>	<u>(161,600)</u>	<u>—</u>	<u>—</u>

The financial instruments comprise of derivatives which are included at fair value in the balance sheet and through profit or loss. The derivatives comprise of forward exchange contracts which are used by the group to hedge its exposure to movements in foreign currency exchange rates. The principal sums and values in sterling at the contracted rates at the balance sheet date were as follows:

US dollars

Principal \$2,250,000 (2020 \$3,000,000)

At contract exchange rates £1,661,707 (2020 £2,285,103)

Euros

Principal €900,000 (2020 €1,200,000)

At contract exchange rates £796,048 (2020 £1,050,418)

The fair value of the derivatives are disclosed as a current asset in note 16 of £65,957 (2020 a current liability in note 17 of £121,369) has been determined by comparing the contract exchange rates to the forward exchange rates that were available at the balance sheet date for the relevant settlement dates.

Sensitisers Group Ltd

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

24. Called up share capital

Issued, called up and fully paid

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	<u>420</u>	<u>420</u>	<u>420</u>	<u>420</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

25. Reserves

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

Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company.

Other reserve - This reserve records fair value movements on the investment property recognised in the profit and loss account.

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

26. Analysis of changes in net debt

	At 1 Apr 2020	Cash flows	At 31 Mar 2021
	£	£	£
Cash at bank and in hand	899,954	(183,948)	716,006
Debt due within one year	(1,056,943)	295,522	(761,421)
Debt due after one year	(462,493)	(229,353)	(691,846)
	<u>(619,482)</u>	<u>(117,779)</u>	<u>(737,261)</u>

27. Capital commitments

Capital expenditure contracted for but not provided for in the financial statements is as follows:

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Tangible assets	<u>81,784</u>	<u>-</u>	<u>-</u>	<u>-</u>

28. Contingencies

There was a contingent liability at the balance sheet date in the sum of £20,000 (2020 £20,000) in respect of a Bond to HM Revenue and Customs.

Sensitisers Group Ltd

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

29. Subsidiary and associated undertakings

The company holds either directly or indirectly 100% of the issued share capital of the companies listed below which are all incorporated in England unless otherwise stated. The registered office address of the companies incorporated in England are at the offices of Kernow Coatings Ltd, Kernick Road, Penryn, Cornwall, TR10 9DQ

Kernow Coatings Ltd - Industrial surface coating and conversion.

Sensitisers (Acton) Ltd - dissolved and struck from the register at Companies House

KC Overseas Holdings Ltd - Holding company for Kernow North America Inc.

Sensitisers (Penryn) Ltd - Property rental.

Kernow North America Inc. - Incorporated in the United States of America - wholesaler of digital imaging products. The registered office address is at 5 Park Forest Drive, Pittsford, NY 14534

The company has the following investments held indirectly in the issued share capital of the associated companies listed below which are all incorporated in England unless otherwise stated. The nature of business of the companies, together with details of the capital and reserves at the balance sheet date and the profit or loss for the period year are also disclosed. As the associated companies are not included within the group accounts, additional disclosure is made in respect of the goods and services provided and received in the normal course of business by the company together with outstanding amounts at the balance sheet date.

Appfactory USA Inc. Incorporated in the United States of America - dissolved and struck from the register in Delaware - 88% held directly and 4% held indirectly via KC Overseas Holdings Limited.

Capital and Reserves (£Nil) (2020 (£15,554))
Profit/(loss) for the year £15,554 ((2020 £4,082))

Appfactory Digital Limited - dissolved and struck from the register at Companies House - 60% held indirectly via KC Overseas Holdings Limited

Capital and Reserves (£Nil) (2020 (£14,925))
Profit/(loss) for the year £14,925 (2020 (£1,096))

The company has the following investment held indirectly in the issued share capital of the associated company listed below. The nature of business of the company, together with details of the capital and reserves at the balance sheet date and the profit or loss for the year are also disclosed. As the associated company is not included in the group accounts of the holding company, additional disclosure is made in respect of the goods and services provided and received in the normal course of business by the company together with outstanding amounts at the balance sheet date.

Appfactory BVBA. Incorporated in Belgium - web based reseller of digital imaging products - 33% held indirectly via KC Overseas Holdings Limited

Capital and Reserves £58,167 (2020 £5,978)
Profit for the year £10,709 (2020 £3,957)
Sales to £165,935 (2020 £220,463)
Purchases from £34,132 (2020 £64,403)
Amounts due to £4,205 (2020 £7,237)
Amounts due from £45,678 (2020 £51,488)

Sensitisers Group Ltd

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

30. Controlling party

The company is a private company limited by shares and incorporated in England.

There is no ultimate controlling party of Sensitisers Group Ltd.