

REGISTERED NUMBER: 03788582 (England and Wales)

**Group Strategic Report,
Report of the Directors and
Audited Consolidated Financial Statements
for the Year Ended 31 December 2022
for
Elanders Ltd**



Haines Watts North East Audit LLP
17 Queens Lane
Newcastle upon Tyne
NE1 1RN

Elanders Ltd

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for the Year Ended 31 December 2022**

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Elanders Ltd
Company Information
for the Year Ended 31 December 2022

DIRECTORS:

Mr P R Jacques
Mr K Rogers
Mr M Nilsson

SECRETARY:

Mr P R Jacques

REGISTERED OFFICE:

Merlin Way
New York Business Park
North Tyneside
NE27 0QG

REGISTERED NUMBER:

03788582 (England and Wales)

AUDITORS:

Haines Watts North East Audit LLP
17 Queens Lane
Newcastle upon Tyne
NE1 1RN

Elanders Ltd
Group Strategic Report
for the Year Ended 31 December 2022

The directors present their strategic report of the company and the group for the year ended 31 December 2022.

REVIEW OF BUSINESS

2022 marked a year of growth for the Group, with sales up 28% overall, an increase of £5.4 million. This was driven by Elanders Limited from a mix of £4 million new business and price increases. The restructuring of the business during 2021 generated lower employee costs in 2022, which along with continued cost reduction efforts kept overheads at a minimum.

Cash flow generation has continued to be strong this year following a reduction in fixed asset investment and an improvement in working capital requirements for the business. This puts the company in a strong position for the investment it is to make in 2023 to grow the Supply Chain business.

No dividend was received from Elanders McNaughtans Ltd (2021: £Nil). No dividend was received from Spreckley Limited (2021: £Nil).

A dividend of £Nil (2021: £nil) was paid during the year to Elanders AB (publ), the sole shareholder of Elanders Ltd. No final dividend is proposed (2021: £Nil).

Key performance indicators (KPIs)

Elanders AB (publ) manages its operations on a Group basis. For this reason, the company's directors believe that further key performance indicators (KPIs) at a company level are not necessary or appropriate for an understanding of the development, performance or position of the business.

Future developments

Elanders Ltd continues to look for investments in profitable businesses with solid customers in niche markets to further strengthen the UK performance.

Elanders Ltd

**Group Strategic Report
for the Year Ended 31 December 2022**

PRINCIPAL RISKS AND UNCERTAINTIES

Competitive pressure in the United Kingdom is a continuing risk for the company, which could result in it losing sales to its key competitors. The company manages this risk by providing added value services to its customers, having fast response times, in supplying products and services, handling all customer enquiries, and maintaining strong relationships with customers.

A high proportion of the company's business is placed with one customer. The company manages this risk by maintaining a strong relationship with this customer. Furthermore, the company aims to reduce this risk by actively seeking to increase its business with other customers.

Elanders in the UK has potential exposure to risks and uncertainties surrounding Brexit. The risks faced are primarily linked to foreign exchange fluctuations due to customer contract pricing or raw materials which are either sourced directly or indirectly from Europe, all of which could impact profitability should Elanders be unable to pass on any increase in costs or lose customer contracts. To mitigate supply risk, Elanders is working with suppliers to ensure that stock holdings are sufficient to maintain supplies to customers.

Financial risk management

The company's operations expose it to a variety of financial risks.

Credit risk:

The company mitigates this risk by undertaking credit checks on new and existing customers before sales are made.

Price risk:

Elanders Ltd continues to take advantage of Group buying power and is committed to investment in plant and machinery to increase efficiencies and remain competitive in the marketplace. Our approach to solution selling with an increasing portfolio of product offerings helps strengthen the Elanders brand.

Interest rate risk:

The company is only exposed to interest rate fluctuations on loans from group.

Liquidity risk:

The company finances its investments and acquisitions through loans from Elanders AB (publ) and as such the directors consider that the only liquidity risk is that of insolvency at a group level.

Foreign exchange risk:

Some sales are made in Euros and the company is therefore exposed to the movement in the Euro to Sterling exchange rate. This is offset somewhat by purchases made in Euros. The Group's treasury function takes out contracts at Group level to manage the residual risk.

ON BEHALF OF THE BOARD:


.....
Mr P R Jacques - Director

Date: 26/9/23.....

Elanders Ltd

**Report of the Directors
for the Year Ended 31 December 2022**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2022.

PRINCIPAL ACTIVITY

The company remains a wholly owned subsidiary of Elanders AB (publ) and operates as the Elanders AB (publ) Group's primary United Kingdom operation.

The company's principal activities continue to be commercial printing services including design, software solutions, printing, fulfilment, storage and distribution. Our main markets continue to be within the automotive and educational sectors and other industries.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2022.

On 30th June 2023 Elanders Limited paid a £4 million dividend to Elanders AB.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

Mr P R Jacques
Mr K Rogers
Mr M Nilsson

DISCLOSURE IN THE STRATEGIC REPORT

The company has chosen in accordance with S.414C(11) Companies Act 2006 to set out in the company's strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the directors' report. It has done so in respect of financial instruments and future developments.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 financial statements;
- prepare the financial statements 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, Haines Watts North East Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

ON BEHALF OF THE BOARD:

.....
Mr P R Jacques - Secretary

Date: 26/9/23

Report of the Independent Auditors to the Members of Elanders Ltd

Qualified Opinion

We have audited the financial statements of Elanders Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Consolidated Profit and Loss Account and Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section on the current and prior year figures the financial statements:

- Give a true and fair view of the state of the group's and of the parent company affairs as at 31 December 2022 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 qualified opinion

We were not appointed as auditor until after 31 December 2021, therefore did not observe the counting of physical inventories for that year end. We were unable to satisfy ourselves by alternative means concerning the inventory quantities of £1,214,964 held at 31 December 2021, by using other audit procedures. Consequently, we were unable to determine whether any adjustment to this amount at 31 December 2021 was necessary or whether there was any consequential effect on the cost of sales for the year ended 31 December 2022. In addition, were any adjustment to the financial statements be required, the strategic report would also need to be amended.

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 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 qualified 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 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.

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.

As described in the basis for qualified opinion section of our report we were unable to satisfy ourselves concerning the inventory quantities of £1,214,964 held at 31 December 2021. We have concluded that where the other information refers to the inventory balance or related balances such as cost of sales it may be materially misstated for the same reason.

Opinions on other matters prescribed by the Companies Act 2006

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, 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.

Report of the Independent Auditors to the Members of Elanders Ltd

Matters on which we are required to report by exception

Except for the possible effects of the matters described in the basis for qualified opinion section of our report, In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

Arising solely from the limitation on the scope of our work relating to inventory, referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

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:

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

Our audit procedures included

- enquiring with the directors and management around actual and potential litigation, non-compliance with laws and regulations as well as actual, suspected and alleged fraud;
- obtaining an understanding of the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- assessing the risk of management override including identifying and testing a sample of journal entries, including unusual pairings to revenue.

Our audit did not identify any significant risks relating to the detection of irregularities including fraud. However, despite the audit being planned and conducted in accordance with ISAs (UK) there remains an unavoidable risk that material misstatements in the financial statements may not be detected owing to inherent limitations of the audit, and that by their very nature, any such instances of fraud or irregularity likely involve collusion, forgery, intentional misrepresentations, or the override of internal controls.

A further description of our responsibilities is available on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 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.

**Report of the Independent Auditors to the Members of
Elanders Ltd**

Auditors' 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 a Report of the Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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

We obtained an understanding of the legal and regulatory framework applicable to both the company itself and industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements, through discussions with the directors. The most significant were identified as the Companies Act 2006, UK GAAP (FRS 102) and relevant tax legislation. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statements. Our audit procedures included:


- making enquiries of directors as to whether they have any knowledge of suspicion of fraud;
- obtaining an understanding of the internal controls established to mitigate risks related to fraud;
- assessing the risk of management override including testing a sample of journal entries;

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.


Nicola Scarr, ACA (Senior Statutory Auditor)
for and on behalf of Haines Watts North East Audit LLP
17 Queens Lane
Newcastle upon Tyne
NE1 1RN

Date: 26/9/23

Elanders Ltd
Consolidated
Profit and Loss Account and
Other Comprehensive Income
for the Year Ended 31 December 2022

	Notes	2022 £	2021 £
TURNOVER	5	25,267,436	19,718,659
Cost of sales		<u>(19,237,077)</u>	<u>(15,297,586)</u>
GROSS PROFIT		6,030,359	4,421,073
Distribution costs		(262,592)	(733,617)
Administrative expenses		<u>(4,503,646)</u>	<u>(3,696,808)</u>
		1,264,121	(9,352)
Other operating income	6	<u>7,842</u>	<u>146,526</u>
OPERATING PROFIT	8	1,271,963	137,174
Interest receivable and similar income		<u>43,946</u>	<u>1</u>
		1,315,909	137,175
Interest payable and similar expenses	10	<u>(727)</u>	<u>(3,923)</u>
PROFIT BEFORE TAXATION		1,315,182	133,252
Tax on profit	11	<u>(277,608)</u>	<u>(64,517)</u>
PROFIT FOR THE FINANCIAL YEAR		1,037,574	68,735
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>1,037,574</u></u>	<u><u>68,735</u></u>
Profit attributable to: Owners of the parent		<u><u>1,037,574</u></u>	<u><u>68,735</u></u>
Total comprehensive income attributable to: Owners of the parent		<u><u>-</u></u>	<u><u>-</u></u>

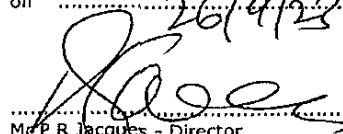
The notes form part of these financial statements

Elanders Ltd (Registered number: 03788582)

**Consolidated Balance Sheet
31 December 2022**

	Notes	2022 £	2021 £
FIXED ASSETS			
Intangible assets	13	-	217,064
Tangible assets	14	2,386,604	2,897,690
Investments	15	-	-
		2,386,604	3,114,754
CURRENT ASSETS			
Stocks	16	1,427,874	1,296,574
Debtors	17	10,845,224	8,598,920
		12,273,098	9,895,494
CREDITORS			
Amounts falling due within one year	18	3,077,661	2,412,165
NET CURRENT ASSETS		9,195,437	7,483,329
TOTAL ASSETS LESS CURRENT LIABILITIES		11,582,041	10,598,083
PROVISIONS FOR LIABILITIES	20	64,621	118,237
NET ASSETS		11,517,420	10,479,846
CAPITAL AND RESERVES			
Called up share capital	21	2,300,000	2,300,000
Profit and loss account	22	9,217,420	8,179,846
SHAREHOLDERS' FUNDS		11,517,420	10,479,846

The financial statements were approved by the Board of Directors and authorised for issue on 26/9/23 and were signed on its behalf by:


Mr P R Jacques - Director

The notes form part of these financial statements

Elanders Ltd (Registered number: 03788582)

**Company Balance Sheet
31 December 2022**

	Notes	2022 £	2021 £
FIXED ASSETS			
Intangible assets	13	-	-
Tangible assets	14	2,203,012	2,633,683
Investments	15	<u>5,050,504</u>	<u>5,050,504</u>
		7,253,516	7,684,187
CURRENT ASSETS			
Stocks	16	1,083,707	944,657
Debtors	17	<u>8,764,212</u>	<u>6,650,628</u>
		9,847,919	7,595,285
CREDITORS			
Amounts falling due within one year	18	<u>2,661,115</u>	<u>1,859,711</u>
NET CURRENT ASSETS		<u>7,186,804</u>	<u>5,735,574</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		14,440,320	13,419,761
PROVISIONS FOR LIABILITIES	20	<u>191,968</u>	<u>225,437</u>
NET ASSETS		<u>14,248,352</u>	<u>13,194,324</u>
CAPITAL AND RESERVES			
Called up share capital	21	2,300,000	2,300,000
Profit and loss account	22	<u>11,948,352</u>	<u>10,894,324</u>
SHAREHOLDERS' FUNDS		<u>14,248,352</u>	<u>13,194,324</u>
 Company's profit for the financial year		 <u>1,054,028</u>	 <u>88,698</u>

The financial statements were approved by the Board of Directors and authorised for issue on 26/9/23 and were signed on its behalf by:

Mr P R Jacques - Director

The notes form part of these financial statements

Elanders Ltd

**Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2022**

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2021	2,300,000	8,111,111	10,411,111
Changes in equity			
Total comprehensive income	-	68,735	68,735
Balance at 31 December 2021	<u>2,300,000</u>	<u>8,179,846</u>	<u>10,479,846</u>
Changes in equity			
Total comprehensive income	-	1,037,574	1,037,574
Balance at 31 December 2022	<u>2,300,000</u>	<u>9,217,420</u>	<u>11,517,420</u>

The notes form part of these financial statements

Elanders Ltd

**Company Statement of Changes in Equity
for the Year Ended 31 December 2022**

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2021	2,300,000	10,805,626	13,105,626
Changes in equity			
Total comprehensive income	-	88,698	88,698
Balance at 31 December 2021	<u>2,300,000</u>	<u>10,894,324</u>	<u>13,194,324</u>
Changes in equity			
Total comprehensive income	-	1,054,028	1,054,028
Balance at 31 December 2022	<u>2,300,000</u>	<u>11,948,352</u>	<u>14,248,352</u>

The notes form part of these financial statements

Elanders Ltd

**Consolidated Cash Flow Statement
for the Year Ended 31 December 2022**

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	1	195,735	145,906
Interest paid		(727)	(3,923)
Tax paid		<u>(73,714)</u>	<u>(61,998)</u>
Net cash from operating activities		<u>121,294</u>	<u>79,985</u>
 Cash flows from investing activities			
Purchase of tangible fixed assets		(231,703)	(283,384)
Sale of tangible fixed assets		66,463	203,398
Interest received		<u>43,946</u>	<u>1</u>
Net cash from investing activities		<u>(121,294)</u>	<u>(79,985)</u>
 Increase in cash and cash equivalents		<u>-</u>	<u>-</u>
Cash and cash equivalents at beginning of year		<u>-</u>	<u>-</u>
 Cash and cash equivalents at end of year		<u><u>-</u></u>	<u><u>-</u></u>

The notes form part of these financial statements

Elanders Ltd

**Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 December 2022**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS		
	2022	2021
	£	£
Profit before taxation	1,315,182	133,252
Depreciation charges	932,518	1,270,090
Profit on disposal of fixed assets	(39,128)	(203,398)
Finance costs	727	3,923
Finance income	<u>(43,946)</u>	<u>(1)</u>
	2,165,353	1,203,866
Increase in stocks	(131,300)	(81,610)
Increase in trade and other debtors	(2,246,376)	(449,264)
Increase/(decrease) in trade and other creditors	<u>408,058</u>	<u>(527,086)</u>
Cash generated from operations	<u>195,735</u>	<u>145,906</u>
2. ANALYSIS OF CHANGES IN NET FUNDS		

At 1.1.22	Cash flow	At 31.12.22
£	£	£

The notes form part of these financial statements

Elanders Ltd

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022

1. STATUTORY INFORMATION

Elanders Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

The group consists of Elanders Ltd and all of its subsidiaries.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention.

Going concern

After making relevant inquiries, including surrounding the availability of the funds held within the Group cash pool arrangement, and performing a cash flow forecast, the directors have reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of these financial statements.

Business combinations

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.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Elanders Ltd 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 2022. 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.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

Elanders Ltd

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 December 2022

3. ACCOUNTING POLICIES - continued

Financial Reporting Standard 102 - reduced disclosure exemptions

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 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; 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 on other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation of key management personnel.

Turnover

Revenue is recognised when goods have been delivered to customers such that the risks and rewards of ownership have transferred to them.

Goodwill

Goodwill representing the excess of the consideration for an acquired undertaking, or acquired trade and assets, compared with the fair value of net assets acquired is capitalised and amortised on a straight line basis over the period in which the goodwill is expected to give rise to economic benefits. Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable. The goodwill arising on the acquisition of the Elanders McNaughtans Limited and Spreckley Limited is being amortised over 5 years.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Plant and machinery	- 10% - 33% Straight line
Fixtures and fittings	- 10% - 33% Straight line
Motor vehicles	- 20 -25% Straight line
Computer equipment	- 25%-33.3% Straight line

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

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

Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Stocks

Stocks are measured at the lower of cost and selling price less cost to complete and sell. Cost is calculated on a first in, first out basis and includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to their present location and condition.

There is a stock provision recognised in the financial statements based on the ageing of stock items held; where there is a signed customer order for specific stock items to be used in an agreed job, then there is no provision held.

Elanders Ltd

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022**

3. ACCOUNTING POLICIES - continued

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 assets and financial liabilities are recognised in full in the company's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets, which include trade and other 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. Other financial assets classified as fair value through the statement of comprehensive income are measured at fair value.

Debtors:

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

Creditors:

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

Derecognition of financial assets and liabilities:

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all of the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is liable to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation in the contract is discharged, cancelled or expires.

Equity instruments:

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk to changes in value.

Taxation

Taxation expense represents the aggregate amount of current tax and deferred tax recognised in the reporting period.

Current taxation is the amount of taxation in respect of the taxable profit for the year or prior years.

A deferred taxation asset or liability is recognised for tax recoverable or payable in future periods in respect of transactions and events recognised in the financial statements of the current and previous period.

Deferred taxation arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. Timing differences result from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred taxation is recognised on all timing differences at the reporting date apart from certain exceptions. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred taxation is measured using the tax rates and laws that have been enacted or subsequently enacted by the reporting date and that are expected to apply to the reversal of the timing differences. Deferred tax relating to land and buildings measured at fair value is measured using the tax rates and allowances that apply to the sale of the asset.

Elanders Ltd

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022**

3. ACCOUNTING POLICIES - continued

Leasing

Rentals payable under operating leases are charges to profit or loss on a straight line basis over the term, unless the rental payments are structured to increase in line with expected general inflation, in which case the company recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

Employee benefits

Short term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

Provisions for liabilities

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the 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 end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

The group recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at salary cost payable for the period of absence.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Valuation of finished good stocks:

The valuation of finished goods stock shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The company calculates this value by multiplying the selling value of the finished goods stock by 80% to include all such costs described above and exclude any costs of administration.

5. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by class of business is given below:

	2022	2021
	£	£
Education	16,975,940	12,069,033
Motor	4,000,000	4,000,000
Other industries	4,291,496	3,649,626
	<u>25,267,436</u>	<u>19,718,659</u>

An analysis of turnover by geographical market is given below:

	2022	2021
	£	£
United Kingdom	24,295,283	19,035,504
Europe	571,889	576,757
Rest of World	400,264	106,398
	<u>25,267,436</u>	<u>19,718,659</u>

Elanders Ltd

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022**

6. OTHER OPERATING INCOME

	2022	2021
	£	£
Other interest income from group	7,842	-
Government grants	<u>-</u>	<u>146,526</u>
	<u>7,842</u>	<u>146,526</u>

7. EMPLOYEES AND DIRECTORS

	2022	2021
	£	£
Wages and salaries	4,973,921	5,231,732
Social security costs	564,250	481,640
Other pension costs	<u>562,448</u>	<u>407,742</u>
	<u>6,100,619</u>	<u>6,121,114</u>

The average number of employees during the year was as follows:

	2022	2021
Production	117	123
Distribution	11	11
Sales	13	13
Administration	<u>13</u>	<u>13</u>
	<u>154</u>	<u>160</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.

	2022	2021
	£	£
Directors' remuneration	338,560	343,612
Directors' pension contributions to money purchase schemes	<u>55,936</u>	<u>55,532</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>3</u>
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Information regarding the highest paid director is as follows:

	2022	2021
	£	£
Emoluments etc	252,000	252,000
Pension contributions to money purchase schemes	<u>25,200</u>	<u>25,300</u>

8. OPERATING PROFIT

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

	2022	2021
	£	£
Hire of plant and machinery	714,553	397,296
Other operating leases	163,578	-
Depreciation - owned assets	715,454	748,793
Profit on disposal of fixed assets	(39,128)	(203,398)
Goodwill amortisation	217,064	521,297
Foreign exchange differences	<u>(39,269)</u>	<u>(77,683)</u>

9. AUDITORS' REMUNERATION

	2022	2021
	£	£
Fees payable to the company's auditors for the audit of the company's financial statements	<u>16,500</u>	<u>16,500</u>

Elanders Ltd

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022**

9. AUDITORS' REMUNERATION - continued

Included in the fee of £26,228 was the cost of £1,725 (2021 - £5,125) for the audit of the company's subsidiaries.

10. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022 £	2021 £
Bank loan interest	-	3,923
Other interest	<u>727</u>	<u>-</u>
	<u><u>727</u></u>	<u><u>3,923</u></u>

11. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2022 £	2021 £
Current tax:		
UK corporation tax	319,495	27,830
Adjustments in respect of earlier years	<u>11,729</u>	<u>121,630</u>
Total current tax	<u><u>331,224</u></u>	<u><u>149,460</u></u>
Deferred tax:		
Origination and reversal of timing differences	(39,626)	(15,651)
Adjustments in respect of previous periods	(13,990)	(121,506)
Effect of changes in tax rates	<u>-</u>	<u>52,214</u>
Total deferred tax	<u><u>(53,616)</u></u>	<u><u>(84,943)</u></u>
Tax on profit	<u><u>277,608</u></u>	<u><u>64,517</u></u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2022 £	2021 £
Profit before tax	<u><u>1,315,182</u></u>	<u><u>133,252</u></u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	249,885	25,318
Effects of:		
Expenses not deductible for tax purposes	38,544	5,878
Income not taxable for tax purposes	-	(3,304)
Adjustments to tax charge in respect of previous periods	(2,261)	124
Other timing differences	<u>(8,560)</u>	<u>36,501</u>
Total tax charge	<u><u>277,608</u></u>	<u><u>64,517</u></u>

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Group's future tax charge accordingly. The deferred tax liability at 31 December 2022 has been calculated based on these rate, reflecting the expected timing of reversal of the related timing differences. On 23rd September 2022 the UK government announced that this increase to 25% would be cancelled. This change has not yet been substantively enacted. This will impact future tax charge of the Group accordingly.

12. INDIVIDUAL PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME

As permitted by Section 408 of the Companies Act 2006, the Profit and Loss Account of the parent company is not presented as part of these financial statements.

Elanders Ltd

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022**

13. INTANGIBLE FIXED ASSETS

Group

	Goodwill £
COST	
At 1 January 2022	
and 31 December 2022	<u>4,861,667</u>
AMORTISATION	
At 1 January 2022	4,644,603
Amortisation for year	<u>217,064</u>
At 31 December 2022	<u>4,861,667</u>
NET BOOK VALUE	
At 31 December 2022	<u>-</u>
At 31 December 2021	<u>217,064</u>

14. TANGIBLE FIXED ASSETS

Group

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 January 2022	8,870,628	952,526	24,979	944,207	10,792,340
Additions	71,032	102,171	58,500	-	231,703
Disposals	<u>(396,679)</u>	<u>-</u>	<u>(7,250)</u>	<u>-</u>	<u>(403,929)</u>
At 31 December 2022	<u>8,544,981</u>	<u>1,054,697</u>	<u>76,229</u>	<u>944,207</u>	<u>10,620,114</u>
DEPRECIATION					
At 1 January 2022	6,481,619	537,389	22,790	852,852	7,894,650
Charge for year	561,895	92,956	56,358	4,245	715,454
Eliminated on disposal	<u>(369,344)</u>	<u>-</u>	<u>(7,250)</u>	<u>-</u>	<u>(376,594)</u>
At 31 December 2022	<u>6,674,170</u>	<u>630,345</u>	<u>71,898</u>	<u>857,097</u>	<u>8,233,510</u>
NET BOOK VALUE					
At 31 December 2022	<u>1,870,811</u>	<u>424,352</u>	<u>4,331</u>	<u>87,110</u>	<u>2,386,604</u>
At 31 December 2021	<u>2,389,009</u>	<u>415,137</u>	<u>2,189</u>	<u>91,355</u>	<u>2,897,690</u>

Company

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 January 2022	7,744,528	660,751	849,446	11,990	9,266,715
Additions	62,161	81,123	58,500	-	201,784
Disposals	<u>(369,423)</u>	<u>-</u>	<u>(7,250)</u>	<u>-</u>	<u>(376,673)</u>
At 31 December 2022	<u>7,437,266</u>	<u>741,874</u>	<u>900,696</u>	<u>11,990</u>	<u>9,091,826</u>
DEPRECIATION					
At 1 January 2022	5,478,197	378,671	764,174	11,990	6,633,032
Charge for year	520,913	48,895	54,169	-	623,977
Eliminated on disposal	<u>(360,945)</u>	<u>-</u>	<u>(7,250)</u>	<u>-</u>	<u>(368,195)</u>
At 31 December 2022	<u>5,638,165</u>	<u>427,566</u>	<u>811,093</u>	<u>11,990</u>	<u>6,888,814</u>
NET BOOK VALUE					
At 31 December 2022	<u>1,799,101</u>	<u>314,308</u>	<u>89,603</u>	<u>-</u>	<u>2,203,012</u>
At 31 December 2021	<u>2,266,331</u>	<u>282,080</u>	<u>85,272</u>	<u>-</u>	<u>2,633,683</u>

Elanders Ltd

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022**

15. FIXED ASSET INVESTMENTS

Company	Shares in group undertakings £
COST	
At 1 January 2022 and 31 December 2022	<u>6,550,504</u>
PROVISIONS	
At 1 January 2022 and 31 December 2022	<u>1,500,000</u>
NET BOOK VALUE	
At 31 December 2022	<u>5,050,504</u>
At 31 December 2021	<u>5,050,504</u>

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

Elanders McNaughtans Ltd

Registered office: 21 James Street, Righead Industrial Estate, Bellshill, Lanarkshire, Scotland, ML4 3LU
Nature of business: Packaging

Class of shares:	% holding
Ordinary	100.00

Spreckley Limited

Registered office: Unit B Merlin Way, New York Industrial Park, Newcastle Upon Tyne, Tyne And Wear, NE27 0QG
Nature of business: Printing

Class of shares:	% holding
Ordinary	100.00

The following subsidiaries have taken advantage of the exemption from audit under section 479 A of the Companies Act, by virtue of a Section 479 C parental guarantee provided by the Company:

Company	Registered Number
Elanders McNaughtans Limited	SC135425
Spreckley Limited	04179929

16. STOCKS

	Group		Company	
	2022 £	2021 £	2022 £	2021 £
Raw materials	439,487	360,510	321,629	283,258
Work-in-progress	364,893	444,789	138,584	170,124
Finished goods	<u>623,494</u>	<u>491,275</u>	<u>623,494</u>	<u>491,275</u>
	<u>1,427,874</u>	<u>1,296,574</u>	<u>1,083,707</u>	<u>944,657</u>

Elanders Ltd

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022**

17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Trade debtors	4,725,459	3,370,520	3,543,232	2,224,454
Amounts owed by group undertakings	5,534,437	4,736,283	4,573,477	3,863,221
Other debtors	1,691	2,293	153,324	80,021
Corporation tax recoverable	-	72	62,000	62,000
Prepayments and accrued income	<u>583,637</u>	<u>489,752</u>	<u>432,179</u>	<u>420,932</u>
	<u>10,845,224</u>	<u>8,598,920</u>	<u>8,764,212</u>	<u>6,650,628</u>

Included within amounts owed by group undertakings £5,534,437 (2021 - £4,736,283) owed from the group's ultimate parent company Elanders AB (publ). These amounts relate to funds within the group's cash pooling arrangement where the parent company holds the top account in the arrangement. The respective amount for the company is £4,573,477 (2021 - £3,753,814).

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Trade creditors	1,937,157	1,656,317	1,691,028	1,308,216
Corporation tax	257,438	-	270,426	-
Other taxation and social security	105,513	153,479	128,898	127,741
Other creditors	69,912	96,899	69,914	69,950
Accruals and deferred income	<u>707,641</u>	<u>505,470</u>	<u>500,849</u>	<u>353,804</u>
	<u>3,077,661</u>	<u>2,412,165</u>	<u>2,661,115</u>	<u>1,859,711</u>

19. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Non-cancellable operating leases	
	2022	2021
	£	£
Within one year	1,304,773	1,333,315
Between one and five years	3,315,310	4,158,207
In more than five years	<u>2,062,509</u>	<u>2,678,074</u>
	<u>6,682,592</u>	<u>8,169,596</u>

Company

	Non-cancellable operating leases	
	2022	2021
	£	£
Within one year	997,115	1,026,755
Between one and five years	3,043,482	3,637,897
In more than five years	<u>2,062,509</u>	<u>2,655,574</u>
	<u>6,103,106</u>	<u>7,320,226</u>

20. PROVISIONS FOR LIABILITIES

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Deferred tax	<u>64,621</u>	<u>118,237</u>	<u>191,968</u>	<u>225,437</u>

Elanders Ltd

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022**

20. PROVISIONS FOR LIABILITIES - continued

Group

	Deferred tax £
Balance at 1 January 2022	118,237
Credit to Profit and Loss Account and Other Comprehensive Income during year	<u>(53,616)</u>
Balance at 31 December 2022	<u><u>64,621</u></u>

Company

	Deferred tax £
Balance at 1 January 2022	225,437
Credit to Profit and Loss Account during year	<u>(33,469)</u>
Balance at 31 December 2022	<u><u>191,968</u></u>

The deferred tax liability is made up of accelerated capital allowances.

21. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2022 £	2021 £
Number:	Class:			
2,300,000	Ordinary	1	<u><u>2,300,000</u></u>	<u><u>2,300,000</u></u>

The Ordinary shares carry equal rights to voting, dividend distribution and on winding up.

22. RESERVES

Profit and loss account:
Includes all current and prior period retained profit and losses.

23. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

24. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The directors regard Elanders AB (publ), a company incorporated in Sweden, as both the immediate and ultimate parent company and the ultimate controlling party. The largest and smallest group in which the results of the company are consolidated is that headed by Elanders AB (publ). Copies of Elanders AB (publ) consolidated financial statements are available from Flojelbergsgatan 1C, 431 35 Mölndal, Sweden.