

# Financial Statements CGI Creative Graphics International Limited

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For the Year Ended 29 February 2020



Registered number: 08606896

CGI Creative Graphics International Limited

## Company Information

**Directors**

P Vogel  
K Jordan  
P Owen  
E Wass  
P Adamson  
S Jarman (appointed 21 July 2020)

**Registered number**

08606896

**Registered office**

6-8 Singer Way  
Woburn Road Industrial Estate  
Kempston  
Bedfordshire  
MK42 7AW

**Independent auditor**

MHA MacIntyre Hudson  
Statutory Auditor & Chartered Accountants  
Moorgate House  
201 Silbury Boulevard  
Milton Keynes  
MK9 1LZ

**Bankers**

Lloyds Bank plc  
249 Silbury Boulevard  
Secklow Gate West  
Milton Keynes  
MK9 1NA

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**CGI Creative Graphics International Limited**

## **Group Strategic Report**

**For the Year Ended 29 February 2020**

### **Introduction**

The Directors present their Strategic Report and the audited financial statements for the year ended 29 February 2020 for the group. The group comprises the Company and its 100% subsidiaries; Sign Language Limited, CGI Creative Graphics International (Pty) Limited and CGI Corporate Branding Solutions (Pty) Limited. CGI Creative Graphics International Limited is a global branding solutions Group providing design, production and installation services to the automotive, aerospace and leisure industries.

### **Business review**

The financial statements show the results of the Group for the year ended 29th February 2020.

An undertaking by the Investors to extend their commitment to the business was confirmed in November 2019 and is referred to in the notes to the accounts.

On a trading front the UK leisure market continues to be the main income source, but the business was adversely affected by lower demand from the Middle East. The uncertainty of Brexit hindered anticipated growth within the European market, but revenue in the sector has remained constant during the financial year with a solid customer base.

During the year, the re-structuring of the business continued, with a more dynamic team now operating in the South African plant though there were retrenchment costs associated with this.

With additional investment in plant, equipment and personnel, the business has positioned itself to continue to look for expansion and diversification across product lines, markets and regions.

The short to medium term outlook for the UK and European markets remain difficult to predict. Whilst a decision has been made for the UK to leave Europe, the uncertainty around how that is attained has still to be clarified. Our customer base in South Africa remains solid, whilst there are signs that the Middle East economies are starting to improve. The business is well positioned to capitalise on any growth that materialises within any of the business markets.

### **Principal risks and uncertainties**

#### **Currency**

The Group reports its revenues and costs in £ whilst much of these revenues and costs may arise in currencies other than this including, inter alia, US Dollars, Euro and South African Rand. As a result, the Group is exposed to risks associated with fluctuations in foreign currency exchange rates, which may adversely affect the Group's reported profits or make its overseas contracts relatively less valuable. In particular, customers are invoiced in various currencies, which may in the future give rise to material currency exposure risks. The Group also purchases product in foreign currency. The Group looks at its currency risk and takes appropriate hedging positions as necessary.

#### **Liquidity risk**

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

CGI Creative Graphics International Limited  
**Group Strategic Report**

**For the Year Ended 29 February 2020**

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, the Group finances its operations through a mix of equity and borrowings. The Group's objective is to provide funding for future growth and achieve a balance between continuity and flexibility through its bank facilities and investment.

The Board receives cash flow projections on a regular basis as well as information regarding cash balances. At the end of the financial year, these projections indicated that the Group expected to have sufficient liquid resources for a period of at least twelve months from the date of signing of these financial statements, to meet its obligations under all reasonably expected circumstances

**Events after the Reporting Period**

Subsequent to the year-end the world has been affected by the Covid-19 pandemic. All plans that were in place needed to be reviewed as all the markets across the customer base and locations went into shut down. In March, both the UK and South Africa Governments declared lock downs and the business needed to ensure that it undertook a strategy which enabled it to get through the financials changes that it brought.

There was a requirement to re-focus on current needs and cash management was to the fore. Some business opportunities arose and for a period manufacturing activity centred around producing PPE whilst core markets were closed.

There has been an easement of Covid levels and markets have resumed for business, though at levels lower than previous. The pandemic remains a threat however, and the business is constantly reviewing its financing and management of working capital, but it remains impossible to quantify the final impact of Covid-19.

The business undertook a review of its forecast for the financial year ahead as a result of the pandemic, to determine the cash needs and sustainability. At this time those targets are being met and the belief is that the business has positioned itself to trade through this period even on reduced turnover levels. Cost saving measures have been made where appropriate, but never to the extent that the business could not react to opportunities that arise.

**Financial key performance indicators**

The Group considers that the key performance indicators are the level of revenue but not loss and liabilities generated and the cash resources of the business, both of which the board believe to be satisfactory for the year under review.

This report was approved by the board and signed on its behalf.



**S. Jarman**  
Director

Date: 23/12/2020

## Directors' Report

For the Year Ended 29 February 2020

The directors present their report and the financial statements for the year ended 29 February 2020.

### Principal Activities

CGI Creative Graphics International Limited is a global branding solutions group providing design, production and installation services to the automotive, aerospace and leisure industries.

### Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group 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 for the Group's financial statements and then apply them consistently;
- make judgements 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 Group will continue in business.

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

### Results and dividends

The profit before amortisation of intangible assets, depreciation and interest amounted to £735,159 (2019 - £1,396,529). The loss for the year, after taxation, and foreign exchange movements, amounted to £1,153,876 (2019 - loss £1,174,689).

The directors have not proposed the payment of a dividend.

### Directors

The directors who served during the year were:

P Vogel  
K Jordan  
P Owen  
E Wass  
P Adamson  
S Jarman (appointed 21 July 2020)

## Directors' Report (continued)

For the Year Ended 29 February 2020

### Disclosure of information to auditor

Each of the persons who was a director at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor are aware of that information.

### Post balance sheet events

Since the year end, there has been the COVID-19 pandemic in which has had a significant impact on the worldwide economy and the UK construction industry market. Consideration has been given with the highest priority to meeting customer demands and maintaining the ability to effect payments on time to our suppliers.

### Auditor

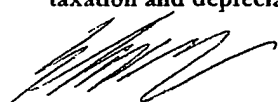
Under section 487(2) of the Companies Act 2006, MHA MacIntyre Hudson will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.

### Normalised earnings before interest, taxation and depreciation

The Directors hereby present normalised earnings before taxation. Normalised earnings exclude the unrealised profit/loss in the fair value adjustment to property plant and equipment and certain one-off extraordinary items:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Operational (loss)/profit	218,689	19,826	680,682	(210,522)
Add back:				
Retrenchment costs	37,174	14,183	-	-
Redundancy costs	3,735	14,893	-	-
Inventory written off	113,696	138,215	-	-
Revised earnings for operational purposes	373,294	187,117	680,682	(210,522)
Depreciation and amortisation	516,470	1,376,703	335,023	1,186,226
<b>Normalised earnings before interest, taxation and depreciation</b>	<b>889,764</b>	<b>1,563,820</b>	<b>1,015,705</b>	<b>975,704</b>



S. Jarman

Director

Date: 23/12/2020

# Independent Auditor's Report to the Members of CGI Creative Graphics International Limited

## Opinion

We have audited the financial statements of CGI Creative Graphics International Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 29 February 2020, which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 29 February 2020 and of the Group's loss 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 of 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. 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.

# Independent Auditor's Report to the Members of CGI Creative Graphics International Limited

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.

## **Opinion 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 Group 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 Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

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

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 Group Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

## **Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement on pages 3, 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.

# Independent Auditor's Report to the Members of CGI Creative Graphics International Limited

## 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 an Auditors' 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

## Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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.



Atul Kariya FCCA (Senior Statutory Auditor)

for and on behalf of

**MHA MacIntyre Hudson**

Chartered Accountants

Statutory Auditor

Moorgate House

201 Silbury Boulevard

Milton Keynes

MK9 1LZ

Date: 19/01/2021

## Consolidated Statement of Comprehensive Income

For the Year Ended 29 February 2020

	Note	2020 £	2019 £
Turnover	3	15,374,291	13,940,024
Cost of sales		(11,134,879)	(9,101,503)
<b>Gross profit</b>		<b>4,239,412</b>	<b>4,838,521</b>
Administrative expenses		(4,165,198)	(5,050,142)
Other operating income	4	144,475	231,447
<b>Operating profit</b>		<b>218,689</b>	<b>19,826</b>
<b>Analysed as:</b>			
<b>Earnings before depreciation and amortisation</b>			
		735,159	1,396,529
Depreciation		(275,175)	(353,757)
Amortisation		(241,295)	(1,022,946)
Interest receivable and similar income	8	24,179	29,591
Interest payable and similar expenses	9	(1,137,683)	(1,612,472)
<b>Loss before taxation</b>		<b>(894,815)</b>	<b>(1,563,055)</b>
Tax on loss	10	62,632	(60,652)
<b>Loss for the year</b>		<b>(832,183)</b>	<b>(1,623,707)</b>
Foreign exchange movements		(313,928)	(139,451)
Revaluation reserve movements		(7,765)	588,469
<b>Other comprehensive (expenditure)/income for the year</b>		<b>(321,693)</b>	<b>499,018</b>
<b>Total comprehensive loss for the year</b>		<b>(1,153,876)</b>	<b>(1,174,689)</b>

The notes on pages 14 to 38 form part of these financial statements.


## Consolidated Statement of Financial Position

As at 29 February 2020

	Note	29 February 2020 £	28 February 2019 £
<b>Fixed assets</b>			
Intangible assets	11	-	241,293
Tangible assets	12	1,349,512	1,494,447
			1,735,740
<b>Current assets</b>			
Stocks	14	2,254,270	2,235,451
Debtors	15	3,013,531	3,827,957
Cash at bank and in hand	16	499,287	940,866
		5,767,088	7,004,274
Creditors: amounts falling due within one year	17	(2,348,649)	(2,946,402)
<b>Net current assets</b>		3,418,439	4,057,872
<b>Total assets less current liabilities</b>		4,767,951	5,793,612
Creditors: amounts falling due after more than one year	18	(8,516,434)	(8,309,283)
<b>Provisions for liabilities</b>			
Deferred taxation	22	(97,724)	(176,660)
<b>Net liabilities</b>		(3,846,207)	(2,692,331)
<b>Capital and reserves</b>			
Called up share capital	23	2,933,992	2,933,992
Foreign exchange reserve	24	(253,668)	60,260
Revaluation reserve	24	580,704	588,469
Profit and loss reserve	24	(7,107,235)	(6,275,052)
<b>Equity attributable to owners of the parent Company</b>		(3,846,207)	(2,692,331)

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The loss after tax of the parent Company for the year was £464,838 (2019 - loss £1,623,707).

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

  
S Jarman  
Director  
Date: 23/12/2020

The notes on pages 14 to 38 form part of these financial statements.

## Company Statement of Financial Position

As at 29 February 2020

	Note	29 February 2020 £	28 February 2019 £
<b>Fixed assets</b>			
Intangible assets	11	-	179,709
Tangible assets	12	185,725	235,702
Investments	13	3,505,016	3,505,016
		<u>3,690,741</u>	<u>3,920,427</u>
<b>Current assets</b>			
Stocks	14	1,271,807	1,191,434
Debtors due within one year	15	2,646,371	3,115,427
Cash at bank and in hand	16	274,138	331,941
		<u>4,192,316</u>	<u>4,638,802</u>
Debtors due after more than one year	15	120,000	120,000
Creditors: amounts falling due within one year	17	(2,255,188)	(2,683,673)
<b>Net current assets</b>		<u>2,057,128</u>	<u>2,075,129</u>
<b>Total assets less current liabilities</b>		<u>5,747,869</u>	<u>5,995,556</u>
Creditors: amounts falling due after more than one year	18	(8,516,434)	(8,309,283)
<b>Net liabilities</b>		<u>(2,768,565)</u>	<u>(2,313,727)</u>
<b>Capital and reserves</b>			
Called up share capital	23	2,933,992	2,933,992
Profit and loss account	24	(5,702,557)	(5,247,719)
		<u>(2,768,565)</u>	<u>(2,313,727)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



S Jarman  
Director  
Date: 23/12/2020

The notes on pages 14 to 38 form part of these financial statements.

CGI Creative Graphics International Limited  
Registered number: 08606896

## Consolidated Statement of Changes in Equity

For the Year Ended 29 February 2020

	Called up Share Capital	Revaluation reserve	Foreign exchange reserve	Amortisation reserve	Other profit and loss reserve	Total profit and loss account	Total equity
	£	£	£	£	£	£	£
At 1 March 2018	2,933,992	-	199,711	(3,850,504)	(800,841)	(4,651,345)	(1,517,642)
Comprehensive income for the year							
Loss for the year	-	-	-	(1,022,946)	(600,761)	(1,623,707)	(1,623,707)
Other comprehensive income for the year							
Revaluation reserve movements	-	588,469	-	-	-	-	588,469
Foreign exchange movements	-	-	(139,451)				(139,451)
Total comprehensive income for the year		588,469	(139,451)	(1,022,946)	(600,761)	(1,623,707)	(1,174,689)
At 1 March 2019	2,933,992	588,469	60,260	(4,873,450)	(1,401,602)	(6,275,052)	(2,692,331)
Comprehensive income for the year	-						
Loss for the year	-	-	-	(183,205)	(648,978)	(832,183)	(813,183)
Other comprehensive income for the year							
Revaluation reserve movements	-	(7,765)					(7,765)
Foreign exchange movements	-	-	(313,928)				(313,928)
Total comprehensive income for the year	-	(7,765)	(313,928)	(183,205)	(648,978)	(832,183)	(1,153,876)
At 29 February 2020	2,933,992	580,704	(253,668)	(5,056,655)	(2,050,580)	(7,107,235)	(3,846,207)

CGI Creative Graphics International Limited  
Registered number: 08606896

## Company Statement of Changes in Equity

For the Year Ended 29 February 2020

	Called up share capital	Amortisation reserve	Other profit and loss reserve	Total profit and loss account	Total equity
	£	£	£	£	£
At 1 March 2018	2,933,992	(2,695,456)	(1,148,064)	(3,843,520)	(909,528)
Comprehensive income for the year					
Loss for the year		(718,788)	(685,411)	(1,404,199)	(1,404,199)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	(718,788)	(685,411)	(1,404,199)	(1,404,199)
At 1 March 2019	2,933,992	(3,414,244)	(1,833,475)	(5,247,719)	(2,313,727)
Comprehensive income for the year					
Loss for the year		(179,708)	(275,130)	(454,838)	(454,838)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	(179,708)	(275,130)	(454,838)	(454,838)
At 29 February 2020	2,933,992	(3,593,952)	(2,108,605)	(5,702,557)	(2,768,565)

## Consolidated Statement of Cash Flows

For the Year Ended 29 February 2020

	29 February 2020 £	28 February 2019 £
<b>Cash flows from operating activities</b>		
Loss for the financial year	(832,183)	(1,623,707)
<b>Adjustments for:</b>		
Amortisation of intangible assets	241,295	1,022,946
Depreciation of tangible assets (net of profit on disposal)	275,175	297,935
Decrease / (increase) in stocks	(18,819)	81,041
Interest payable (net)	1,137,683	1,612,472
Interest receivable	(24,179)	(29,591)
Taxation	(62,632)	60,652
Decrease / (increase) in debtors	610,057	121,387
Increase in creditors	(364,550)	377,114
Corporation tax paid	66,809	(53,876)
(Profit)/Loss on sale of fixed assets	468	-
Foreign exchange translation adjustments	72,326	62,260
<b>Net cash generated from operating activities</b>	<b>1,105,450</b>	<b>1,928,633</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets (net)	(236,036)	(96,315)
Sale of tangible fixed assets	26,000	55,880
Revaluation of fixed assets	(161,089)	(783,050)
<b>Net cash from investing activities</b>	<b>(371,125)</b>	<b>(823,485)</b>
<b>Cash flows from financing activities</b>		
Net movement on finance leases	(22,922)	(159,914)
Increase in loan redemption premium	207,151	
Interest paid	(1,137,683)	(1,070,233)
Interest received	24,179	29,591
<b>Net cash used in financing activities</b>	<b>(929,275)</b>	<b>(1,200,556)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(191,950)</b>	<b>(95,408)</b>
Cash and cash equivalents at beginning of year	(96,579)	(1,171)
<b>Cash and cash equivalents at the end of year</b>	<b>(288,529)</b>	<b>(96,579)</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	499,287	940,866
Bank overdrafts	(787,816)	(1,037,445)
	<b>(288,529)</b>	<b>(96,579)</b>

# Notes to the Financial Statements

For the Year Ended 29 February 2020

## 1. Accounting policies

### 1.1 Company information

CGI Creative Graphics International Limited is a private company limited by shares, incorporated in England and Wales and is the ultimate parent company of the Group. The address of the registered office and principal place of business is 6-8 Singer Way, Woburn Road Industrial Estate, Kempston, Bedford, MK42 7AW.

These accounts are prepared in £ sterling, and are rounded to the nearest £1.

### 1.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 2).

#### Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the year has been presented as the reconciliations for the group and the parent company would be identical;
- No statement of cash flows has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole.

The following principal accounting policies have been applied:

#### 1.2a Going Concern

The Directors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. The Directors make this assessment in respect of a period of at least one year from the date of approval of the financial statements.

The Company continues to perform well generating strong cashflow and EBITDA. To assess the company's ability to continue to trade cash flow forecasts and budgets to 28 February 2021 have been prepared. The Group remains profitable with EBITDA for the year ended 29 February 2020 of £735k and is cash generative and this is expected to continue thereby enabling the Group to meet its current obligations as they fall due and also comply with any loan covenants. Sales pipelines remain strong and the Group has already secured some key contracts post the year end.

In view of the assessments the directors are of the opinion that the Group has adequate resources to continue in operational existence for the foreseeable future and therefore they continue to adopt the going concern basis of accounting in preparing the financial statements.

## Notes to the Financial Statements

For the Year Ended 29 February 2020

### 1.3 Basis of consolidation

The consolidated financial statements present the results of the Group and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Any excess in cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination the excess is recognised separately on the face of the consolidated statement of financial position immediately below goodwill.

### 1.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

#### Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

### 1.5a Intangible assets

#### Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life.

#### Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

## Notes to the Financial Statements

For the Year Ended 29 February 2020

### 1. Accounting policies (continued)

#### 1.5b Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold Property	- 20 years
Leasehold improvements	- Remaining life of the lease
Plant & machinery	- 2 - 10 years
Motor vehicles	- 3 years

Land element is not depreciated.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

## Notes to the Financial Statements

For the Year Ended 29 February 2020

### 1. Accounting policies (continued)

#### 1.6 Operating leases: Lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

#### 1.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

#### 1.8 Stocks

Stocks, work in progress and finished goods are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

#### 1.9 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.

## Notes to the Financial Statements

For the Year Ended 29 February 2020

### 1. Accounting policies (continued)

#### 1.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

#### 1.11 Financial instruments

The Group only enters into financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans from related parties. The instruments are predominantly basic financial instruments (as defined by FRS 102), other than the Ordinary shares and the A Ordinary shares, which fall to be treated as non-basic compound financial instruments under the criteria set out in FRS 102.

Basic debt instruments, like loans and other accounts receivable and payable, are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of the future payment discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### Compound instruments

Compound instruments comprise both a liability and an equity component. At date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar debt instrument. The liability component is accounted for as a financial liability.

The residual is the difference between the net proceeds of issue and the liability component (at time of issue). The residual is the equity component, which is accounted for as an equity instrument.

## Notes to the Financial Statements

For the Year Ended 29 February 2020

### 1. Accounting policies (continued)

#### 1.12 Creditors

Short term creditors are measured at the 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.

#### 1.13 Foreign currency translation

##### Functional and presentation currency

The Group's functional and presentational currency is GBP.

##### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated statement of comprehensive income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at closing rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

#### 1.14 Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

## Notes to the Financial Statements

For the Year Ended 29 February 2020

### 1. Accounting policies (continued)

#### 1.15 Leased assets: the Group as lessee

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

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balances of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

#### 1.16 Pensions

##### Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

## Notes to the Financial Statements

For the Year Ended 29 February 2020

### 1. Accounting policies (continued)

#### 1.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

#### 1.18 Revaluations of tangible fixed assets

Tangible fixed assets held by CGI Creative Graphics International (Pty) Limited have been carried at fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses in the subsidiary's statutory accounts.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Consolidated Statement of Comprehensive Income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in the profit or loss.

The Group policy is to measure fixed assets under the cost model whereby assets are stated at historical cost less accumulated depreciation and any impairment losses. Historical costs include expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

On consolidation, the revaluation adjustments have been reversed out and the at cost policy has been applied to align with Group policy.

## Notes to the Financial Statements

For the Year Ended 29 February 2020

### 2. Judgements in applying accounting policies and key sources of estimation uncertainty

Key judgements made by the directors in the preparation of these financial statements (and related areas of estimation uncertainty) are:

- the recognition and calculation of intangible assets and their anticipated useful lives. These are assessed by reference to forecast profits and cash flows for future periods for the relevant cash generating units and an estimate of their value in use
- the forecast levels of medium-term profitability, and therefore whether or not goodwill or other intangible assets are impaired
- the debt element of the Ordinary and A Ordinary shares.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have the most significant potential impact upon the carrying values of assets and liabilities within the next financial year are as follows:

#### i) Debtors

An allowance for doubtful debts is maintained for potential credit losses based upon management's assessment of expected collectability of all accounts receivable. The allowance for doubtful accounts is reviewed periodically to assess the adequacy of the allowance. In making this assessment, management takes into consideration any circumstances of which they are aware regarding a customer's inability to meet its financial obligations.

#### ii) Useful economic lives of tangible fixed assets

The useful economic lives used by the Group in respect of tangible fixed assets are set out in the accounting policies. These estimates are the best estimate based on past experience and expected performance and are regularly reviewed to ensure they remain appropriate. The net book value of tangible fixed assets as at 29 February 2020 was £1,349,512 after a depreciation charge in the period of £275,175.

### 3. Turnover

The turnover and result before tax are attributable to the one principal activity of the group.

In the opinion of the directors, the disclosures of turnover by geographical market would be seriously prejudicial to the interests of the Group.

## Notes to the Financial Statements

For the Year Ended 29 February 2020

### 4. Other operating income

	2020	2019
	£	£
Government Grants	80,675	125,681
Sundry income	63,800	105,766
	<u>144,475</u>	<u>231,447</u>

### 5. Auditors' remuneration

	2020	2019
	£	£
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>42,470</u>	<u>42,434</u>
<b>Fees payable to the Group's auditors and its associates for other services to the group:</b>		
All other services	<u>3,015</u>	<u>3,017</u>

## Notes to the Financial Statements

For the Year Ended 29 February 2020

### 6. Employees

Staff costs, including directors' remuneration, were as follows (group):

	2020	2019
	£	£
Wages and salaries	3,944,718	4,084,855
Social security costs	301,567	410,583
Cost of defined contribution scheme	214,395	166,129
	<u>4,460,680</u>	<u>4,661,567</u>

Staff costs in respect of the Company were as follows:-

Wages and salaries	2,212,640	2,145,280
Social security costs	210,479	207,405
Cost of defined contribution scheme	127,496	99,476
	<u>2,550,615</u>	<u>2,452,161</u>

The average monthly number of employees, including the directors, during the year was as follows (Group):

	2020	2019
	No.	No.
Production staff	181	140
Office and management	63	52
	<u>244</u>	<u>192</u>

The average monthly number of employees, including directors, during the year in respect of the Company was as follows:-

Production staff	47	44
Office and management	26	26
	<u>73</u>	<u>70</u>

## Notes to the Financial Statements

For the Year Ended 29 February 2020

### 7. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	513,452	452,430
Company contributions to defined contribution pension schemes	37,066	21,622
	<u>550,518</u>	<u>474,052</u>

During the year retirement benefits were accruing to 3 directors (2019 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £127,645 (2019 - £131,072).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £10,210 (2019 - £7,612).

The Group considers the key management personnel to comprise the directors only. Compensation paid to key management personnel is therefore the same as the directors' remuneration disclosed above

### 8. Interest receivable

	2020 £	2019 £
Other interest receivable	24,179	29,591

### 9. Interest payable and similar charges

	2020 £	2019 £
Bank interest payable	28,477	1,202
Loan stock interest	895,145	895,145
Loan stock premium accrued	207,151	707,958
Finance leases and hire purchase contracts	6,910	8,167
	<u>1,137,683</u>	<u>1,612,472</u>

## Notes to the Financial Statements

For the Year Ended 29 February 2020

## 10. Taxation

	2020 £	2019 £
<b>Corporation tax</b>		
Current tax on profits for the year	-	-
	-	-
<b>Foreign tax</b>		
Foreign tax on income for the year	(66,809)	(50,198)
<b>Total current tax</b>	(66,809)	(50,198)
<b>Deferred tax</b>		
Origination and reversal of timing differences	4,177	110,850
<b>Total deferred tax</b>		-
<b>Taxation on (loss)/profit on ordinary activities</b>	(62,632)	60,652

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Loss on ordinary activities before tax	(894,815)	(1,563,055)
<b>Effects of:</b>		
Corporation tax at 19% (2019 - 19%)	(170,015)	(296,980)
Foreign tax at 28% (2019: 28%)	(66,026)	(45,976)
Tax losses not utilised		
Expenses not deductible for tax purposes - including rate differences	(783)	(4,222)
Adjusting closing deferred tax rate to average rate		-
Deferred tax asset not recognised	170,015	296,980
Deferred tax movement	4,177	110,850
<b>Total tax (credit)/ charge for the year</b>	(62,632)	60,652

## Notes to the Financial Statements

For the Year Ended 29 February 2020

### 11. Intangible assets

#### Group

	Customer relationships	Trade names	Purchased goodwill	Purchased negative goodwill	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 March 2019	2,148,000	508,485	2,536,955	(78,693)	5,114,747
At 29 February 2020	2,148,000	508,485	2,536,955	(78,693)	5,114,747
<b>Amortisation</b>					
At 1 March 2019	2,040,600	476,531	2,410,096	(53,775)	4,873,452
Charge for the year	107,400	31,954	126,859	(24,918)	241,295
At 29 February 2020	2,148,000	508,485	2,536,955	(78,693)	5,114,747
<b>Net book value</b>					
At 29 February 2020	-	-	-	-	-
At 28 February 2019	107,400	31,954	126,859	(24,918)	241,295

# Notes to the Financial Statements

For the Year Ended 29 February 2020

## 11. Intangible assets (continued)

### Company

	Customer relationships £	Trade names £	Purchased goodwill £	Total £
<b>Cost</b>				
At 1 March 2019	1,198,000	484,000	1,911,953	3,593,953
At 29 February 2020	1,198,000	484,000	1,911,953	3,593,953
<b>Amortisation</b>				
At 1 March 2019	1,138,100	459,800	1,816,345	3,414,244
Charge for the year	59,900	24,200	95,608	179,708
At 28 February 2019	1,198,000	484,000	1,911,953	3,593,953
<b>Net book value</b>				
At 29 February 2020	-	-	-	-
At 28 February 2019	59,900	24,200	95,609	179,709

## Notes to the Financial Statements

For the Year Ended 29 February 2020

## 12. Tangible fixed assets

## Group

	Freehold property & leasehold improvements	Plant and machinery	Motor vehicles	Total
Cost or valuation	£	£	£	£
At 1 March 2019	1,432,539	5,283,994	51,309	6,767,842
Additions	4,061	231,975	-	236,036
Disposals	(80,607)	(501,890)	(13,498)	(595,995)
Revaluations	(73,983)	(72,764)	(14,342)	(161,089)
At 29 February 2020	1,282,010	4,941,315	23,469	6,246,794
At 1 March 2019	347,350	4,882,762	43,283	5,273,395
Charge for the year	21,273	253,348	554	275,175
Depreciation on disposal	(56,139)	(499,890)	(13,497)	(569,526)
Revaluation adjustments	(73,983)	(72,764)	(14,342)	(161,089)
Exchange adjustments	111,318	(32,698)	706	79,326
At 29 February 2020	349,819	4,530,758	16,704	4,897,281
<b>Net book value</b>				
At 29 February 2020	932,191	410,557	6,764	1,349,512
At 28 February 2019	1,085,189	401,232	8,026	1,494,447

Included in the net book value of £1,349,512 (2019 - £1,494,447) is £63,691 (2019 - £1,165,335) relating to assets held under hire purchase agreements. Depreciation for the year on these assets was £22,003 (2019 - £110,959).

In order to align with Group policy, the revaluation of assets in CGI Creative Graphics International (Pty) Limited has been reversed out at the 'at cost' policy applied.

## Notes to the Financial Statements

For the Year Ended 29 February 2020

**12. Tangible fixed assets (continued)**

Company	Leasehold property £	Plant and machinery £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 March 2019	64,134	2,262,372	21,993	2,348,499
Additions	4,061	101,276	-	105,337
Disposals	-	(466,243)	(13,498)	(479,741)
<b>At 29 February 2020</b>	<b>68,195</b>	<b>1,897,405</b>	<b>8,495</b>	<b>1,974,095</b>
<b>Depreciation</b>				
At 1 March 2019	61,136	2,029,668	21,993	2,112,797
Charge for the year	3,497	151,817	-	155,314
Depreciation on disposal	-	(466,243)	(13,498)	(479,741)
<b>At 29 February 2020</b>	<b>64,633</b>	<b>1,715,243</b>	<b>8,495</b>	<b>1,788,370</b>
<b>Net book value</b>				
<b>At 29 February 2020</b>	<b>3,562</b>	<b>182,162</b>	<b>-</b>	<b>185,725</b>
<b>At 28 February 2019</b>	<b>2,998</b>	<b>232,704</b>	<b>-</b>	<b>235,702</b>

Included in the net book value of £185,725 (2019 - £235,702) is £63,691 (2019 - £165,335) relating to assets held under hire purchase agreements. Depreciation for the year on these assets was £22,003 (2019 - £110,959).

**CGI Creative Graphics International Limited**

# Notes to the Financial Statements

For the Year Ended 29 February 2020

## 13. Fixed asset investments

### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of Shares	Holding	Principal Activity	Registered address	Profit / (loss)	Reserves
CGI Creative Graphics International (Pty) Limited (incorporated – South Africa)	Ordinary	100%	Manufacturing and sale of decorative trim and badging	15 Clifford Street Ottery 7800 South Africa	(169,233)	208,258
CGI Corporate Branding Solutions (Pty) Limited (incorporated – South Africa)	Ordinary	100%	Manufacturing and sale of decorative trim and badging	15 Clifford Street Ottery 7800 South Africa	(4,196)	(21,021)
Sign Language Limited (incorporated – England)	Ordinary	100%	Manufacturing of signs, notices and banners for public and commercial enterprises	6-8 Singer Way, Woburn Road Industrial Estate, Kempston, Bedford, MK42 7AW	(204,172)	(170,575)

### Company

**Investments  
in subsidiary  
companies  
£**

### Cost or valuation

At 1 March 2019	<u>3,505,016</u>
At 29 February 2020	3,505,016

### Net book value

At 29 February 2020	3,505,016
At 28 February 2019	<u>3,505,016</u>

## Notes to the Financial Statements

For the Year Ended 29 February 2020

**14. Stocks**

	Group	Group	Company	Company
	29 February 2020	28 February 2019	29 February 2020	28 February 2019
	£	£	£	£
Raw materials and consumables	993,144	1,004,976	520,955	554,360
Work in progress (goods to be sold)	277,710	218,527	128,756	111,465
Finished goods and goods for resale	983,416	1,011,948	622,096	525,609
	<b>2,254,270</b>	<b>2,235,451</b>	<b>1,271,807</b>	<b>1,191,434</b>

Stock is stated net of an impairment provision of £3,050,152 (2019 - £135,209) for the group and £nil (2019 - £21,768) for the parent company.

**15. Debtors**

	Group	Group	Company	Company
	29 February 2020	28 February 2019	29 February 2020	28 February 2019
	£	£	£	£
<b>Debtors due after more than 1 year</b>				
Amounts owed by group undertakings	-	-	120,000	120,000
<b>Debtors due within 1 year</b>				
Trade debtors	2,658,107	3,313,939	1,895,363	2,377,727
Amounts owed by group undertakings	-	-	512,508	543,959
Other debtors	98,956	57,913	89,649	56,299
Prepayments and accrued income	256,468	251,736	148,851	137,442
Tax recoverable	-	204,369	-	-
	<b>3,013,531</b>	<b>3,827,957</b>	<b>2,766,371</b>	<b>3,235,427</b>

Trade debtors are stated net of a provision of £174,394 (2019: £92,784) for group and £174,394 (2019: £92,784) for the parent company.

# Notes to the Financial Statements

For the Year Ended 29 February 2020

## 16. Cash and cash equivalents

	Group	Group	Company	Company
	29 February 2020	28 February 2019	29 February 2020	28 February 2019
	£	£	£	£
Cash at bank and in hand	499,287	940,866	274,138	331,941
Less: bank overdrafts	(787,816)	(1,037,445)	(787,816)	(1,037,445)
	(288,529)	(96,579)	(513,678)	(705,504)

## 17. Creditors: Amounts falling due within one year

	Group	Group	Company	Company
	29 February 2020	28 February 2019	29 February 2020	28 February 2019
	£	£	£	£
Bank overdrafts	787,816	1,037,445	787,816	1,037,445
Trade creditors	967,713	907,340	572,061	633,133
Amounts owed to group undertakings	-	-	423,968	455,648
Taxation and social security	138,568	199,215	143,292	63,292
Obligations under finance lease and hire purchase contracts	44,386	67,308	44,386	67,308
Accruals and deferred income	234,492	368,233	93,571	103,384
Other creditors	175,674	366,861	190,094	323,463
	2,348,649	2,946,402	2,255,188	2,683,673

The amounts included within bank overdrafts represents an invoice discounting arrangement and are secured upon the trade debtors to which the arrangement relates.

## Notes to the Financial Statements

For the Year Ended 29 February 2020

### 18. Creditors: Amounts falling due after more than one year

	Group	Group	Company	Company
	29 February 2020	28 February 2019	29 February 2020	28 February 2019
	£	£	£	£
Loan notes	6,031,972	6,031,972	6,031,972	6,031,972
Loan redemption premium	2,482,561	2,275,410	2,482,561	2,275,410
Net obligations under finance leases and hire purchase contracts	-	-	-	-
Share capital treated as debt	1,901	1,901	1,901	1,901
	<b>8,516,434</b>	<b>8,309,283</b>	<b>8,516,434</b>	<b>8,309,283</b>

The loan notes comprise A loan stock and B loan stock. All loan stock carries an interest rate of 14.85% and is payable quarterly in arrears.

The A loan stock carries a redemption premium of 48% and this is repayable at the end of the loan term in February 2023, or earlier at the company's discretion. The combination of the interest payable and the redemption premium gives an effective interest rate of between 22% and 23% and interest is charged to the profit and loss on that basis. Interest charged but not paid is added to the carrying value of the loan stock at each balance sheet date.

### 19. Loans

	Group	Group	Company	Company
	29 February 2020	28 February 2019	29 February 2020	28 February 2019
	£	£	£	£
Loan notes due > 1 year	6,031,972	6,031,972	6,031,972	6,031,972
Loan redemption premium > 1 year	2,482,561	2,275,410	2,482,561	2,275,410
	<b>8,514,533</b>	<b>8,307,382</b>	<b>8,514,533</b>	<b>8,307,382</b>

The A loan stock is secured by a fixed and floating charge over all of the company's assets and also a charge against the assets of the subsidiary companies. The company has entered into a debenture agreement with Lloyds Bank plc in respect of the invoice discounting line which is subordinated in respect of the A loan stock, other than the 'non-vested' invoices.

In November 2019, CGI agreed a re-financing arrangement with Mobeus Income and Growth VCT plc with a repayment date of December 2022. The loan repayment premiums have also been deferred until this date.

The loan interest payments (due in March and November) have also been deferred for the foreseeable future.

# Notes to the Financial Statements

For the Year Ended 29 February 2020

## 20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group	Group	Company	Company
	29 February 2020	28 February 2019	29 February 2020	28 February 2019
	£	£	£	£
Within one year	22,789	55,450	22,789	55,450
Between 1-2 years	16,860	8,893	16,860	8,893
Between 2-5 years	4,737	2,964	4,737	2,964
	<b>44,836</b>	<b>67,307</b>	<b>44,836</b>	<b>67,307</b>

Obligations under finance lease and hire purchase contracts are secured against the assets concerned.

## 21. Financial instruments

	Group	Group	Company	Company
	29 February 2020	28 February 2019	29 February 2020	28 February 2019
	£	£	£	£
<b>Financial assets</b>				
Financial assets measured at amortised cost	2,757,063	4,517,087	2,497,520	2,434,026
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	10,445,736	10,887,452	10,488,472	10,889,572

Financial assets measured at amortised cost comprise cash equivalents, trade and other debtors.

Financial liabilities measured at amortised cost comprise bank overdrafts, loan notes, trade and other creditors, obligations under finance leases and hire purchase contracts, accruals and deferred income.

## 22. Deferred taxation

### Group

	2020	2019
	£	£
At beginning of year	176,660	65,810
(Debited)/credited to profit or loss	(78,936)	110,850
Difference on exchange		
<b>At end of year</b>	<b>97,724</b>	<b>176,660</b>

# Notes to the Financial Statements

For the Year Ended 29 February 2020

## 22. Deferred taxation (continued)

	Group	Group
	29 February 2020	28 February 2019
	£	£
Accelerated capital allowances	(107,015)	(22,228)
Provisions/other timing differences	9,291	47,914
Intangible assets	-	(202,346)
	<u>(97,724)</u>	<u>(176,660)</u>

## 23. Share capital

	29 February 2020	28 February 2019
	£	£
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
22,350,000 Ordinary shares of £0.01 each shares of £0.01 each	223,500	223,500
38,549,182 Ordinary A shares of £0.01 each shares of £0.01 each	385,492	385,492
232,500,000 Ordinary B shares of £0.01 each shares of £0.01 each	2,325,000	2,325,000
	<u>2,933,992</u>	<u>2,933,992</u>

The Ordinary and Ordinary A shares carry full voting rights, dividend and capital distribution rights. The Ordinary B shares do not carry rights to vote or to dividend or distribution.

The Ordinary and A Ordinary shares are compound instruments, the debt element of which is immaterial to the financial statements at the balance sheet date and the shares have been treated wholly as equity as at the year end.

	29 February 2020	28 February 2019
	£	£
<b>Shares classified as debt</b>		
<b>Allotted, called up and fully paid</b>		
190,100 Preference shares of £0.01 each	1,901	1,901
	<u>1,901</u>	<u>1,901</u>

## Notes to the Financial Statements

For the Year Ended 29 February 2020

### 24. Reserves

#### Revaluation reserve

The revaluation reserves comprise all upward revaluations in the Group's fixed assets.

#### Foreign exchange reserve

Comprises translation differences arising from the translation of financial statements of the Group's foreign entity into Sterling (£).

#### Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses. The amortization reserve includes accumulated amortisation of intangible assets.

### 25. Commitments under operating leases

At 29 February 2020, the Group and the Company had future minimum lease payments under non- cancellable operating leases as follows:

	Group	Group	Company	Company
	29 February 2020	28 February 2019	29 February 2020	28 February 2019
	£	£	£	£
Not later than 1 year	165,557	145,550	165,557	145,550
Later than 1 year and not later than 5 years	426,895	415,602	426,895	415,602
Later than 5 years	-	32,589	-	32,589
<b>Total</b>	<b>592,452</b>	<b>593,741</b>	<b>592,452</b>	<b>593,741</b>

## Notes to the Financial Statements

For the Year Ended 29 February 2020

### 26. Related party transactions

Included within creditors due after more than one year are balances with related parties as follows:

	B Loan notes	A Loan notes	Interest charged	Preference shares
	£	£	£	£
<b>Director and shareholder</b>				
P Owen	85,503	-	12,689	-
<b>Shareholder</b>				
S G Barrell	34,500	-	5,120	-
K J Finn	74,000	-	10,982	-
M R Goodliffe	22,500	-	3,339	-
S Perry	643,471	-	95,491	901
Mobeus Income & Growth VCT plc	-	1,213,061	180,018	235
Mobeus Income & Growth VCT 2 plc	-	670,825	99,550	130
Mobeus Income & Growth VCT 4 plc	-	972,945	144,385	189
The Income & Growth VCT plc	-	1,304,612	193,604	252
CGI Capital Limited	-	1,010,556	149,967	194
	<u>859,974</u>	<u>5,171,999</u>	<u>895,145</u>	<u>1,901</u>

In the opinion of the directors there is no controlling party.

The company is applying the exemption available from the requirements of section 33 under FRS 102 to disclose transactions with other members of the group.

### 27. Post balance sheet event – COVID-19

Since the year end, there has been the COVID-19 pandemic in which has had a significant impact on the worldwide economy and the UK market. Consideration has been given with the highest priority to meeting customer demands and maintaining the ability to effect payments on time to our suppliers. The Directors believe that in accordance with cash flow projections, taking into account of a range of possible impacts of COVID-19 on trading performance, the Group should be able to operate within its facilities and have assessed a number of mitigating actions that could be taken should the situation worsen.