

Financial Statements CGI Creative Graphics International Limited

For the Year Ended 28 February 2022



Registered number: 08606896

Company Information

Directors

P Vogel
K Jordan
P Owen
E Wass (Resigned on 26 March 2021)
P Adamson
S Jarman (Resigned on 13 January 2023)
S Bursell (Appointed on 26 March 2021)

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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Group Strategic Report

For the Year Ended 28 February 2022

Introduction

The Directors present their Strategic Report and the audited financial statements for the year ended 28 February 2022 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 28 February 2022.

The year has been another of challenges, with the business having to continually adapt to customer needs and changing requirements.

The global trading of the Group has at times been impacted by the Covid 19 pandemic, the fallout of Brexit and the availability of products for both customers and own needs.

As a result of the pandemic the Group has focused on providing a safe working environment for employees and any visitors to site. Where appropriate, working from home has continued to be encouraged.

Both the UK and EU leisure markets saw customer demand exceed manufacturer supply. Initially this was material led with shortages in microchips, vinyl and timber, but there is now a shortage of chassis'.

Turnover from the South African subsidiary increased during the year in a post covid environment and trading improved in the Middle East.

In the short to medium term the business will continue to need to have the ability to adapt and be able to address unplanned issues.

The customer base throughout the business, whether it be UK, European or South African specific remains solid and the business continues to be well positioned to capitalise on any growth that materialises within any of the business markets.

The business continued to invest in personnel to enable diversification away from the core markets in order to reduce the risk within any single market.

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 though there has been a natural Euro hedge between income and expense.

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.

Group Strategic Report

For the Year Ended 28 February 2022

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.

During the year, to ensure that there was sufficient cash headroom the Investors deferred some interest that was payable.

Events after the Reporting Period

Demand in the Group's core markets remains strong but there has been little diversification into other markets. After a strategic review organisational changes have been made.

The floods in regions of South Africa in April 2022 resulted in trading with a leading OEM ceasing for a two month period. Though production has re-commenced there has been a small detrimental effect to turnover.

The business constantly reviews its financing and management of working capital. A dividend of R5m was voted by the South African subsidiary, with the subsequent funds being paid to the Parent Company in the UK.

In December 2022 the Investors renewed their investment in the business and loan repayment dates were extended. This provides the Company with the security required to continue with its business plans. Please see the post balance sheet events note contained within the accounts for further detail.

Financial key performance indicators

The Group considers that the key performance indicators are the level of 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.

P Adamson

Director

Date:

28.02.23.

Directors' Report

For the Year Ended 28 February 2022

The directors present their report and the financial statements for the year ended 28 February 2022.

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 £688,319 (2021 - £62,880). The loss for the year, after taxation, and foreign exchange movements, amounted to £721,072 (2021 - loss of £1,266,575).

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 (Resigned on 26 March 2021)
P Adamson
S Jarman (Resigned on 13 January 2023)
S Bursell (Appointed on 26 March 2021)

Directors' Report (continued)

For the Year Ended 28 February 2022

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.

Directors' indemnity insurance

Directors' liability and indemnity insurance was in force throughout the year to cover the directors and officers of the company against actions brought against them in their personal capacities. Cover is not provided where the individual has acted fraudulently or dishonestly.

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 exceptional items:

	Group 2022	Group 2021	Company 2022	Company 2021
	£	£	£	£
Operational profit / (loss)	523,063	(137,695)	106,994	(270,426)
Add back:				
Retrenchment costs	-	61,136	-	-
Redundancy costs	-	55,246	-	50,150
Inventory written off	-	30,598	-	-
Revised earnings for operational purposes	523,063	9,285	106,994	(220,276)
Depreciation and amortisation	211,510	200,575	40,968	65,060
Normalised earnings before interest, taxation and depreciation	734,573	209,860	147,962	(155,216)

P Adamson
Director
Date:


23.02.23

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 28 February 2022, 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 28 February 2022 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

In auditing the financial statements, we have concluded that the director's 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 company's ability to continue as a going concern for a period of at least twelve months from 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 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.

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

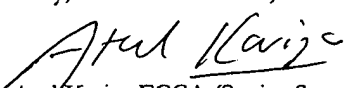
- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to access compliance with applicable laws and regulations.

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 Auditor's report.

Use of our report

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

Statutory Auditors

Milton Keynes

Date:

Consolidated Statement of Comprehensive Income

For the Year Ended 28 February 2022

	Note	2022 £	2021 £
Turnover	3	12,656,139	10,102,345
Cost of sales		(8,557,144)	(6,803,025)
Gross profit		4,098,995	3,299,320
Administrative expenses		(3,951,896)	(3,651,551)
Other operating income	4	375,964	214,536
Operating profit		523,063	(137,695)
Analysed as:			
Earnings before depreciation and amortisation		734,573	62,880
Depreciation		(211,510)	(199,385)
Amortisation		-	(1,190)
Interest receivable and similar income	8	8,993	11,333
Interest payable and similar expenses	9	(1,243,548)	(921,918)
Loss before taxation		(711,492)	(1,048,280)
Tax on loss	10	(18,950)	(57,789)
Loss for the year		(730,443)	(1,106,069)
Foreign exchange movements		9,370	(160,506)
Revaluation reserve movements		-	-
Other comprehensive (expenditure)/income for the year		9,370	(160,506)
Total comprehensive loss for the year		(721,072)	(1,266,575)

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

Consolidated Statement of Financial Position


As at 28 February 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	11	-	-
Tangible assets	12	1,409,822	1,520,985
Current assets			
Stock	14	2,093,853	2,366,582
Debtors	15	3,064,957	2,422,953
Cash at bank and in hand	16	1,007,716	1,057,516
		<u>6,166,526</u>	<u>5,867,051</u>
Creditors: amounts falling due within one year	17	(4,492,405)	(3,451,343)
Net current assets		<u>1,674,121</u>	<u>2,415,208</u>
Total assets less current liabilities		<u>3,083,942</u>	<u>3,936,193</u>
Creditors: amounts falling due after more than one year	18	(8,725,731)	(8,834,515)
Provisions for liabilities			
Deferred taxation	22	(98,726)	(121,118)
Net liabilities		<u>(5,740,515)</u>	<u>(5,019,440)</u>
Capital and reserves			
Called up share capital	23	2,933,992	2,933,992
Foreign exchange reserve	24	(404,804)	(414,174)
Revaluation reserve	24	674,044	674,044
Profit and loss reserve	24	(8,943,747)	(8,213,304)
Equity attributable to owners of the parent company		<u>(5,740,515)</u>	<u>(5,019,442)</u>

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 £303,704 (2021 - loss of £1,182,279).

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

P Adamson
Director
Date:


23/02/23

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

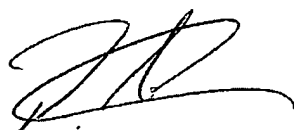
Company Statement of Financial Position

As at 28 February 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	12	196,628	262,677
Investments	13	3,505,016	3,505,016
Current assets			
Stock	14	1,367,153	1,253,360
Debtors	15	2,670,090	2,255,336
Cash at bank and in hand	16	317,931	463,391
		<u>4,355,174</u>	<u>3,972,087</u>
Creditors: amounts falling due within one year	17	(3,661,218)	(2,983,924)
Net current assets		<u>693,956</u>	<u>988,163</u>
Total assets less current liabilities		<u>4,395,599</u>	<u>4,755,856</u>
Creditors: amounts falling due after more than one year	18	(8,650,148)	(8,706,699)
Net liabilities		<u>(4,254,548)</u>	<u>(3,950,843)</u>
Capital and reserves			
Called up share capital	23	2,933,992	2,933,992
Profit and loss reserve	24	(7,188,540)	(6,884,835)
Equity attributable to owners of the parent company		<u>(4,254,548)</u>	<u>(3,950,843)</u>

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

P Adamson
Director
Date:


23/02/23

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 28 February 2022

	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 2020	2,933,992	580,704	(253,668)	(5,056,655)	(2,050,580)	(7,107,235)	(3,846,207)
Comprehensive income for the year	-	-	-	-	(1,106,069)	(1,106,069)	(1,106,069)
Loss for the year	-	-	-	-	(1,106,069)	(1,106,069)	(1,106,069)
Other comprehensive income for the year	-	93,340	-	-	-	-	93,340
Revaluation reserve movements	-	93,340	-	-	-	-	93,340
Foreign exchange movements	-	-	(160,506)	-	-	-	(160,506)
Total comprehensive income for the year	-	93,340	(160,506)	-	(1,106,069)	(1,106,069)	(1,266,575)
At 1 March 2021	2,933,992	674,044	(414,174)	(5,056,655)	(3,156,649)	(8,213,304)	(5,019,442)
Comprehensive income for the year	-	-	-	-	(730,443)	(730,443)	(730,443)
Loss for the year	-	-	-	-	(730,443)	(730,443)	(730,443)
Other comprehensive income for the year	-	-	-	-	-	-	-
Revaluation reserve movements	-	-	-	-	-	-	-
Foreign exchange movements	-	-	9,370	-	-	-	9,370
Total comprehensive income for the year	-	-	9,370	-	(730,443)	(730,443)	(721,073)
At 28 February 2022	2,933,992	674,044	(404,804)	(5,056,655)	(3,887,092)	(8,943,747)	(5,740,515)

CGI Creative Graphics International Limited
Registered number: 08606896

Company Statement of Changes in Equity

For the Year Ended 28 February 2022

	Called up share capital	Amortisation reserve	Other profit and loss reserve	Total profit and loss account	Total equity
At 1 March 2020	2,933,992	(3,593,952)	(2,108,605)	(5,702,557)	(2,768,564)
Comprehensive income for the year					
Loss for the year	-	-	(1,182,279)	(1,182,279)	(1,182,279)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	(1,182,279)	(1,182,279)	(1,182,279)
At 1 March 2021	2,933,992	(3,593,952)	(3,290,884)	(6,884,836)	(3,950,843)
Comprehensive income for the year					
Loss for the year	-	-	(303,704)	(303,704)	(303,704)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	(303,704)	(303,704)	(303,704)
As at 28 February 2022	2,933,992	(3,593,952)	(3,594,588)	(7,188,540)	(4,254,547)

Consolidated Statement of Cash Flows

For the Year Ended 28 February 2022

	28 February 2022 £	28 February 2021 £
Cash flows from operating activities		
Loss for the financial year	(730,443)	(1,106,069)
Adjustments for:		
Amortisation of intangible assets	-	1,190
Depreciation of tangible assets	211,510	199,384
Decrease / (increase) in stocks	292,729	(132,312)
Interest payable (net)	1,243,548	921,918
Interest receivable	(8,993)	(11,333)
Taxation	18,950	57,789
Decrease / (increase) in debtors	(642,004)	590,578
Increase in creditors	268,464	673,497
Corporation tax paid	(64,408)	(41,472)
(Profit)/Loss on sale of fixed assets	(46,371)	(37,253)
Net cash generated from operating activities	542,984	1,115,917
Cash flows from investing activities		
Purchase of tangible fixed assets (net)	(100,464)	(412,596)
Sale of tangible fixed assets	46,371	50,000
Net cash from investing activities	(54,093)	(362,596)
Cash flows from financing activities		
Net movement on finance leases	(57,407)	206,208
Increase / (decrease) in loan notes	(31,071)	143,166
Interest paid	(473,837)	(240,767)
Interest received	8,993	11,333
Net cash from financing activities	(553,322)	119,940
Net increase / (decrease) in cash and cash equivalents	(64,432)	873,261
Cash and cash equivalents at beginning of year	584,732	(288,529)
Cash and cash equivalents at the end of year	520,300	584,732
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,007,716	1,057,516
Bank overdrafts	(487,416)	(472,784)
	520,300	584,732

Notes to the Financial Statements

For the Year Ended 28 February 2022

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, the functional currency, 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 under S408 of Companies Act 2006 have been taken and the entity has not presented its unconsolidated profit and loss account.

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.

To assess the Group's ability to continue to trade, cash flow forecasts and budgets to 28 February 2024 have been prepared. The Group remains profitable with EBITDA for the year ended 28 February 2022 of £735k (2021 - £63k). The Group's current and future sources of funding are adequate to enable 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 year end. In December 2022, the investors agreed to extend the Group's previous finance agreement with a new target repayment date of 31 December 2024 from that previously of 31 December 2022.

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 28 February 2022

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 of ten years.

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 28 February 2022

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.

Assets under construction are not depreciated until they are brought into use.

1.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Profit and Loss Account in the same period as the related expenditure.

Notes to the Financial Statements

For the Year Ended 28 February 2022

1. Accounting policies (continued)

1.7 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.

1.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.9 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.

1.10 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 28 February 2022

1. Accounting policies (continued)

1.11 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.

1.12 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 28 February 2022

1. Accounting policies (continued)

1.13 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.

1.14 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.

1.15 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 28 February 2022

1. Accounting policies (continued)

1.16 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.

1.17 Pensions

Defined contribution pension plan

The Group operates a defined contribution pension 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 28 February 2022

1. Accounting policies (continued)

1.18 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.

1.19 Revaluation of tangible fixed assets

Tangible fixed assets held by CGI Creative Graphics International 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, or by the directors.

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 28 February 2022

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 28 February 2022 was £1,409,822 (2021 - £1,520,985) after a depreciation charge in the year of £211,510 (2021 - £199,384).

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 28 February 2022

4. Other operating income	2022	2021
	£	£
Government grants	158,371	138,134
Sundry income	217,593	76,402
	<u>375,964</u>	<u>214,536</u>

£158,371 (2021: £138,134) was received in the year under the Government's Coronavirus Job Retention Scheme (CJRS).

5. Auditors' remuneration	2022	2021
	£	£
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	28,250	26,900

Fees payable to the Group's auditors and its associates for other services to the group:

Other services	<u>7,450</u>	<u>7,075</u>
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6. Employees

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

	2022	2021
	£	£
Wages and salaries	3,757,169	3,174,705
Social security costs	244,203	210,561
Defined contribution scheme costs	201,080	174,168
	<u>4,202,452</u>	<u>3,559,434</u>

Staff costs in respect of the Company were as follows:

	2022	2021
	£	£
Wages and salaries	2,230,181	1,756,912
Social security costs	159,233	158,706
Defined contribution scheme costs	118,728	136,188
	<u>2,508,143</u>	<u>2,051,806</u>

Notes to the Financial Statements

For the Year Ended 28 February 2022

6. Employees (continued)

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

	2022	2021
	No.	No.
Production staff	154	178
Office and management	63	62
	<u>217</u>	<u>240</u>

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

	2022	2021
Production staff	37	42
Office and management	29	27
	<u>66</u>	<u>69</u>

7. Directors' remuneration

	2022	2021
	£	£
Directors' emoluments	778,257	679,978
Company contributions to defined contribution pension schemes	46,904	22,760
	<u>825,161</u>	<u>702,738</u>

During the year retirement benefits were accruing to 3 directors (2021 – 3 directors) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £162,471 (2021 - £132,604).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £16,533 (2021 - £12,003).

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

Notes to the Financial Statements

For the Year Ended 28 February 2022

8. Interest receivable	2022	2021
	£	£
Other interest receivable	8,993	11,333

9. Interest payable and similar charges	2022	2021
	£	£
Bank interest payable	32,439	19,568
Loan stock interest	1,195,546	897,598
Finance lease and hire purchase contracts	15,563	4,752
	1,243,548	921,918

Notes to the Financial Statements

For the Year Ended 28 February 2022

10. Taxation	2022	2021
	£	£
Corporation tax		
Current tax on profits	-	-
	-	-
Foreign tax		
Foreign tax on income for the year	(122,712)	(41,472)
Total current tax	(122,712)	(41,472)
Deferred tax		
Origination and reversal of timing differences	103,762	(16,317)
	103,762	(16,317)
Taxation on (loss)/profit on ordinary activities	(18,950)	(57,789)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022	2021
	£	£
Loss on ordinary activities before tax	(711,493)	(1,048,280)
Effects of:		
Corporation tax at 19%	(135,184)	(227,581)
Foreign tax at 28%	(122,712)	(41,864)
Expenses not deductible for tax purposes - including rate differences	(9,584)	(14,366)
Deferred tax asset not recognised	273,252	246,978
Deferred tax movement	(24,722)	(20,956)
Total tax (credit)/charge for the year	(18,950)	(57,789)

Factors that may affect future tax charges:

The rate of corporation tax rises to 25% in April 2023.

Notes to the Financial Statements

For the Year Ended 28 February 2022

11. Intangible assets

Group	Customer relationships	Trade names	Purchased goodwill	Purchased negative goodwill	Total
	£	£	£	£	£
Cost					
At 1 March 2021	2,148,000	508,485	2,536,955	(78,693)	5,114,747
At 28 February 2022	2,148,000	508,485	2,536,955	(78,693)	5,114,747
Amortisation					
At 1 March 2021	2,148,000	508,485	2,536,955	(78,693)	5,114,747
Charge for the year	-	-	-	-	-
At 28 February 2022	2,148,000	508,485	2,536,955	(78,693)	5,114,747
Net book value					
At 28 February 2022	-	-	-	-	-
At 28 February 2021	-	-	-	-	-

Company	Customer relationships	Trade names	Purchased goodwill	Total
	£	£	£	£
Cost				
At 1 March 2021	1,198,000	484,000	1,911,953	3,593,953
At 28 February 2022	1,198,000	484,000	1,911,953	3,593,953
Amortisation				
At 1 March 2021	1,198,000	484,000	1,911,953	3,593,953
Charge for the year	-	-	-	-
At 28 February 2022	1,198,000	484,000	1,911,953	3,593,953
Net book value				
At 28 February 2022	-	-	-	-
At 28 February 2021	-	-	-	-

Notes to the Financial Statements

For the Year Ended 28 February 2022

12. Tangible fixed assets

Group	Freehold property & leasehold improvements	Plant and machinery	Motor vehicles	Assets under construction	Total
	£	£	£	£	£
Cost or valuation					
At 1 March 2021	694,506	5,164,081	17,769	-	5,876,356
Additions	7,176	29,812	-	63,476	100,464
Disposals	-	(264,135)	-	-	(264,135)
Revaluation adjustments	-	-	-	-	-
At 28 February 2022	701,682	4,929,758	17,769	63,476	5,712,685
Depreciation					
At 1 March 2021	394,266	3,942,814	18,291	-	4,355,371
Charge for the year	3,190	208,089	231	-	211,510
Depreciation on disposal	-	(264,135)	-	-	(264,135)
Revaluation adjustments	-	-	-	-	-
Exchange adjustments	(358,677)	359,547	(753)	-	117
At 28 February 2022	38,779	4,246,315	17,769	-	4,302,863
Net book value					
At 28 February 2022	662,902	683,443	-	63,476	1,409,822
At 28 February 2021	300,240	1,221,267	(522)	-	1,520,985

Included in the net book value of £1,409,822 (2021 - £1,520,985) is £91,476 (2021 - £89,790) relating to assets held under hire purchase agreements. Depreciation for the year on these assets was £32,580 (2021 - £22,003).

Notes to the Financial Statements

For the Year Ended 28 February 2022

(Tangible fixed assets continued)

Company	Freehold property & leasehold improvements	Plant and machinery	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 March 2021	71,798	1,907,390	8,495	1,987,683
Additions	7,176	9,744	-	16,920
Disposals	-	(264,135)	-	(264,135)
At 28 February 2022	78,974	1,652,999	8,495	1,740,468
Depreciation				
At 1 March 2021	65,823	1,650,688	8,495	1,725,006
Charge for the year	3,190	79,778	-	82,968
Depreciation on disposal	-	(264,135)	-	(264,135)
At 28 February 2022	69,013	1,466,331	8,495	1,543,839
Net book value				
At 28 February 2022	9,960	186,668	-	196,628
At 28 February 2021	5,975	256,702	-	262,677

Notes to the Financial Statements

For the Year Ended 28 February 2022

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	29,612	(211,834)
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	(1,635)	(24,058)
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	30,541	(155,548)

Company

Investments
in subsidiary
companies
£

Cost or valuation

At 1 March 2021	<u>3,505,016</u>
At 28 February 2022	3,505,016

Net book value

At 28 February 2022	3,505,016
At 28 February 2021	<u>3,505,016</u>

Notes to the Financial Statements

For the Year Ended 28 February 2022

14. Stocks

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Raw materials and consumables	812,952	1,018,314	598,542	593,116
Work in progress (goods to be sold)	292,881	244,071	131,139	105,640
Finished goods and goods for resale	988,020	1,124,197	637,472	554,604
	2,093,853	2,386,582	1,367,153	1,253,360

Stock is stated net of an impairment provision of £164,623 (2021 - £145,392) for the group and £nil (2021 - £nil) for the parent company.

15. Debtors

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Debtors due after more than 1 year				
Amounts owed by group undertakings	-	-	120,000	120,000
Trade debtors	2,818,669	2,135,276	1,964,819	1,496,236
Amounts owed by group undertakings	-	-	388,474	440,124
Other debtors	109,549	173,905	82,920	89,148
Prepayments and accrued income	136,739	113,772	113,877	109,828
	3,064,957	2,422,953	2,670,090	2,255,336

Trade debtors are stated net of a provision of £125,439 (2021: £121,846) for group and £125,439 (2021: £121,846) for the parent company.

Notes to the Financial Statements

For the Year Ended 28 February 2022

16. Cash and cash equivalents

	Group 2022	Group 2021	Company 2022	Company 2021
	£	£	£	£
Cash at bank and in hand	1,007,716	1,057,516	317,931	463,391
Less: bank overdrafts	(487,416)	(472,784)	(487,416)	(472,784)
	<u>520,300</u>	<u>584,732</u>	<u>(169,485)</u>	<u>(9,393)</u>

17. Creditors: Amounts falling due within one year

	Group 2022	Group 2021	Company 2022	Company 2021
	£	£	£	£
Bank overdrafts	487,416	472,784	487,416	472,784
Trade creditors	1,374,855	1,115,684	788,705	680,821
Amounts owed to group undertakings	-	-	527,730	289,699
Taxation and social security	140,677	384,409	120,863	376,873
Obligations under finance lease and hire purchase contracts	95,984	75,679	28,447	42,691
Accruals and deferred income	172,350	532,152	49,158	255,546
Other creditors	2,221,123	871,135	1,658,899	865,510
	<u>4,492,405</u>	<u>3,451,843</u>	<u>3,661,218</u>	<u>2,983,924</u>

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

Obligations under finance leases are secured on the assets to which they relate.

Notes to the Financial Statements

For the Year Ended 28 February 2022

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

	Group 2022	Group 2021	Company 2022	Company 2021
	£	£	£	£
Loan notes	6,144,067	6,175,138	6,144,067	6,175,138
Loan redemption premium	2,482,561	2,482,561	2,482,561	2,482,561
Share capital treated as debt	1,901	1,901	1,901	1,901
Obligations under finance lease and hire purchase contracts	97,203	174,915	21,619	47,099
	8,725,731	8,834,515	8,650,148	8,706,699

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 December 2024, 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.

Obligations under finance leases are secured on the assets to which they relate.

19. Loans

	Group 2022	Group 2021	Company 2022	Company 2021
	£	£	£	£
Loan notes due > 1 year	6,144,067	6,175,138	6,144,067	6,175,138
Loan redemption premium > 1 year	2,482,561	2,482,561	2,482,561	2,482,561
	8,626,628	8,657,699	8,626,628	8,657,699

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 December 2022, the investors agreed to extend the Group's previous finance agreement with a new target repayment date of 31 December 2024 from that previously of 31 December 2022.

Notes to the Financial Statements

For the Year Ended 28 February 2022

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2022	Group 2021	Company 2022	Company 2021
	£	£	£	£
Within one year	95,984	75,679	28,447	42,691
Between 1-2 years	97,203	60,946	21,618	27,958
Between 2-5 years		113,969	-	19,141
	193,187	250,594	50,065	89,790

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

21. Financial instruments

	Group 2022	Group 2021	Company 2022	Company 2021
	£	£	£	£
Financial assets				
Measured at amortised cost	3,064,957	2,307,528	2,670,090	2,145,509
Financial liabilities				
Measured at amortised cost	13,316,863	9,768,329	12,311,365	9,623,165

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

	2022 £	2021 £
At beginning of year	121,118	97,724
(Debited)/credited to profit or loss	(22,392)	23,394
At end of year	98,726	121,118

Notes to the Financial Statements

For the Year Ended 28 February 2022

22. Deferred taxation (continued)

	Group	Group
	28 February 2022	28 February 2021
	£	£
Accelerated capital allowances	(95,245)	(106,202)
Provisions/other timing differences	(3,481)	(14,916)
	<u>(98,726)</u>	<u>(121,118)</u>

23. Share capital

	2022	2021
	£	£
Shares classified as equity		
Allotted, called up and fully paid		
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.

	28 February 2022	28 February 2021
	£	£
Shares classified as debt		
Allotted, called up and fully paid		
190,100 Preference shares of £0.01 each	1,901	1,901

Notes to the Financial Statements

For the Year Ended 28 February 2022

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 28 February 2022, the Group and the Company had future minimum lease payments under non- cancellable operating leases as follows:

	Group 2022	Group 2021	Company 2022	Company 2021
	£	£	£	£
Within one year	205,838	200,208	205,838	200,208
Between 1-2 years	309,706	452,321	309,706	452,321
Between 2-5 years	-	-	-	-
	515,544	652,529	515,544	652,529

Notes to the Financial Statements

For the Year Ended 28 February 2022

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 £
Director and shareholder				
P Owen	85,503	-	12,689	-
Shareholder				
S G Barrell	34,500	-	5,120	-
K J Finn	74,000	-	10,982	-
M R Goodliffe	22,500	-	3,340	-
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
	859,974	5,171,999	895,145	1,901

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 events

In December 2022, the investors agreed to extend the Group's previous finance agreement with a new target repayment date of 31 December 2024 from that previously of 31 December 2022.

There were no further post balance sheet events.