Walstead
GROUP

Walstead Group Limited

Consolidated Financial Statements

For the year ended 31 December 2021

Walstead Group Limited

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Walstead Group Limited
Company information

Directors

Debbie Read
Gerhard Poppe
José María Camacho Fernandez
Julian Rothwell
Mark Scanlon
Oliver Jones
Paul Utting
Richard Fookes
Roy Kingston
Ron Marsh

Registered office

18 Westside Centre
London Road
Colchester
Essex
CO3 8PH
United Kingdom

Registered number

Registered in England and Wales, number 09927306

Independent auditor

KPMG LLP
Statutory Auditor
Botanic House
100 Hills Road
Cambridge
CB2 1AR
United Kingdom

Walstead Group Limited

Chairman's statement

Pandemic, power, and paper

My preface for the 2020 financial accounts stated that year was like no other in Walstead's history. Well, just like London buses, we've just experienced another one ... with not just a pandemic to deal with this time. Whilst the virus was with us most of the year and, mercifully, petered out, it was joined in the latter part by unprecedented increases in the cost of energy, paper and other raw materials, our largest items of expenditure – more of which later.

My overriding feeling about the last two years is that Walstead has been well and truly stress-tested by remarkable dynamics that could not have been foreseen or planned for. We have survived by a combination of hard work, taking tough decisions, and being supported by our customers and staff. Consequently, we have become a more resilient and responsive organisation which I'm confident can weather similar macro events. I write this commentary in June 2022 hoping that we have some decent, normal-running years ahead of us. But while hoping for the best, we are preparing for the worst by making sure we are as lean and fit as possible. Financial strength and operating efficiency are central Walstead values

Passing of the pandemic (for now)

The knee-jerk regulatory yo-yoing by many countries as their governments attempted (and often failed) to deal with COVID-19 placed extraordinary strains on our business and its people as we had to react hastily to recurring lock-downs, overlaid by more and more confusing edicts. We eventually emerged out of the paralysis and malaise caused by economic hibernation only to be confronted by an industry-specific foe: the spectacular increase in the cost of energy and paper as well as ink and all other raw materials. Fingers crossed; we hope we will never face such circumstances again.

The price for power and raw materials

Walstead, as with every other printer operating heatset web offset printing technology, is a large consumer of energy, particularly gas which heats the ovens that dry the ink on the paper. Our presses and bindery equipment are all driven by electricity. As the environment became tougher during Q3 2021 our UK business became exposed to the soaring market prices for electricity and gas. Without recovering these increases, it would have made a significant and unsustainable loss in the final months of the year and beyond.

We faced a rock-and-a-hard place predicament: the rock was the immovable increases in all our external costs; the hard place, and quite frankly our only option, was to ask our customers to contribute to these increased costs. I am relieved to report that due to the understanding of our loyal customers, we were able to mitigate a significant proportion of these increases in the period. I would like to sincerely thank them for staying with us. Fortunately, they recognised that this situation was out of our control and affecting other printers and many other industries, too.

These costs and others are, unfortunately, manifesting themselves in rising inflation and the cost of living in the wider economy. Energy prices have remained high and volatile in 2022, particularly due to the ongoing situation in the Ukraine. Our central European businesses have also suffered substantial increases in energy costs and have had to adopt the same cost mitigation strategy as that in the UK. Whilst we all hope these costs return to pre-2021 levels it is unlikely they will do so in the foreseeable future and as a result I believe buyers of printed media should factor these current costs into their budgets.

Paper prices and its scarcity

Paper, one of printing's two absolute essentials, is a cyclical commodity. When it's cheap, buyers of printed media spend more; when it's expensive, they reduce their volumes to align with budgets. The year started with tonnage prices at extremely low levels, and whilst it was difficult to assess demand because of the impact of COVID-19, we could see the potential for an upturn in volumes. However, factors such as increases in stock holdings, some of the larger producers ceasing to supply key grades, and ongoing increases in pulp, meant that the producers could see a scarcity of supply and harmoniously increased their prices. Panic buying then ensued resulting in more increases. By September prices on average had increased by over 60% since January and by the end of the year they had doubled.

Whilst printers tend to charge their customers the prevailing market price for paper and thus should recover any price adjustment, we cannot stimulate demand if this core raw material, which can account for up to 70% of the printed product, is too expensive. Buyers either transfer their marketing to alternative media or reduce their budgets; none of which propagate growth for our industry.

A deliberately dry M&A year

We did not make any acquisitions in 2021, mainly because many targets were being artificially sustained by COVID-19-related state subsidies and other economic measures which meant sellers' price expectations remained at pre-pandemic levels despite lower profits and higher debt. Paying absurd, empire-building EBITDA/EV and debt leverage multiples is not for us. We remain focussed on three types of targets: failing firms where we can acquire manufacturing assets and customer contracts; well-managed and invested competitors who recognise that joining the Walstead consolidation journey creates more value for their stakeholders; and complementary print-related businesses. I expect there will be some decent opportunities and possibly a deal or two to announce in my 2023 report.

Still strong financially despite the three Ps

In the 12 months to 31 December 2021 Walstead's gross revenue was €546.4 million (2020: €549.9 million). Net revenue[1] increased to €355.0 million (2020: €338.4 million). Manufacturing output[1] decreased by 0.5% to 341 billion A4 pages (2020: 343 billion). EBITDA (adjusted)[1] decreased to €42.0 million (2020: €43.0 million). Operating profit (adjusted)[1] was €17.2 million (2020: €16.2 million). Profit after tax (adjusted)[1] was €16.7 million (2020: €11.2 million).

Cash and liquidity have always been a primary focus for Walstead management. Net debt[1] at 31 December 2021 decreased by 26% to €69.3 million (31 December 2020: €93.8 million) and comprised €35.5 million of external net debt[1] (31 December 2020: €45.6 million) and €33.8 million of loans from related parties (31 December 2020: €48.2 million). At the year-end our external net debt leverage ratio[1] remained healthy at 0.8x (2020: 1.1x).

Net cash inflow from operating activities in the year was €50.5 million (2020: €42.2 million). Net current liabilities at 31 December 2021 were €12.0 million (2020: €36.6 million) of which €14.5 million (2020: €28.6 million) was due under revolving credit and factoring facilities. Further financial details and key performance indicators are provided in the strategic report below.

The Group's capital expenditure in the year was €14.0 million (2020: €8.6 million).

Aims and strategy

Across our markets, Walstead continues to be an important supplier of print for publishers, retailers, cataloguers, and brand owners. Our unmatched geographical reach and substantial printing and binding capability – the largest in Europe – demonstrate our commitment to our customers and our industry.

Trading and current developments: 2022

Unlike for 2021, we did not factor any material COVID-21 effect into our 2022 budget. But we did plan for the continued high cost of energy and paper and the latter's scarcity except for the strike at UPM's Finnish paper mills, which started in January 2022 and ended in April. This dispute severely exacerbated the ongoing chronic shortage of paper and its high price. With this behind us, we expect to see gradual supply improvements for the remainder of the 2022.

The year has started steadily for the Group, and we have continued in the usual way to do our best to improve service to customers while maintaining liquidity and profitability.

Unaudited results for the five months to 31 May 2022 show gross revenue up 22% at €257.9 million and net revenue up 12% at €151.9 million. We have been more than usually mindful of our balance sheet at this critical moment, and I am pleased to report that as of 31 May 2022 we had total availability of €72 million.

In March, one of our UK competitors, YM Group's web offset business, filed for bankruptcy. As with the demise of Polestar in 2016, we waited for this inevitable outcome and have acquired, at an attractive price, a substantial amount of printing and bindery equipment – enough to satisfy the Group's major capex programme for the mid-term. Furthermore, in June 2022 we re-started YM's York production facility with a bare-bone infrastructure.

And of course, our stakeholders ...

I would like to record here my thanks to all my colleagues, employees and directors alike, for the magnificent way they continued to work in wholly unanticipated circumstances. Once again, we are particularly grateful for the diligent and at times heroic efforts of our people right across Europe to maintain a first-rate service to customers throughout the year.

Our banks, finance providers and equity investors play an essential role in maintaining the progress of Walstead. We are grateful to them all. Equally, we are grateful to all our customers for continuing to use our services and for supporting us at a time of unique uncertainty.

Walstead remains strong. We look forward to better days.

M Scanlon
Chairman
30 June 2022

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[1] See page 61 for definitions of Alternative Performance Measures

Strategic report

About us

Walstead is the largest commercial web offset printing business in Europe. Founded in 2008, the Group has completed 10 acquisitions. It operates four territory-based divisions (Walstead United Kingdom, Walstead Iberia, Walstead Leykam, and Walstead Central Europe) which together employ 3,276 staff at 13 print manufacturing sites in the UK, Spain, Austria, Czech Republic, Slovenia, and Poland.

Walstead operates 55 web offset presses and four gravure presses processing 750,000 tonnes of paper annually. The Group specialises in printing high-volume advertising flyers and leaflets for major European retailers; and magazines, catalogues, supplements and brochures for publishers and brand owners. The Group also provides pre-media digital services through its Rhapsody division which has offices in London, Warsaw and Madrid.

www.walstead-group.com
www.rhapsodymedia.com

Strategy and objectives

The Group's strategy is to continue to grow revenue and profits both organically and by acquisition in the European market, to leverage economies of scale in all aspects of operations, as well as to provide the widest possible geographic coverage to our customers. Due to the Group's size, we can deliver economies of scale far beyond most competitors and this in turn delivers significant value to our shareholders.

Competition in the sector is fragmented with numerous small operators largely serving local markets. In addition to volume-related economies of scale, the Group is also able to leverage additional benefits through adopting best Europe-wide practices in production, distribution efficiencies through multiple production sites, and efficient routes to market through a co-ordinated sales strategy.

Walstead will continue to look for opportunities in the print supply chain, from pre-media to post-press services, from paper management to logistics, from digital to gravure printing. Our financial stability will continue to underpin day-to-day operations and support our growth.

The printing industry is evolving rapidly with certain markets being subject to increased competition from the digital media sector. This has resulted in a reduction in market size for certain product categories, particularly publishing. However, other types of products such as those for retailers remain robust. Our strategy is to focus on markets where demand is strongest either because competition is weak or where end markets are most robust.

Principal risks and uncertainties

The Group's risk management principles are that we only take risks relevant to our strategic goals and that those risks are balanced with proportionate reward. The senior management team identify and control risks through their weekly operational meetings and monthly Board meetings. Further detail regarding financial risks can also be seen in note 29.

The principal risks facing the Group include:

Risk	Description	Response
Market pressure	Failure to respond to the continued competitive pressures in a declining market could lead to revenues and margins irreversibly weakening.	The Group manages this risk by ensuring the quality of its products, by providing added value services to its customers, having fast response times not only in supplying products, but in handling all customer queries and by maintaining strong relationships with customers. The Group's strategy is to focus on markets with the greatest longevity and where competition is weak.
Reliance on key suppliers	Supply disruption could impact customer satisfaction as an inability to print to schedule, leading to loss of revenue.	The Group has processes in place to manage and monitor exposure to significant counterparties centrally and within the manufacturing sites; where we are exposed regarding specialised products, supplier and customer communication is at the heart of the process to ensure delivery is maintained. For all our key purchases we have relationships with alternative suppliers should there be a failure amongst any of the key suppliers.

The principal risks facing the Group include:

Risk	Description	Response
Reliance on key employees	The resignation of key employees and the inability to recruit people with the right expertise and skills could adversely affect the Group's results.	Training programmes and succession planning reduce this risk so that we have continuity. Incentive programmes also assist in retaining staff.
Availability of finance	Inability to obtain finance to fund business needs could result in a shortage of cash to enable it to pay its debts as they fall due.	Financing is obtained from a diversified range of sources and includes both secured and unsecured facilities. The availability of assets to provide security to lenders provides options for the Group to obtain financing at optimal rates.
Exchange rate movements	Movement in exchange rates could impact on profitability or result in a reduction to net assets.	Financing is obtained for each territory in its local currency so that assets are matched by its associated funding. Similarly, the Group endeavours to match the currency of costs and revenue to minimise the profitability impact of exchange rate movements.
Cyber breach	Major information security breach or cyber-attack could result in reputational damage, business interruption and litigation, as well as negative impact on customer relations including loss of confidence. Potential exposure to fines or prosecution (Data Protection Act).	The risk of attack is continuous, and we look to minimise the risks with firewalls and up-to-date anti-virus protection systems. Group policies, staff training and data backup routines ensure high levels of protection. Data protection policies and practices are in place.
Pandemic	Another pandemic, or a further wave or escalation of the coronavirus pandemic, could result in disruption to our operational sites and / or customers / suppliers.	Since the start of the coronavirus pandemic in early 2020 the Group has developed policies and procedures using enhanced cleaning, social distancing, safety screens, one-way systems etc to allow Covid-secure working in our plants. Working from home has also been utilised where possible. These changes to our operations allowed us to minimise the interruption to operations, and can and will be used again if needed.
Increase in energy and raw material prices	Increase in the cost of production may be difficult to pass on to the consumer in the short term and impact on volumes produced.	Walstead works closely with its customers to manage the cost of production. It ensures that a high-quality service is maintained whilst passing on cost increases through the supply chain where necessary to maintain a viable business. Any impact on production volumes is carefully managed to main efficiencies across the group.

Corporate and social responsibility

Environmental, employee, social, community and human right matters
The Group's performance depends largely on its managers and staff. The resignation of key employees and the inability to recruit people with the right expertise and skills could adversely affect the Group's results. To mitigate these risks, the Group operates a training programme for its employees and provides incentives linked to the results that are designed to retain key personnel.

The Group has consistently sought to recruit and retain the best employees in order to provide good customer service, which is the foundation of the business.

The Group recognises the importance of understanding and controlling environmental impacts where possible. We aim to ensure our paper is sourced from sustainably and environmentally managed forests, and production waste materials are effectively recycled. Our printing processes aim to be as efficient as reasonably possible to minimise emission and other environmental impacts.

The Group is committed to working closely, and in a sustainable manner, with our suppliers and business partners. We consider our broader role within the community and look for opportunities where we can play a larger part in those communities.

The Group supports the principles laid out in the Universal Declaration of Human Rights; our major human rights impacts relate to colleagues, contractors, suppliers and our products.

Employee gender diversity

	2021		2020	
	Male	**Female**	**Male**	**Female**
Directors				
Directors of the Company	9	1	9	1
Directors of subsidiary companies not included in the above	11	2	13	2
	20	3	22	3
Total senior managers other than directors				
Employees in other senior executive positions	35	2	37	2
Other employees of the Group	2,522	694	2,466	650
Total employees of the Group	**2,577**	**699**	**2,525**	**655**

Fair review of the business and key performance indicators (KPIs)

A summary of the key financial results for the year to 31 December 2021 is set out in the tables below *:

Financial highlights – Statutory measures	**2021**	**2020**
	€000	**€000**
Revenue (restated)*	546,426	549,905
Operating profit	15,669	7,859
Profit after tax	15,145	2,897
Net assets	83,110	70,183

* See note 4 to the financial statements for further information

The Group's directors use key performance indicators to measure progress in delivering the business model and creating sustainable shareholder returns. Whilst the above financial highlights reflect the results for the Group for 2021 and 2020, the below KPI's provide alternative performance measures that are used by the directors to analyse the business.

* See page 61 for definitions of Alternative Performance Measures

Fair review of the business and key performance indicators (KPIs) (continued)

In the period under review the Group used the following key performance indicators:

Financial highlights - Alternative performance measures	**2021 €000**	**2020 €000**
EBITDA (adjusted)	42,045	42,994
EBITDA (adjusted) as a percentage of net revenue	11.8%	12.7%
EBITDA (adjusted) return on capital employed	24.1%	22.9%
External net debt to EBITDA (adjusted)	0.8x	1.1x
Added value per production employee	€89,277	€79,160
Added value as a percentage of net revenue	66.6%	64.8%

2021 saw the continued impact of Covid-19 particularly in Central Europe which suffered significant lockdowns restrictions especially in the first quarter impacting flyer and catalogue volumes (which are key marketing channels for the retail industry) and continued reduced advertising content in magazines, combined with closure of retail outlets resulted in a continued impact on publishing. In the second half of the year the Group experienced significant increases in the cost of paper and energy part of which was recovered by working with customers in passing increases through the supply chain.

Despite the difficult circumstances, the Group again proved very resilient with both the geographical and sector diversification mitigating the impact and resulting in a satisfactory performance. Full year revenue ended at €546.4 million, down from €549.9 million in 2020, but a reduction of less than 5% year on year.

Added value provides the management team with an understanding of the direct variable profit impact through operational efficiencies and close control of costs. As much of the headline revenue reduction came from shorter print runs and lower paginations this allowed the Group to offset much of the lost revenue with reduced paper and consumables costs. Combined with the utilisation of government employee support schemes and the exceptional commitment and flexibility of our staff, there is only a small increase in Added Value margin on prior year. The Gross profit margin (as shown on the face of the profit and loss) remains flat at 18% year on year.

EBITDA (adjusted) is a key metric to understand the business as it gauges the cash generation and operational success of the business on a sustainable basis. EBITDA (adjusted) remained strong at €42.0 million (2020: €43.0 million) but reduced on prior year primarily as a result of the lower revenues and increased raw material costs in the final months of the year. Whilst there is a substantial reduction in administration expenses on prior year, there remains an element of fixed cost that has impacted the margin. Retaining staff and capacity has come at some short-term cost to the business but has ensured it retains capacity into 2022 as the UK and European economies continued to recover.

Cash generation for the year is strong with a net cash flow from operating activities of €50.5 million (2020: €42.2 million). Working capital management has remained under close scrutiny during the year and both receivables and inventory ageing are healthy and have improved on previous years creating cash inflows. Creditors continued to be paid as due and creditor days remain in line with previous years.

Following the uncertainties of the past two years, the Group has continued to hold healthy cash and headroom balances. At the year-end cash and cash equivalents were €68.5 million and bank facility headroom was €34.2 million giving the Group almost €102.7 million of cash availability (2020: cash balances of €47.4 million and undrawn bank facilities of €33 million). External net debt to EBITDA (adjusted), our principal metric for monitoring debt improved again leaving the Group with a very low external debt leverage of just 0.8x.

Future developments

As detailed in the Chairman's report, 2022 started steadily. Unaudited results for the five months to 31 May 2022 show net revenue at €151.9 million, and EBITDA (adjusted) at €16.4 million. Energy, paper and raw material costs have continued to increase during this period and the Group has worked closely with customers to mitigate the impact of these increases. See page 3 for full details.

Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The board of directors consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (having regard to the stakeholders and matter set out in s172(1)(a-f) of the Act) in the decisions taken during the year ended 31 December 2021. Following paragraphs, together with our corporate and social responsibilities as described on page 6, summarise how the Directors fulfil their duties:

- Our business plan is designed to have long term beneficial impact on the company and to contribute to its success in delivering a better quality, reliable service for our customers. We will continue to operate our business within tight budgetary controls.
- Our employees are fundamental to the delivery of our plans. We aim to be a responsible employer in our approach to pay and benefits our employees receive. The health, safety and well-being of our employees is one of our primary considerations in the way we do business.
- To grow our businesses, we need to develop and maintain strong client relationships. We value all of our suppliers and where possible have multi-year contracts with our key customers and suppliers.
- Our business plan takes into account the impact of the company's operations on the community and environment and our wider societal responsibilities.
- As the Board of directors, our intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours and doing so will contribute to the delivery of our plans.
- As the board of Directors, our intention is to behave responsibly toward our shareholders and treat them fairly and equally, so they too may benefit from the successful delivery of our plan.

Approval
This report was approved by the board of directors and signed on its behalf by:

P Utting
Chief executive officer
30 June 2022

Directors' report

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

Significant events since the balance sheet date

In May 2022, the Group renewed its invoice factoring facility with BNP Paribas Fortis Factor N.V for further three years. A total limit of the facility is €130 million and there are no significant changes in the terms and conditions of the renewed facility.

In April 2022 the Group acquired certain production assets of the insolvent YM Group printing companies at Scarborough and York and Wakefield.

There have been no other significant events after the balance sheet date.

Dividends

The directors do not recommend the payment of a dividend following their approval of the 2021 consolidated financial statements and no dividends were paid during the year (2020: €nil).

Directors

The directors who held office during the year were as follows:

- Richard Fookes (non-executive director)
- Oliver Jones (non-executive director)
- Ron Marsh (senior independent non-executive director)
- Julian Rothwell (chief financial officer)
- Mark Scanlon (chairman)
- Paul Utting (chief executive officer)
- Debbie Read (group commercial director)
- Gerhard Poppe (chief executive officer – Walstead CE)
- José María Camacho Fernandez (chief executive officer – Walstead Iberia)
- Roy Kingston (chief operating officer)

Directors' indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which remain in force at the date of this report.

Disabled employees

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Group's policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

During the year, the policy of providing employees with information about the Group has been achieved through internal media methods. Employees have also been encouraged to present their suggestions and views on the Group's performance. Meetings are held between local management and employees to cultivate a free flow of information and ideas.

Going concern basis

Each of the persons who is a director at the date of approval of this annual report and financial statements confirms that the Group's business activities together with the principal risk factors likely to affect its future development, performance and position are set out in the Chairman's Statement and Strategic Report. A number of principal risk factors could potentially affect the Group's results and financial position. In particular, the current economic climate creates uncertainties over the level of demand for the Group's products and services. The Group adopts extensive business planning and forecasting processes for its trading results and cash flows and updates these forecasts to reflect current trading on a regular basis.

The Group sensitises its projections to reflect possible changes in trading performance and cash conversions. The Directors have sensitised its forward projections to reflect reasonable worst-case scenarios which could arise as a consequence of the most financially material of the Group's principal risks crystallising. The projections support the view that for the period up to 31 December 2023 the Group is expected to be able to operate within the level of its revised financing arrangements, as detailed in note 18, and meet its covenant requirements for a period of one year from the date of the signing of the Group's financial statements for the year ended 31 December 2021, as per note 2.

After making enquiries, the Directors have a reasonable expectation that there are no material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

Impact on environment

Walstead Group Limited's emissions for the year ended 31 December 2021 fall below the levels for which reporting is required under the Streamlined Energy and Carbon Reporting requirements in the UK as it meets the Low Energy User criteria.

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

Auditor

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that it has been communicated to the auditor.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

This report was approved by the board of directors and signed on its behalf by:

J Rothwell
Chief financial officer
30 June 2022

Directors' responsibilities statement

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law they have elected to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WALSTEAD GROUP LIMITED

Opinion

We have audited the financial statements of Walstead Group Limited ("the Company") for the year ended 31 December 2021 which comprise the Consolidated Statement of Profit or Loss, Consolidated Statement of Comprehensive Income, Consolidated and Company Statements of Financial Position, Consolidated and Company Statements of Changes in Equity, Consolidated Statement of Cash Flows and related notes, including the accounting policies in note 2

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Group's high-level policies and procedures to prevent and detect fraud and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board, audit committee minutes.
- Considering remuneration incentive schemes and performance targets for management.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group audit team to full scope component audit teams of relevant fraud risks identified at the Group level and request to full scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at the Group level.

As required by auditing standards, and taking into account possible pressures to meet profit we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition at cut-off, in particular the risk that revenue is recorded in the wrong period and the risk that Group and component management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of the Group-wide fraud risk management controls.

We performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards) and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group audit team to full-scope component audit teams of relevant laws and regulations identified at the Group level, and a request for full scope component auditors to report to the Group audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for other information which comprises the strategic report, the chairman's statement and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 11, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and 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 they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

SBeavis

Stephanie Beavis (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP
Botanic House
100 Hills Road
Cambridge
Cambridgeshire
CB2 1AR
26 July 2022

Walstead Group Limited

Consolidated statement of profit or loss

For the year ended 31 December 2021

	Note	2021 €000	2020 €000 Restated**
Revenue	5	546,426	549,905
Cost of sales		(448,110)	(449,261)
Gross profit		**98,316**	**100,644**
Other operating income	6	10,128	7,423
Distribution expenses		(28,193)	(26,679)
Administrative expenses		(64,689)	(73,088)
Gain/(loss) on disposal of fixed assets		107	(441)
Operating profit	7	**15,669**	**7,859**

EBITDA (adjusted)*		42,045	42,994
Depreciation	14	(23,004)	(23,451)
Amortisation	13	(1,964)	(2,918)
Gain/(loss) on disposal of fixed assets		107	(441)
Operating profit (adjusted)*		17,184	16,184
Exceptional items and restructuring costs	8	(1,515)	(8,325)
Operating profit		**15,669**	**7,859**

Finance costs – net	11	(3,010)	(7,101)
Profit before tax		**12,659**	**758**
Taxation credit	12	2,486	2,139
Profit for the year from continuing operations		**15,145**	**2,897**

The accompanying notes are an integral part of the financial statements.

* See page 61 for definition of alternative performance measures

** See note 4 for further information

Walstead Group Limited

Consolidated statement of comprehensive income

For the year ended 31 December 2021

	Note	2021	2020
		€000	€000
Profit for the year		**15,145**	**2,897**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Actuarial gain on severance provision and defined benefit pension	22	139	318
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(2,357)	23
Other comprehensive income for the year		(2,218)	341
Total comprehensive income for the year		**12,927**	**3,238**
Total comprehensive income attributable to owners of the Company		**12,927**	**3,238**

The accompanying notes are an integral part of the financial statements

Walstead Group Limited

Consolidated balance sheet

For the year ended 31 December 2021

	Note	2021 €000	2020 €000
Non-current assets			
Intangible assets	13	33,952	33,087
Property, plant and equipment	14	164,458	164,696
Deferred tax assets	20	24,565	21,755
		222,975	219,538
Current assets			
Inventories	16	31,896	18,942
Trade and other receivables	17	45,732	50,365
Cash and cash equivalents	24	68,459	47,429
		146,087	116,736
Total assets		**369,062**	**336,274**
Current liabilities			
Trade and other payables	21	(119,438)	(96,927)
Current tax liabilities		(102)	(2,760)
Provisions	22	(6,135)	(1,431)
Borrowings	18	(32,081)	(51,928)
Deferred revenue	28	(327)	(333)
		(158,083)	(153,379)
Net current liabilities		**(11,996)**	**(36,643)**
Non-current liabilities			
Borrowings	18	(105,665)	(89,311)
Provisions	22	(13,482)	(14,659)
Deferred revenue	28	(1,222)	(1,562)
Deferred tax liabilities	19	(7,500)	(7,180)
		(127,869)	(112,712)
Total liabilities		**(285,952)**	**(266,091)**
Net assets		**83,110**	**70,183**
Equity			
Share capital	23	65	65
Translation reserves		6,843	9,200
Retained earnings		76,202	60,918
Equity attributable to the owners of the parent		**83,110**	**70,183**

The accompanying notes are an integral part of the financial statements.

The financial statements were approved by the board of directors and authorised for issue on 30 June 2022. They were signed on its behalf by:

J Rothwell
Chief Financial Officer

Walstead Group Limited
Consolidated statement of changes in equity
For the year ended 31 December 2021

Equity attributable to equity holders of the Company

	Share capital	Translation reserves	Retained earnings	Total equity
	€000	€000	€000	€000
Balance at 1 January 2020	65	9,177	57,703	66,945
Profit for the year	-	-	2,897	2,897
Other comprehensive income				
Actuarial gain on severance provision	-	-	318	318
Exchange differences on translation of foreign operations	-	23	-	23
Other comprehensive loss	**-**	**23**	**318**	**341**
Total comprehensive income for the year	**-**	**23**	**3,215**	**3,238**
Balance at 31 December 2020	**65**	**9,200**	**60,918**	**70,183**
Profit for the year	-	-	15,145	15,145
Other comprehensive income				
Actuarial gain on severance provision	-	-	139	139
Exchange differences on translation of foreign operations	-	(2,357)	-	(2,357)
Other comprehensive income	**-**	**(2,357)**	**139**	**(2,218)**
Total comprehensive income for the year	**-**	**(2,357)**	**15,284**	**12,927**
Balance at 31 December 2021	**65**	**6,843**	**76,202**	**83,110**

The accompanying notes are an integral part of the financial statements.

Walstead Group Limited

Consolidated cash flow statement

For the year ended 31 December 2021

	Note	2021 €000	2020 €000
Net cash inflow from operating activities	24	50,516	42,169
Cash flows from investing activities			
Payments for property, plant and equipment		(13,754)	(8,574)
Payments for intangible assets		(286)	-
Proceeds from sale of property, plant and equipment		1,114	15
Net cash outflow from investing activities		(12,926)	(8,559)
Cash flows from financing activities			
Sale & lease back financing		14,243	667
Drawdown of borrowings		26,339	12,615
Repayments of borrowings		(14,658)	(6,944)
Repayments of loans from related parties		(17,721)	-
Principal elements of lease payments		(11,121)	(11,443)
Drawdown/(repayments) of revolving credit & invoice factoring		(14,147)	1,574
Net cash outflow from financing activities		(17,065)	(3,531)
Net increase in cash and cash equivalents		**20,525**	**30,079**
Cash and cash equivalents at beginning of year		47,429	18,182
Net increase in cash and cash equivalents		20,525	30,079
Effects of exchange rate changes on cash and cash equivalents		505	(832)
Cash and cash equivalents at end of year	24	**68,459**	**47,429**

The accompanying notes are an integral part of the financial statements.

1 General information

Walstead Group Limited ("Company") is a company incorporated in the United Kingdom under the Companies Act. The Company is a private company limited by shares and is registered in England and Wales with registration number 09927306. The address of the Company's registered office is 18 Westside Centre, London Road, Colchester, Essex CO3 8PH, United Kingdom.

The principal activities of the Company and its subsidiaries ("Group") and the nature of the Group's operations are set out in the strategic report on pages 4 to 8.

2 Significant accounting policies

2.1 Basis of preparation

(i) Compliance with IFRS
The consolidated financial statements of the Group have been prepared in accordance with International accounting standards in accordance with UK-adopted international accounting standards ("UK Adopted IFRS").

(ii) Historical measurement convention
The financial statements have been prepared on a historical cost basis, except for the revaluation of financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

(iii) New and amended standards adopted by the group
The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021:

- *COVID-19-Related Rent Concessions beyond 30 June 2021* – amendment to IFRS 16
- *Interest Rate Benchmark Reform* – Phase 2– amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iv) New standards and interpretations not yet adopted
At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:.

Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current (effective date to be confirmed).

- Amendments to IAS 37: *Onerous Contracts –Cost of Fulfilling a Contract* (effective date to be confirmed).
- Amendments to *References to the Conceptual Framework* in IFRS 3 (effective date to be confirmed).
- Amendments to IAS 16: *Property, Plant and Equipment* –Proceeds before Intended Use (effective date to be confirmed).
- *Annual Improvements to IFRS Standards 2018-2020* (effective date to be confirmed).
- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* to introduce a new definition for accounting estimates (effective date to be confirmed).
- Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statements 2 *Making Materiality Judgements* (effective date to be confirmed).
- Amendments to IAS 12 *Income Taxes* – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (effective date to be confirmed).

These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(v) Going concern
The Group and Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. Principal risks are detailed on pages 4-6. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the financial statements.

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate. Cash forecasts have been prepared for a period of 15 months from the date of approval of the financial statements which include a plausible downside scenario.

2.1 Basis of preparation *(continued)*

(v) Going concern (continued)
The Group's 2022 budget was prepared at the time of soaring energy prices and a scarcity of paper and the resulting expectation was a subdued first half to the year. Whilst showing a reduction in profits on last year, this was akin to a plausible down-side scenario, and cash availability still remained strong with the anticipation of a gradual improvement into H2. The actual results to 31 May 2022 were ahead of the budget as detailed in the Chairman's report. The directors have also considered the impact from the increased energy and raw material pricing during 2022, and ongoing effect of the Ukraine situation. The plausible downside scenario includes the ongoing high energy prices and a further 10% increase in raw material pricing during 2023. Whilst this is expected to result in a reduction in printed volume the forecasts continue to provide confidence over the going concern assessment.

The Directors have also considered events beyond one year and in particular the repayment of the related party loan notes that have a redemption date of 31 December 2023 ("Redemption Date"). The loan note holders have confirmed to the Directors that they will agree to extend the Redemption Date in the event that the loan notes are not repaid on or before 31 December 2023.

When taking account of severe but plausible downsides and the anticipated impact of COVID-19 on the operations and its financial resources, the forecasts indicate the Group and Company will have sufficient funds to meet their liabilities as they fall due for that period and will operate within the Group's facilities and related covenants.

2.2 Basis of consolidation

(i) Subsidiaries
Subsidiaries are all entities over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 2.4).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(ii) Changes in ownership interests
The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This might mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.3 Foreign currency translation

(i) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The consolidated financial statements are presented in Euro ("€"), which is the Group's functional and presentation currency. Except where otherwise stated amounts are rounded to the nearest thousand Euro.

2.3 Foreign currency translation *(continued)*

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss. They are deferred in equity if they are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis, within 'finance costs – net'.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(iii) Group companies
The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, are recognised in other comprehensive income. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss as part of the gain or loss on sale.

Exchange differences arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.4 Business combinations

The acquisition method of accounting is used to account for all business combinations. The consideration transferred in a business combination comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity, on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred;
- amount of any non-controlling interest in the acquired entity; and
- acquisition date fair value of any previous equity interest in the acquired entity,

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

2.4 Business combinations *(continued)*

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates at fair value with the corresponding gain or loss being recognised in profit or loss.

2.5 Revenue from contracts with customers

Printed materials
Contracts are entered into with customers for the provision of printed goods. Contract stipulates rates applicable to each product and invoices are raised in accordance with a matrix or pricing structure stipulated within the contract. Contracts can be agreed for specific jobs or may be for longer periods spanning the year end. Where a contract does not cover a specific job, orders are raised under the contract for a specific products. These are produced on separate print runs making them easily identifiable. In certain circumstances, contracts may allow for a rebate if volume or revenue targets are met within a set period. Rebates are accrued against revenue based on achievement against targets within the financial year. Revenue from printed materials includes sales of waste paper.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

Revenue is recognised when control of the products has transferred, that is when the products have been delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location., the risks of obsolescence and loss have been transferred to the customer and either the customer has accepted the products in accordance with sales contract, the acceptance provisions have been lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognised when the products are delivered, since this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

Reprographic services
Contracts are entered into with customers for the provision of reprographic services.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

Revenue is recognised over time as the contracts progress and the services are performed.

2.6 Other operating income

Other operating income predominantly relates to the generation of electricity sold to the national grid. Income is recognised at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Electricity income is recognised over time as energy is supplied to the grid.

2.7 Finance income and costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- the net gain or loss on financial assets at FVTPL;
- the foreign currency gain or loss on financial assets and financial liabilities;

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

2.8 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to cots are deferred and are recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

2.9 Exceptional items

The Group presents exceptional items (note 8) to provide additional useful information on the operational performance of the Group. Exceptional costs include costs that are not directly attributable to the printing and print-related services of the Group. These costs include acquisition and re-financing costs, goodwill adjustments and investment impairments.

2.10 Taxation

The tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.11 Property, plant and equipment

Items of property, plant and equipment are measured at cost, being fair value at the date of acquisition, less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

2.11 Property, plant and equipment *(continued)*

Depreciation is calculated using the straight-line method to allocate the cost or deemed cost of assets, net of their residual values, over their estimated useful lives on the following basis:

- Buildings 4% per annum
- Plant and machinery 10% - 50% per annum
- Fixtures and fittings 30% per annum
- Freehold land is not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

2.12 Intangible assets and goodwill

(i) Goodwill

Goodwill is measured as described in note 2.4. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

(ii) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Amortisation is calculated using the straight-line basis over their estimated useful lives; this is between 1 and 5 years. Amortisation charge is presented within 'administrative expenses'.

2.13 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

2.13 Impairment of non-financial assets *(continued)*

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.14 Leased assets

Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as IT equipment and small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group remeasures the lease liability when there is a change in future lease payments arising from a change in an index or rate, if there is a change in expected payment under a guaranteed residual value, or if the Group changes its assessment of whether it exercises a purchase, extension or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-to use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. Cost of work in progress includes an appropriate proportion of overhead expenditure based on normal operating capacity. Impairment losses are recognised where inventories become obsolete or damaged with items written down to net realisable value. Previously recognised impairment losses are reversed if the reasons for the impairment no longer apply.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.16 Trade receivables

(i) Classification as trade receivables
Trade receivables are amounts due from customers for goods sold and services provided in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional. The Group holds the trade receivables with the objective of collecting contractual cash flows, and so it measures them subsequently at amortised cost using the effective interest method

(ii) Transferred receivables
The carrying amount of the trade receivables include receivables which are subject to a factoring arrangement. Under this arrangement, the Group has transferred the relevant receivables to the factor in exchange for cash and is prevented or selling or pledging the receivables. However, in some cases the Group has retained late payment and credit risk. The Group therefore continues to recognise these transferred assets in their entirety in its balance sheet. Amount repayable under the factoring agreement is presented as secured borrowing. The Group considers that the 'held to collect' business model remains appropriate for these receivables, and hence it continues measuring them at amortised cost.

2.17 Investments and other financial assets

(i) Classification
The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded either in profit or loss or in OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition
Regular way purchases and sales of financial assets are recognised on trade date (that is, the date on which the Group commits to purchase or sell the asset). Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial instruments

Subsequent measurement of financial instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its financial instruments:

- *Amortised cost*: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), and impairment expenses are presented as a separate line item in the statement of profit or loss.

2 Investments and other financial assets *(continued)*

(iii) Measurement (continued)

Financial instruments (continued)

- *FVPL*: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments
The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment
The Group assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group has established a provision matrix which takes into account the Group's historical credit loss experience adjusted for historical conditions that are not relevant to future cash flows and forward-looking factors specific to the debtor and economic environment. The effect of applying the new expected credit loss model on the Group's impairment of trade and other receivables has been immaterial.

2.18 Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

2.19 Derivatives and hedging activities

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

There are no open derivative positions in the current or preceding financial year and hence nor applied hedge accounting under IFRS 9.

2.20 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

2.21 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

2.21 Borrowings *(continued)*

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs
Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.22 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Restructuring provision
A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Loss making contract provisions
Present obligations arising under loss making contracts are recognised and measured as provisions. Loss making contract is considered to exist where the Group has contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Employee and loyalty bonus provision
Both of these provisions relate to a legal requirement for Austrian and Slovenian employees to accrue specific costs; the provisions are calculated by an actuary.

2.23 Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as accruals in the balance sheet.

(ii) Post-employment obligations

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

Pension obligations
The liability or asset recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

2.23 Employee benefits *(continued)*

(ii) Post-employment obligations (continued)

Pension obligations (continued)
The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments.

The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(iv) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits.

The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

2.24 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand Euro (€), unless otherwise stated.

3 Critical accounting judgements and key sources of estimation uncertainty

There are not considered to be any critical judgements that the directors have made in the process of applying the Company's accounting policies.

4 Changes in accounting policies and disclosures

During the year the presentation of waste products income was revised to align with the Directors' view that this income is part of the ordinary course of business and is therefore more appropriately presented as Revenue, instead of Other operating income.

This has resulted in a reclassification of prior year statement of profit and loss where Revenue has increased by €9,515,000 and Other operating income has decreased by the same amount.

5 Revenue and geographical information

An analysis of the Group's revenue is as follows:

	2021 €000	2020 €000 Restated
Continuing operations		
Sales of goods	537,759	542,635
Sales of services	8,667	7,270
	546,426	**549,905**

The Group's revenue by geographical area is detailed below:

	2021 €000	2020 €000 Restated
United Kingdom	107,987	94,676
Continental Europe	436,169	453,920
Rest of World	2,270	1,309
	546,426	**549,905**

Included in revenues arising from commercial printing, are revenues of approximately €40.7 million (2020: €29.9 million) which arose from sales to the Group's largest customer. No single customer contributed 10% or more to the Group's revenue in the year to 31 December 2021 or the year to 31 December 2020.

See note 4 for the details of the restatement.

6 Other operating income

An analysis of the Group's other operating income is as follows:

	2021 €000	2020 €000 Restated
Electricity income	3,589	3,436
Waste sales – non-paper	1,953	1,394
Government grant income	2,233	1,415
Other	2,353	1,178
	10,128	**7,423**

See note 4 for the details of the restatement.

7 Profit for the year

Profit from continuing operations for the year has been arrived at after charging/(crediting):

	2021 €000	2020 €000
Net foreign exchange (gains)/losses	(2,781)	1,532
Depreciation of property, plant and equipment (note 14)	23,004	23,451
Amortisation of intangible assets (note 13)	1,964	2,918
Net (gain)/loss on disposal of property, plant and equipment	(107)	441
Net impairment loss recognised on trade receivables	(57)	696
Staff costs (note 10)	121,129	113,222

8 Exceptional items and restructuring costs

In the analysis of the Group's operating results, information is presented to provide readers with additional performance indicators that are prepared on a non-statutory basis. This presentation is regularly reviewed by management to identify items that are considered to be one-off or do not reflect an operational cost of the business and should be adjusted in order to reflect an understanding of the Group's performance and long-term trends.

	2021 €000	2020 €000
Restructuring costs (including redundancies and acquisition costs)	1,515	8,325

Acquisition, re-financing and restructuring costs are treated as exceptional expenses.

Of the above costs, €0.2 million remains outstanding at the year end and is included within provisions (2020: €1.1 million included within accruals). Restructuring costs of €Nil (2020: €2.5 million) are not deductible for tax purposes.

9 Auditor's remuneration

The analysis of the auditors' remuneration is as follows:

	2021 €000	2020 €000
Fees payable to the Company's auditor and its associates for the audit of parent company and consolidated financial statements	29	85
Audit of the financial statements of the Company's subsidiaries	629	503
Total audit fees	**658**	**588**
Fees payable to the Company's auditor and their associates for other services to the Group:		
Other assurance services	-	125
Taxation compliance services	17	3
Total non-audit fees	**17**	**128**

10 Staff numbers and costs

Monthly average number of people employed by the Group (including executive directors), analysed by category, was as follows:

	2021 Number	2020 Number
Production	2,733	2,649
Sales	88	83
Administrative	455	448
	3,276	**3,180**

Their aggregate remuneration comprised:

	2021 €000	2020 €000
Wages and salaries	99,256	91,938
Social security costs	20,631	20,142
Other pension costs (note 27)	1,242	1,142
	121,129	**113,222**

11 Finance costs

	2021 €000	2020 €000
Interest and finance charges on bank overdrafts and loans	2,703	2,697
Interest on lease liabilities	2,319	1,922
Interest on loans from related parties	433	868
Total interest expense	5,455	5,487
Net exchange (gains)/losses on foreign currency borrowings	(2,497)	1,532
Net interest expense on defined benefit obligation	52	82
	3,010	**7,101**

12 Tax

	2021 €000	2020 €000
Current tax:		
Current tax on profits for the year	1,085	1,215
Adjustment for current tax of prior periods	(1,326)	(551)
	(241)	664
Deferred tax (note 20):		
Deferred tax credit for current year	(2,682)	(2,083)
Adjustment for deferred tax of prior periods	437	(720)
	(2,245)	(2,803)
Total tax credit	**(2,486)**	**(2,139)**

UK Corporation Tax is calculated at 19% (2020: 19%) of the estimated taxable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The change in recognition of a deferred tax asset relates to tax losses which, due to an improvement in long term forecasts, it is now probable that it can be utilised against future profits.

Factors affecting the tax charge in future years
The Finance Act 2021 enacted increase in the standard rate of corporation tax to 25%, due to come into effect 1 April 2023. This has been treated as a non-adjusting post-balance sheet event in these financial statements, but this change will affect future years.

Reconciliation of effective tax rate

The charge for the year can be reconciled to the profit in the statement of profit or loss as follows:

	2021 €000	2020 €000
Profit before tax on continuing operations	12,659	758
Tax at the UK Corporation Tax rate of 19% (2020: 19%)	2,405	145
Tax effects of non-deductible expenses	1,895	2,164
Post year end expenses allowable in determining taxable profit	(37)	-
Tax effect of income not taxable in determining taxable profit	(1,394)	(274)
Utilisation of tax losses	(61)	100
Movement in unrecognised deferred tax	(1,430)	833
Effect of difference in overseas tax rates	(1,626)	(1,464)
(Over) / under provided in prior years	(889)	(1,271)
Change of rate for deferred tax	(1,349)	(2,372)
Total tax credit	**(2,486)**	**(2,139)**

The reconciliation has been performed using the UK tax rate of 19% (2020: 19%) with the impact associated with different tax rates in non-UK tax jurisdictions shown separately. No additional tax amounts have been recognised in other comprehensive income other than those charged to the statement of profit or loss.

13 Intangible assets

	Goodwill	Customer contracts	Software	Total
	€000	€000	€000	€000
Cost				
At 1 January 2020	44,594	22,727	-	67,321
Additions	-	-	804	804
Transfer from property, plant and equipment	-	-	3,991	3,991
Exchange differences	(1,375)	(808)	(23)	(2,206)
At 31 December 2020	43,219	21,919	4,772	69,910
Additions	-	-	286	286
Disposals	-	-	(1)	(1)
Transfer from property, plant and equipment	-	-	1,814	1,814
Exchange differences	2,003	870	127	3,000
At 31 December 2021	**45,222**	**22,789**	**6,998**	**75,009**
Accumulated amortisation and impairment	-	-	-	-
At 1 January 2020	13,777	19,259	-	33,036
Amortisation charge for year	-	2,240	678	2,918
Transfer from property, plant and equipment	-	-	1,539	1,539
Exchange differences	-	(661)	(9)	(670)
At 31 December 2020	13,777	20,838	2,208	36,823
Amortisation charge	-	1,090	874	1,964
Disposal	-	-	(1)	(1)
Transfer from property, plant and equipment	-	-	1,322	1,322
Exchange differences	-	831	118	949
At 31 December 2021	**13,777**	**22,759**	**4,521**	**41,057**
Carrying amount				
At 31 December 2021	**31,445**	**30**	**2,477**	**33,952**
At 31 December 2020	29,442	1,081	2,564	33,087

The recoverable amounts of the CGUs and the group of units are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs and the group of units. The growth rates are based on industry growth forecasts. Growth in the commercial printing industry is predicted to be similar to previous years (market research conducted by CIL Management Consultants). Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market. It is anticipated that sales volumes will remain at a similar level to the current year over the next one to two years.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolates cash flows into perpetuity based on an estimated growth rate of zero per cent. This rate does not exceed the average long-term growth rate for the relevant markets.

The Group has goodwill relating to its investments in the Walstead UK and Walstead Iberia sub-groups, each is considered to be a CGU for the purposes of impairment testing.

On acquisition, before impairment testing, goodwill of €15.6 million was allocated to the Walstead Iberia Limited CGU within the commercial printing segment. The combination of the decline within the industry and limited GDP growth reduced Walstead Iberia's goodwill to its recoverable amount of €1.2 million through recognition of an impairment loss in 2016.

During 2021, the Group has performed in line with expectations. As a result, the carrying value of goodwill is supported by the calculations and no further impairment is necessary for any CGU.

13 Intangible assets *(continued)*

The discount rates and terminal growth rates used in performing the impairment reviews are as follows –

	Walstead Iberia		Walstead UK	
	2021	**2020**	**2021**	**2020**
Discount rate	7.9%	7.8%	7.3%	7.1%
Terminal growth rate	0.0%	0.0%	0.0%	0.0%

The key assumptions used in performing the impairment reviews, and the amount each assumption would need to change by to create an impairment, are as follows –

	Walstead Iberia		Walstead UK	
	2021	**2020**	**2021**	**2020**
Discount rate	+3.8%	+3.4%	+17.9%	+16.6%
Decrease in revenue	8.1%	2.2%	30.0%	7.8%
Increase in direct labour	7.1%	8.7%	29.0%	28.8%

The sensitivity analysis does not indicate that any additional impairment is due in any CGU.

The value of customer contracts is derived from the discounted cash flows that are expected to arise from each contract at the point of acquisition. Contracts are amortised over their estimated useful lives, which range between 1 and 5 years, and are reviewed annually for impairment.

14 Property, plant and equipment

	Land and buildings €'000	Plant and machinery €'000	Fixtures and fittings €'000	Total €'000
Cost				
At 1 January 2020	79,651	168,664	8,839	257,154
Additions	6,942	10,772	266	17,980
Disposals	(1,018)	(7,804)	(44)	(8,866)
Transfer to intangible assets	-	-	(3,991)	(3,991)
Reclassification	8,990	(8,618)	(372)	-
Exchange differences	(2,541)	(4,254)	(237)	(7,032)
At 31 December 2020	92,024	158,760	4,461	255,245
Additions	6,422	14,991	504	21,917
Disposals	(160)	(4,718)	(243)	(5,121)
Transfer to intangible assets	-	(1,814)	-	(1,814)
Reclassification	(1,036)	1,017	19	-
Exchange differences	2,232	3,234	65	5,531
At 31 December 2021	99,482	171,470	4,806	275,758
Accumulated depreciation				
At 1 January 2020	13,635	62,162	3,327	79,124
Charge for the year	8,264	14,624	563	23,451
Disposals	(999)	(6,678)	267	(7,410)
Transfer to intangible assets	-	-	(1,539)	(1,539)
Reclassification	7,193	(7,399)	206	-
Exchange differences	(748)	(2,201)	(128)	(3,077)
At 31 December 2020	27,345	60,508	2,696	90,549
Depreciation charge	7,285	15,319	400	23,004
Disposals	-	(4,102)	(12)	(4,114)
Transfer to intangible assets	-	(1,320)	(2)	(1,322)
Reclassification	-	13	(13)	-
Exchange differences	975	2,129	79	3,183
At 31 December 2021	35,605	72,547	3,148	111,300
Carrying amount				
At 31 December 2021	63,877	98,923	1,658	164,458
At 31 December 2020	64,679	98,252	1,765	164,696

14 Property, plant and equipment *(continued)*

Right of use assets
2021 additions include right of use assets: Land and buildings €5,619,000 (2020: €6,706,000) and plant and machinery €nil (2020: €490,000).

(i) Amounts recognised in the balance sheet

	2021 €000	2020 €000
Right-of-use assets		
Buildings	22,847	20,446
Plant and machinery	26,165	24,155
	49,012	**44,601**
Lease liabilities		
Current	10,051	10,033
Non-current	43,638	30,579
	53,689	**40,612**

(ii) Amounts recognised in the statement of profit and loss

	2021 €'000	2020 €'000
Depreciation charge of right-of use assets		
Buildings	4,578	5,027
Plant and machinery	5,278	8,437
	9,856	**13,464**
Interest expense (included in finance cost)	2,319	1,922
Expense relating to short-term and low-value leases (included in administrative expenses)	556	539

Assets pledged as security
Freehold land and buildings with a carrying amount of €17.8 million (2020: €9.5 million) and plant and machinery with a carrying amount of €2.7 million (2020: €24.4 million) have been pledged to secure borrowings of the Group (see note 18). The Group is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

15 Subsidiaries

The Group consists of a parent company, Walstead Group Limited, incorporated in the United Kingdom and a number of subsidiaries and associates held directly and indirectly by Walstead Group Limited, which operate and are incorporated in United Kingdom and Europe. Note 34 to the Company's separate financial statements lists details of the interests in subsidiaries.

Information about the composition of the Group at the end of the reporting period is as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries
Printing	United Kingdom	9
Printing	Spain	4
Printing	Austria	7
Printing	Czech Republic	1
Printing	Slovenia	1
Printing	Poland	4
Printing	Germany	1
Printing	Russia	1

The Group did not hold any non-wholly owned subsidiaries as at 31 December 2021 (2020: none). There are no significant restrictions on the ability of the Group to access or use assets and settle liabilities.

16 Inventories

	2021 €000	2020 €000
Raw materials	24,787	14,626
Work in progress	7,109	4,316
	31,896	**18,942**

The cost of inventories recognised as an expense during the year is €236 million (2020: €252 million).

No inventories have been pledged as security for any of the Group's borrowings.

17 Trade and other receivables

	2021 €000	2020 €000
Amount receivable for the sale of goods	33,489	35,614
Allowance for doubtful debts	(3,643)	(5,270)
	29,846	30,344
Other debtors	4,157	2,933
Prepayments	11,067	15,781
Corporation tax	662	1,307
	45,732	**50,365**

Trade and other receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, has less influence on credit risk. No single customer accounts for a significant proportion of the Group's revenue.

Each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, where available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Board of Directors. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

The average credit period taken on sales of goods Is 21 days (2020: 21 days). No interest is charged on the receivables for the first 30 days from the date of the invoice. Thereafter, interest can be charged at 8.0% on the outstanding balance in Spain, 2.0% in Austria and 4.0% above base rate in the United Kingdom.

17 Trade and other receivables *(continued)*

Of the trade receivables balance at the end of the year, €0.1 million is due from the Group's customer with the largest revenue (2020: €9.6 million). There is one other customer representing more than 10.0% of the total balance of trade receivables, with €4.7 million (2020: €3.6m).

Amounts receivable from the sale of goods can be analysed as follows:

	2021 €000	2020 €000
Amount receivable not past due	28,252	28,677
Amount receivable past due but not impaired	1,594	1,054
Amount receivable impaired (gross)	3,643	5,883
Less allowance for doubtful debts	(3,643)	(5,270)
	29,846	30,344

Ageing of past due but not impaired receivables

	2021 €000	2020 €000
0-30 days	1,561	531
30-60 days	20	264
60-90 days	12	36
90+ days	1	223
	1,594	1,054

Movement in the allowance for doubtful debts

	2021 €000	2020 €000
Balance at 1 January	5,270	5,694
Impairment losses recognised	392	1,299
Written off during the year as uncollectible	(1,611)	(948)
Recovered during the year	(110)	(471)
Impairment losses reversed	(339)	(132)
Effect of changes in foreign exchange rates	41	(172)
Balance at 31 December	3,643	5,270

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

Ageing of impaired trade receivables

	2021 €000	2020 €000
Within payment terms	138	765
0-30 days	124	435
31-60 days	80	118
61-90 days	61	177
90+ days	3,240	4,388
	3,643	5,883

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

17 Trade and other receivables (continued)

Transfer of financial assets
The Group entered into a factoring arrangement with BNP Paribas Fortis Factor. Under this arrangement, the Group has transferred the relevant receivables to the factor in exchange for a facility which allows it to draw down cash of up to 95% of the value of the receivable. The sale of these receivables is non-recourse up to the credit limit provided by the insurance provider subject to a 10% deductible. As a result, the Group has transferred a proportion of the risks and rewards of ownership of the financial asset and therefore only recognises the asset to the extent it continues to be exposed to the changes in value in accordance with IFRS 9. The Group continues to carry the risks associated with receivables above the credit limit and consequently these receivables are recognised in the balance sheet and measured at fair value and the general classification category is FVTPL.

Amounts advanced by the factor that could become repayable under the terms of the agreement are presented as secured borrowing. Cash that has not been advanced in respect of non-recourse debts sold to the factor is shown within Other Debtors.

The carrying amounts of receivables sold to the factor but included within trade receivables are as follows:

	2021 €000	2020 €000
Amounts owned by the factor	22,100	30,013
Associated secured borrowing (note 18)	14,473	25,965

18 Borrowings

	2021 €000	2020 €000
Unsecured borrowing at amortised cost		
Term loans	8,343	8,003
Loans from related parties	33,812	48,217
	42,155	56,220
Secured borrowing at amortised cost		
Factoring / invoice discounting (note 17)	14,473	25,965
Revolving credit facilities	-	2,653
Lease liabilities	53,689	40,612
Term loans	27,429	15,789
	95,591	85,019
	137,746	**141,239**
Total borrowings		
Amount due for settlement within 12 months	32,081	51,928
Amount due for settlement after 12 months	105,665	89,311

The principal features of the Group's borrowings are as follows.

Revolving credit facilities
The Group's operations in Austria, Slovenia and the Czech Republic have the following revolving credit facilities:

	Currency	Interest rate	2021 €000	2020 €000
Secured				
Czech Republic	CZK	1.75%	-	2,653

The secured facilities are secured by a charge over the respective entities' land and buildings and/or plant and machinery.

18 Borrowings *(continued)*

Term loans
The Group has a number of principal term loans, the most significant are detailed below:

Country	Currency	Maturity	Interest rate	2021 €000	2020 €000
UK— secured	GBP	-	0.00%	-	6,115
UK— secured	GBP	2023	2.50%	8	360
Austria— secured	EUR	2024/2030/2032	2.20% - 2.50%	22,996	1,677
Austria— unsecured	EUR	2023/2024/2030	0.99% - 2.00%	5,023	6,995
Czech— secured	CZK	2022/2023/2024	2.21%	2,212	2,858
Czech— secured	CZK	2022/2023	2.95% - 3.00%	22	38
Spain— secured	EUR	2022/2025	1.10% - 2.50%	2,191	4,742
Spain— unsecured	EUR	2022/2026/2029	0.00% - 1.60%	3,320	1,007

The secured loans are secured by charges over specifically identified buildings, plant and machinery of the relevant legal entity.

Amounts payable to related parties
Amounts repayable to related parties comprise of loans from the Company's immediate parent company at 2.8% per annum on the outstanding loan balances. These loans were denominated in GBP and are due to mature in 2023.

Leasing
The average lease term was 5 years (2020:5 years) and for the year ended 31 December 2021, the average effective borrowing rate was 7.96% (30 December 2020: 5.64%). Interest rates were fixed at the contract date. All leases were on a fixed repayment basis and no arrangements had been entered into for contingent rental payments.

	2021 €000	2020 €000
Commitments in relation to leases payable were as follows		
Within one year	13,578	11,825
Later than one year but not later than five years	38,545	27,087
Later than five years	17,275	11,063
Minimum lease payments	69,398	49,975
Less future finance charges	(15,709)	(9,363)
Recognised as liability	53,689	40,612
Present value of lease liabilities is as follows:		
Within one year	10,051	10,033
Later than one year but not later than five years	30,758	22,695
Later than five years	12,880	7,884
Minimum lease payments	53,689	40,612

The Group's obligations under leases are secured by the lessors' rights over the leased assets disclosed in note 14.

19 Derivative financial instruments

The Group is exposed to market risk from changes in foreign currency exchange rates. Where possible, the Group identifies exposures in our business that can be offset internally. Where no natural offset is identified, the Group may choose to enter into various derivative transactions. These instruments have the effect of reducing our exposure to unfavourable changes in foreign currency rates. The Group does not enter into derivative transactions for trading purposes.

Derivative transactions are governed by an established set of policies and procedures covering areas such as authorisation, counterparty exposure and hedging practices. New and existing transactions and agreements are evaluated to determine if they require derivative accounting treatment. The Group assessed that no derivatives gave rise to credit risks from non-performance by counterparties, other than credit risk generally limited to the fair value of the contracts favourable to the Group.

19 Derivative financial instruments *(continued)*

A number of the Group's subsidiaries receive revenues (through either internal or external billing) in currencies other than their functional currency. As a result, the functional currency revenue will fluctuate as the currency exchange rates change. To reduce this variability, the Group assesses the need for the foreign exchange forward contracts to hedge the foreign exchange risk of forecasted collections. In the year to 31 December 2021 and 31 December 2020, the Group has not entered into any contracts other than spot forex contracts. At 31 December 2021 the Group does not have any significant derivative financial instruments.

20 Deferred tax

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the current reporting period.

	Intangible assets €000	Accelerated tax depreciation €000	Tax losses €000	Other timing differences €000	Total €000
Deferred tax asset					
At 1 January 2020	-	2,803	1,755	14,117	18,675
(Charge)/credit to P&L	-	1,121	3,924	(1,205)	3,840
Reclassification	-	169	516	(575)	110
Exchange differences	-	(163)	(14)	(693)	(870)
At 31 December 2020	-	3,930	6,181	11,644	21,755
(Charge)/credit to P&L	-	3,045	101	(455)	2,691
Reclassification	-	397	493	(1,058)	(168)
Exchange differences	-	220	123	(56)	287
At 31 December 2021	**-**	**7,592**	**6,898**	**10,075**	**24,565**
Deferred tax liability					
At 1 January 2020	(560)	(4,335)	-	(1,220)	(6,115)
(Charge)/credit to P&L	156	(895)	-	(298)	(1,037)
Reclassification	-	(6)	-	(104)	(110)
Exchange differences	24	33	-	25	82
At 31 December 2020	(380)	(5,203)	-	(1,597)	(7,180)
(Charge)/credit to P&L	40	(747)	-	261	(446)
Reclassification	-	(588)	-	756	168
Exchange differences	(24)	(31)	-	13	(42)
At 31 December 2021	**(364)**	**(6,569)**	**-**	**(567)**	**(7,500)**

Unprovided deferred taxation assets with no expiry date have not been recognised as follows as it is not considered probable that they can be utilised in the foreseeable future:

	2021 €000	2020 €000
Capital allowances in advance of depreciation	575	-
Other short-term timing differences	81,313	67,243
Tax losses carried forward and other deductions	1,223	2,561
	83,111	**69,804**

A significant proportion of the unrecognised tax losses expire in December 2026.

21 Trade and other payables

	2021 €000	2020 €000
Trade creditors	66,530	51,496
Accruals	38,134	31,685
Other tax and social security	4,901	5,509
VAT	1,946	2,570
Other creditors	7,927	5,667
	119,438	**96,927**

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 52 days (2020: 46 days).

There are no suppliers who represent more than 10% of the total balance of the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

22 Provisions

	2021 €000	2020 €000
Loss making contracts	5,068	-
Employee provision	11,290	11,477
Onerous lease and dilapidations	2,819	3,574
Other provisions	440	1,039
	19,617	**16,090**
Amounts payable		
Within one year	6,135	1,431
More than one year	13,482	14,659
	19,617	**16,090**

	Loss making contracts €000	Employee €000	Onerous lease and dilapidations €000	Other €000	Total €000
At 1 January 2020	-	11,791	3,655	5,349	20,795
Interest cost	-	81	-	-	81
Provided for in the year	-	278	128	1,588	1,994
Utilisation of provision	-	(319)	(71)	(5,663)	(6,053)
Revaluation of provision	-	(318)	-	-	(318)
Foreign exchange movements	-	(36)	(138)	(235)	(409)
At 31 December 2020	**-**	**11,477**	**3,574**	**1,039**	**16,090**
Interest cost	-	53	-	-	53
Provided for in the year	5,068	270	35	435	5,808
Utilisation of provision	-	(6)	-	(94)	(100)
Released in the year	-	(361)	(941)	(963)	(2,265)
Revaluation of provision	-	(139)	-	-	(139)
Foreign exchange movements	-	(4)	151	23	170
At 31 December 2021	**5,068**	**11,290**	**2,819**	**440**	**19,617**

22 Provisions *(continued)*

Loss making contract provisions
Contract provisions are recognised where contractual or constructive obligations exist with certain customers whereby the company is obliged to fulfil the contract even if it is loss making. This situation arose at 31 December 2021 as a result of a unprecedented increases in paper, energy and other input costs, which at the contracted selling prices means certain contracts will be loss making.

Employee provisions
Employee provisions relate to legally required future costs in respect of employees.

Poland
There is a provision for severance in respect of employees in Poland, paid as a one-off sum in case of retirement or disablement. The payments are obligatory and guaranteed by the Labour Code. The methodology used "Projected unit method" is compliant with IAS 19.

Austria and Slovenia
There is a legal requirement in Austria and Slovenia to accrue for a future cost in respect of employees that commenced their employment with the Group pre-2003. A payment is due to an employee if their service is terminated following three years of continuous employment.

The provision is accumulated for each employee and is payable based on a multiple of their final month's salary, depending on length of service. The future cost discounted and is valued by an actuary each year.

The provision exposes the Company to actuarial risks such as interest risk and salary risk.

Interest risk	A decrease in the discount rate will increase the liability.
Salary risk	The present value of the provision is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The most recent actuarial assessment of the Austrian present value of the employee provision was carried out at 31 December 2021 by a professional actuary. The present value was measured using the projected unit credit method.

The weighted average of the principal assumptions used for the purposes of the actuarial valuations were as follows:

	2021	**2020**
Key assumptions used:		
Discount rate(s)	0.50%	0.50%
Expected rate(s) of salary increase	2.50%	2.00%

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	Parameters (absolute terms)		**Impact**	
Discount rate	(1.00%)	1.00%	13.0%	(11.1%)
Salary growth	(0.50%)	0.50%	(5.7%)	6.1%

The sensitivity analysis presented above may not be representative of the actual change in the provision as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

In presenting the above sensitivity analysis, the present value of the employee provision has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the employee provision recognised in the statement of financial position.

Also in Austria there is a small defined benefit pension scheme with a liability of €15,000 (2020: €22,000), this relates to retired employees and no further benefit is accruing.

22 Provisions *(continued)*

Onerous lease and dilapidations
The lease provisions relate to estimated early surrender costs and dilapidations.

Other provisions
Other provisions include restructuring provisions where the Group has announced the closure of a site and all costs directly related to the closure are provided, including termination / redundancy, expected property costs, onerous contracts and other closure costs

23 Equity

(i) Share capital

	2021 €000	2020 €000
Authorised, issued and fully paid:		
50,000 Ordinary shares of £1.00 each	65	65

All shares have full voting, dividend and capital distribution rights

24 Notes to the cash flow statement

	2021 €000	2020 €000
Operating profit for the year	15,669	7,859
Adjustments for:		
Depreciation of property, plant and equipment (note 14)	23,004	23,451
Amortisation of intangible assets (note 13)	1,964	2,918
(Gain)/loss on disposal of fixed assets	(107)	441
Net exchange differences	(284)	(1,532)
Operating cash flows before movements in working capital	40,246	33,137
(Increase) / decrease in inventories	(12,804)	11,607
Decrease in receivables	4,711	18,848
Increase / (decrease) in payables	25,282	(15,997)
Cash generated from operations	57,435	47,595
Income taxes paid	(1,772)	(37)
Interest paid	(5,147)	(5,389)
Net cash inflow from operating activities	**50,516**	**42,169**

Cash and cash equivalents

	2021 €000	2020 €000
Cash and bank balances	68,459	47,429

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets is approximately equal to their fair value.

24 Notes to the cash flow statement *(continued)*

Analysis of movements in net debt

	1 January €000	Cash flows €000	Exchange differences €000	Other movements €000	31 December €000
2020					
Revolving credit facilities & factoring	28,341	1,574	(1,297)	-	28,618
Leases	43,402	(10,776)	(1,223)	9,209	40,612
Term loans	18,569	5,671	(448)	-	23,792
Loans from related parties	50,993	-	(3,644)	868	48,217
Total Debt	141,305	(3,531)	(6,612)	10,077	141,239
Cash and bank balances	(18,182)	(30,079)	832	-	(47,429)
Net debt	**123,123**	**(33,610)**	**(5,780)**	**10,077**	**93,810**
2021					
Revolving credit facilities & factoring	28,618	(14,147)	2	-	14,473
Leases	40,612	3,122	1,792	8,163	53,689
Term loans	23,792	11,681	299	-	35,772
Loans from related parties	48,217	(17,721)	2,883	433	33,812
Total Debt	141,239	(17,065)	4,976	8,596	137,746
Cash and bank balances	(47,429)	(20,525)	(505)	-	(68,459)
Net debt	**93,810**	**(37,590)**	**4,471**	**8,596**	**69,287**

Net debt includes accrued interest at 31 December 2021 of €462,000 (31 December 2020: €32,000).

Cash flows in respect of leases consist of €14,243,000 (2020: €667,000) of sale and lease back financing and €11,121,000 (2020: €11,443,000) of repayments of principal.

Cash flows in respect of term loans consist of €26,339,000 (2020: €12,615,000) of drawdowns and €14,658,000 (2020: €6,944,000) of repayments.

25 Contingent liabilities

There are no contingent liabilities at 31 December 2021 (2020: nil).

26 Financial commitments

Future capital expenditure:

	2021 €000	2020 €000
Contracted for but not provided	214	153

27 Retirement benefit schemes

Defined contribution plans
The Group operates defined contribution retirement benefit plans, which receive fixed contributions from the Group companies, for all qualifying employees. The Group's legal or constructive obligation for these plans is limited to the contributions. The expense recognised in the current period in relation to these contributions was €1.2 million (2020: €1.1 million). As at 31 December 2021, contributions of €nil (2020: €nil) were outstanding and included within other creditors.

Defined benefit schemes
The Group sponsors a small defined benefit scheme which is recognised within provisions, see note 22 for details.

28 Deferred revenue

	2021 €000	2020 €000
Arising from government grant	1,549	1,895
Amounts payable		
Within one year	327	333
More than one year	1,222	1,562
	1,549	**1,895**

The deferred revenue arises as a result of the benefit received from an interest-free government grant received to purchase plant and equipment; this has been recognised as Other Operating Income, €347,000 for the year (2020: €333,000). The grant is being deferred over the life of the machine, 15 years.

29 Financial instruments

Categories of financial instruments

	2021 €000	2020 €000
Financial assets		
Financial assets held at amortised cost		
Trade receivables	29,846	30,344
Other financial assets at amortised cost	8,078	8,713
Cash	68,459	47,429
	106,383	**86,486**
Financial liabilities		
Financial liabilities held at amortised cost:		
Trade and other creditors	74,456	55,364
Factoring / Invoice discounting	14,473	25,965
Revolving credit	-	2,653
Lease liabilities	53,689	40,612
Loans from related parties	33,812	48,217
Term loans	35,772	23,792
	212,202	**196,603**

Capital risk management
The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings disclosed in note 18 after deducting cash and bank balances) and equity of the Group (comprising issued capital, reserves, retained earnings as disclosed in note 23).

Equity includes all capital and reserves of the Group that are managed as capital.

Significant accounting policies
Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 2.

Financial risk management objectives
The Group's treasury function provides services to the business, co-ordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

29 Financial instruments *(continued)*

Financial risk management objectives *(continued)*
The Group seeks to minimise the effects of these risks by using derivative financial instruments to take exercise options on these risk exposures where necessary. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk
The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Group enters into a variety of derivative financial instruments to manage its risk, including forward foreign exchange contracts to minimise foreign exchange exposures where there are material currency imbalances.

Foreign currency risk management
The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

There have been no derivative contracts used during the year.

Sensitivity analysis
A 1% weakening of the following currencies against the Euro at 31 December would have increased/(decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant. The analysis is performed on the same basis for comparative period.

	Equity		**Profit or loss**	
	2021	**2020**	**2021**	**2020**
	€000	**€000**	**€000**	**€000**
GBP	(899)	(1,197)	242	(221)
PLN	406	342	80	8

A 1% percent strengthening of the above currencies against the Euro at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Forward foreign exchange contracts
It is the policy of the Group to enter into forward foreign exchange contracts to cover specific foreign currency payments and receipts. Foreign currency time options were entered into with National Westminster Bank plc, to counter the foreign currency risk exposure arising from dividends and other cash receipts from overseas territories into Walstead Group Limited.

Interest rate risk
The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

At the balance sheet date the interest rate profile of the Group's interest-bearing financial instruments was:

	2021	**2020**
	€000	**€000**
Fixed rate instruments	118,158	105,494
Variable rate instruments	19,588	35,745
	137,746	**141,239**

29 Financial instruments *(continued)*

Interest rate risk (continued)

Sensitivity analysis
An increase/(decrease) of 100 basis points in interest rates at the balance sheet date would have (decreased)/increased equity and profit or loss by €281,000 (2020: €315,000). This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of financial instruments with variable interest rates. The analysis is performed on the same basis for comparative period.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available, and if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers.

The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved annually.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk
Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

In addition to the €68 million of cash, the Group has access to revolving financing facilities, of which €31 million (2020: €29 million) were unused at the balance sheet date. The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

29 Financial instruments *(continued)*

Liquidity risk *(continued)*
The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting arrangements:

	Carrying amount	Contractual cash flows			
		Total	Year 1	Years 2 to 5	>5 years
	€000	€000	€000	€000	€000
	31 December 2021				
Financial liabilities					
Financial liabilities held at amortised cost:					
Trade and other creditors	74,456	(74,456)	(74,456)	-	-
Invoice discounting	14,473	(14,473)	(14,473)	-	-
Lease liabilities	53,689	(69,399)	(13,579)	(38,545)	(17,275)
Loans from related parties	33,812	(35,219)	-	(35,219)	-
Term loans	35,772	(37,556)	(8,161)	(20,116)	(9,279)
	212,202	**(231,103)**	**(110,669)**	**(93,880)**	**(26,554)**
	31 December 2020				
Financial liabilities					
Financial liabilities held at amortised cost:					
Trade and other creditors	55,364	(55,364)	(55,364)	-	-
Invoice discounting	25,965	(25,965)	(25,965)	-	-
Revolving credit	2,653	(2,653)	(2,653)	-	-
Lease liabilities	40,612	(49,975)	(11,825)	(27,087)	(11,063)
Loans from related parties	48,217	(51,279)	-	(51,279)	-
Term loans	23,792	(24,449)	(13,655)	(10,654)	(140)
	196,603	**(209,685)**	**(109,462)**	**(89,020)**	**(11,203)**

Fair value estimations
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

30 Events after the balance sheet date

In May 2022, the Group renewed its invoice factoring facility with BNP Paribas Fortis Factor N.V for further three years. A total limit of the facility is €130 million and there is no significant changes in the terms and conditions of the renewed facility agreement.

In April 2022 the Group acquired all the production assets of the insolvent YM Group companies at Scarborough, York and Wakefield.

There have been no other significant events after the balance sheet date.

31 Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates are disclosed below.

Trading transactions
During the year, Group companies entered into the following supplier transactions with related parties who are not members of the Group:

	Transactions in the year		Outstanding balances	
	2021	**2020**	**2021**	**2020**
	€000	**€000**	**€000**	**€000**
Management services				
Rutland Partners LLP	186	188	90	54
DM&F Investments Limited	59	19	-	-
Walstead Finance Limited	-	7	-	14
	245	**214**	**90**	**68**

Walstead Finance Limited is the immediate parent of the Company. DM&F Investments Limited has a common director and provides consultancy service to the Group. No interest is repayable with respect to these outstanding trading balances and all transactions are at arm's length.

Loans from related parties
At 31 December 2021, the amounts repayable to Walstead Finance Limited with respect to loans were €33.8 million (2020: €48.2 million). The loans are at a fixed rate of 2.8%. See note 18 for full details of these loans.

Aggregate directors' remuneration
The total amounts for directors' remuneration in accordance with Schedule 5 to the Accounting Regulations were as follows:

	2021	**2020**
	€000	**€000**
Salaries, fees, bonuses and benefits in kind	4,864	2,962
Money purchase pension contributions	59	53
	4,923	**3,015**

Five directors are members of money purchase schemes (2020: five).

The highest paid director received €1,539,000 (2020: €1,038,000) in salaries, fees, bonuses and benefits in kind; there were no pension contributions.

The ultimate holding company is Walstead Holdings Limited, a company registered in England. The largest group preparing consolidated financial statements that include the results of the company is Walstead Holdings Limited. The statutory financial statements of Walstead Holdings Limited are available from Companies House. The registered office for Walstead Holdings Limited is 18 Westside Centre, London Road, Colchester, Essex, CO3 8PH.

The ultimate controlling party is Rutland Partners LLP.

Walstead Group Limited

Parent company balance sheet

For the year ended 31 December 2021

	Note	2021 €000	2020 €000
Non-current assets			
Intangible assets	37	22	109
Property, plant and equipment	36	2	2
Investments in subsidiaries	34	60,130	58,711
		60,154	58,822
Current assets			
Trade and other receivables	38	34,023	6,904
Cash and cash equivalents		8,944	1,601
		42,967	8,505
Current liabilities			
Trade and other payables	39	5,331	6,635
Borrowings	40	19,531	20,234
		24,862	26,869
Net current liabilities		18,105	(18,364)
Non-current liabilities			
Borrowings	40	32,026	34,797
Net assets		**46,233**	**5,661**
Equity			
Share capital	35	65	65
Translation reserves		1,206	(120)
Retained earnings		44,962	5,716
Equity attributable to owners of the Company		**46,233**	**5,661**

The Company's profit for the financial year amounted to a profit of €39,246,000 (2020: loss of €3,985,000).

The accompanying notes are an integral part of the financial statements.

The financial statements of Walstead Group Limited (registered number: 09927306) were approved by the board of directors and authorised for issue on 30 June 2022. They were signed on its behalf by:

J Rothwell
Chief Financial Officer

Walstead Group Limited

Parent company statement of changes in equity

For the year ended 31 December 2021

Equity attributable to equity holders of the Company

	Share capital €000	Translation reserves €000	Retained earnings €000	Total equity €000
Balance at 1 January 2020	65	324	9,701	10,090
Loss for the year	-	-	(3,985)	(3,985)
Exchange differences on translating the net assets of GBP denominated operations	-	(444)	-	(444)
Balance at 31 December 2020	65	(120)	5,716	5,661
Profit for the year	-	-	39,246	39,246
Exchange differences on translating the net assets of GBP denominated operations	-	1,326	-	1,326
Balance at 31 December 2021	65	1,206	44,962	46,233

The accompanying notes are an integral part of the financial statements.

32 Significant accounting policies

32.1 Statement of compliance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101)

The parent company financial statements present information about the Company as a separate entity and not about its Group. The separate financial statements of the parent company are drawn up in accordance with Companies Act 2006 and Financial reporting standard 101 "Reduced disclosure framework" (FRS 101).

32.2 Basis of preparation

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

These financial statements are prepared on a going concern basis and in accordance with the Companies Act 2006 and applicable UK accounting standards and present information about the company as an individual undertaking, and not about its group.

The financial statements are prepared under the historical cost convention.

The functional currency of the Company is £, however the financial statements are presented in Euro ("€") and all values are rounded to the nearest thousand Euro (€'000).

As permitted by FRS 102, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of a cash flow statement, certain related party transactions and the impact of future changes in accounting standards.

The principal accounting policies adopted are the same as those set out in note 2 to the consolidated financial statements except as noted below.

Investments in subsidiaries and associates are stated at cost less, where appropriate, provisions for impairment.

33 Profit for the year

As permitted by s408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account or statement of other comprehensive income for the year and related notes. The profit attributable to the Company is disclosed in the footnote to the Company's balance sheet.

The auditor's remuneration for audit and other services is disclosed in note 9 to the consolidated financial statements.

The Company has 21 employees (2020: 20).

34 Investment in subsidiaries

	2021 €000	2020 €000
Cost and net book value		
At 1 January	58,711	59,413
Additions	-	2,595
Disposals	(2,684)	-
Effect of foreign exchange rate changes	4,103	(3,297)
At 31 December	**60,130**	**58,711**

The investments in subsidiaries are all stated at cost less provision for impairments.

In December 2021 the Group undertook a re-organisation in which the Company sold its investment in Rhapsody CE Sp Zoo to Rhapsody Group Limited, a fellow Walstead Group company. Profit realised on the disposal amounted to €36.8 million

34 Investment in subsidiaries *(continued)*

Further information about subsidiaries is provided in notes 15 and below:

Name	Place of business and registered office	Class of shares	Proportion of ownership interest %	Proportion of voting power held %
Walstead United Kingdom Limited	UK	Ordinary	100	100
Walstead Iberia Limited	UK	Ordinary	100	100
Walstead Treasury Limited	UK	Ordinary	100	100
Walstead Leykam Limited	UK	Ordinary	100	100

35 Share capital

See note 23 for details of the Company's share capital.

36 Property, plant and equipment

	Fixtures and fittings €'000	Total €'000
Cost		
At 1 January 2020	282	282
Additions	1	1
Reclassification	(201)	(201)
Exchange differences	(13)	(13)
At 31 December 2020	69	69
Additions	2	2
Exchange differences	4	4
At 31 December 2021	**75**	**75**
Accumulated depreciation		
At 1 January 2020	68	68
Depreciation charge	2	2
Exchange differences	(3)	(3)
At 31 December 2020	67	67
Depreciation charge	1	1
Exchange differences	5	5
At 31 December 2021	**73**	**73**
Carrying amount		
At 31 December 2021	**2**	**2**
At 31 December 2020	2	2

37 Intangible assets

	Software €000	Total €000
Cost		
At 1 January 2020		
Additions	27	27
Transfer from property, plant and equipment	201	201
Exchange differences	(3)	(3)
At 31 December 2020	225	225
Additions	14	14
Exchange differences	17	17
At 31 December 2021	**256**	**256**
Accumulated amortisation and impairment		
At 1 January 2020		
Amortisation charge for year	118	118
Exchange differences	(2)	(2)
At 31 December 2020	116	116
Amortisation charge	106	106
Exchange differences	12	12
At 31 December 2021	**234**	**234**
Carrying amount		
At 31 December 2021	**22**	**22**
At 31 December 2020	109	109

38 Trade and other receivables

	2021 €000	2020 €000
Amounts owed by related parties	33,766	6,446
Prepayments	158	257
Deferred tax receivable	99	174
Other debtors	-	27
	34,023	**6,904**

39 Trade and other payables

	2021 €000	2020 €000
Trade creditors	200	340
Amounts payable to related parties	465	-
Accruals	3,868	2,311
Other tax and social security	203	431
Corporation tax	214	-
Other creditors	381	3,553
	5,331	**6,635**

40 Borrowings

	2021 €000	2020 €000
Loans from related parties	**51,557**	**55,031**

	2021 €000	2020 €000
Amount due for settlement within 12 months	19,531	20,234
Amount due for settlement after 12 months	32,026	34,797
	51,557	**55,031**

41 List of affiliated entities and controlling party

The consolidated financial statements of the Group include the holding company accounts and those of wholly-owned and controlled subsidiaries after elimination of intercompany accounts and transactions. The wholly-owned investments in these companies, over which the Group has the ability to exercise significant influence, are accounted for using the equity method. The full list of entities within the Group is below.

Company name	Status	Business activity	Class of share	Registered office	Country
Rhapsody Limited	Active	Print and related services	Ordinary	UK1	UK
Walstead Leykam Limited	Active	Management	Ordinary	UK1	UK
Walstead Treasury Limited	Active	Management	Ordinary	UK1	UK
Walstead Iberia Limited	Active	Management	Ordinary	UK1	UK
Walstead United Kingdom Limited	Active	Management	Ordinary	UK1	UK
Walstead Bicester Limited	Active	Print and related services	Ordinary	UK1	UK
Walstead Heron Limited	Active	Print and related services	Ordinary	UK1	UK
Walstead UK Holdings Limited	Active	Management	Ordinary	UK1	UK
Walstead Peterborough Limited	Active	Print and related services	Ordinary	UK1	UK
Walstead Press Group Limited	Active	Management	Ordinary	UK1	UK
Walstead Roche Limited	Active	Print and related services	Ordinary	UK1	UK
Rhapsody Group Limited	Active	Management	Ordinary	UK1	UK
Walstead Eurohueco SAU	Active	Print and related services	Ordinary	ES1	Spain
Walstead Rotocobrhi SAU	Active	Print and related services	Ordinary	ES2	Spain
Rhapsody Media SL	Active	Print and related services	Ordinary	ES3	Spain
Walstead Inversiones y Participaciones SL	Active	Management	Ordinary	ES3	Spain
Walstead CE GmbH	Active	Management	Ordinary	AU1	Austria
Let's Print Holdings AG	Active	Management	Ordinary	AU2	Austria
Walstead Immobilen u Service GmbH	Active	Management	Ordinary	AU2	Austria
Walstead Leykam Druck GmbH	Active	Print and related services	Ordinary	AU2	Austria
Walstead NP Druck GmbH	Active	Print and related services	Ordinary	AU2	Austria
Walstead Tusch Druck GmbH	Active	Management	Ordinary	AU2	Austria
Walstead Leykam Druck GmbH & Co KG	Active	Print and related services	Ordinary	AU2	Austria
Walstead Moraviapress SRO	Active	Print and related services	Ordinary	CZ1	Czech Republic
Walstead Leykam Tiskarna d.o.o	Active	Print and related services	Ordinary	SL1	Slovenia
Walstead Krakow SP zoo	Active	Print and related services	Ordinary	PL1	Poland
Walstead Starachowice SP zoo	Active	Print and related services	Ordinary	PL2	Poland
Rhapsody CE Sp zoo	Active	Print and related services	Ordinary	PL3	Poland
Walstead Deutschland GmbH	Active	Print and related services	Ordinary	DE1	Germany
Walstead East (CE) LLC	Active	Print and related services	Ordinary	RU1	Russia
Rhapsody Limited	Active	Print and related services	Ordinary	UK1	UK
Walstead Finance Limited	Active	Management & Treasury	Ordinary	UK1	UK
Walstead Leykam Limited	Active	Management	Ordinary	UK1	UK

Registered offices

UK1	18 Westside Centre, London Road, Colchester, CO3 8PH, United Kingdom
ES1	Registro Mercantil de Barcelona, Hoja 70505, Folio 130, Tomo 5984, Libro 5278, Seccion 2. Sociedades, Spain
ES2	Registro Mercantil de Madrid, Tomo 3996, Folio 210, Seccion 8, Hoja M-66834, Spain
ES3	Ronda de Valdecarrizo 13, 28760 Tres Cantos, Spain
AU1	Schwarzenbergplatz 7, 1030 Wien, Austria
AU2	Bickfordstraße 21, 7201 Neudörfl an der Leitha, Austria
CZ1	Breclav, U poy 3061, PSC 69002, Czech Republic
SL1	Spodnje Hoce, Miklavska cesta 61, 2311 Hoce, Slovenia
PL1	Obroncow Modlina 11, 30-733 Krakow, Poland
PL2	Bema 2C, 27-200 Sharachowice, Poland
PL3	AL. Armii Ludowej 14 00-638 Warsaw, Poland
DE1	Kleine Wiesenau 160323 Frankfurt, Germany
RU1	Skakovaya street, 17 bldg.2, 125040 Moscow, Russia

Principal business address:
Further details for active companies including the principal business address, can be found at: www.walstead-group.com

The Group also includes a number of historic entities that no longer trade and are classed as dormant entities. None of these entities have any income or expenditure, nor significant consolidated assets or liabilities. The entities have been included within the Group's consolidated reporting but have not been included on this list of companies for the sake of clarity and brevity.

Walstead Group Limited

Appendix: Alternative performance measures

For the year ended 31 December 2021

The Group has a number of non-GAAP measures which are used internally to assess financial performance.

The definitions and reconciliations for these Alternative Performance Measures (APMs) are presented below:

APM	Definition
EBITDA (adjusted)	Earnings before interest, tax, depreciation, amortisation, profit or loss on disposal of fixed assets, exceptional items and restructuring costs.
Operating profit (adjusted)	Statutory operating profit or loss with exceptional items and restructuring costs added back
Profit after tax (adjusted)	Statutory profit or loss after tax with exceptional items and restructuring costs added back
Paper costs	The total cost of paper used in production after any associated rebates
Net revenue	Statutory revenue less paper costs
Added value	Added value represents net revenue less outwork and consumable purchases, effectively the valued added by the Group for the work undertaken.
Outwork and consumable purchases	Outwork is the costs of production provided by external contractors; consumables are commodity products used in printing, mainly ink.
Net debt	Total debt per borrowings (note 24) less cash
External net debt	Net debt excluding loans from related parties.
External net debt leverage	The ratio of external net debt excluding loans from related parties to EBITDA (adjusted).
Capital employed	Gross assets (excluding cash) less current liabilities (excluding debt).
EBITDA (adjusted) return on capital employed	EBITDA (adjusted) as a percentage of capital employed
EBITDA (adjusted) as a percentage of net revenue	EBITDA (adjusted) divided by net revenue, expressed as a percentage
Added value per production employee	Total added value divided by number of production employees
Added value as a percentage of net revenue	Total added value divided by net revenue, expressed as a percentage
Net current assets / (liabilities) - excluding loans from related parties	Net current assets (or liabilities) excluding loans from related parties from current liabilities

Walstead Group Limited

Appendix: Alternative performance measures *(continued)*

For the year ended 31 December 2021

	2020 €000	2019 €000
Reconciliation of EBITDA (adjusted)		
See reconciliation on the consolidated statement of profit or loss.		
Reconciliation of operating profit (adjusted)		
Statutory operating profit	15,669	7,859
Add back:		
Exceptional items and restructuring costs	1,515	8,325
Operating profit (adjusted)	17,184	16,184
Profit after tax (adjusted)		
Statutory profit after tax	15,145	2,897
Add back:		
Exceptional items and restructuring costs	1,515	8,325
Profit after tax (adjusted)	16,660	11,222
Reconciliation of net revenue		
Statutory revenue	546,426	549,905
Less:		
Paper costs	(191,433)	(211,475)
Net revenue	354,993	338,430
Reconciliation of added value		
Net revenue	354,993	338,430
Less:		
Outwork and consumables	(118,499)	(119,220)
Added value	236,494	219,210
Reconciliation of external net debt leverage		
Net debt (note 24)	69,287	93,810
Less:		
Loans from related parties (note 18)	(33,812)	(48,217)
External net debt	35,475	45,593
EBITDA (adjusted)	42,045	42,994
External net debt leverage	**0.8x**	**1.1x**

Appendix: Alternative performance measures *(continued)*

For the year ended 31 December 2021

	2021 €000	2020 €000
Reconciliation of EBITDA (adjusted) return on capital employed		
Gross assets	369,062	336,274
Less:		
Cash	(68,459)	(47,429)
Gross assets ex-cash	300,603	288,845
Current liabilities	(158,083)	(153,379)
Less:		
Current debt (note 18)	32,081	51,928
Current liabilities ex-debt	(126,002)	(101,451)
Capital employed	174,601	187,394
EBITDA (adjusted)	42,045	42,994
EBITDA (adjusted) return on capital employed	**24.1%**	**22.9%**

Reconciliation of net current assets excluding loans from related parties (consolidated)

	2021 €000	2020 €000
Statutory net current liabilities	(11,996)	(36,643)
Add back -		
Loans from related parties	-	-
Net current liabilities excluding loans from related parties	(11,996)	(36,643)

Reconciliation of net current assets excluding loans from related parties (company)

	2021 €000	2020 €000
Statutory net current assets / (liabilities)	37,636	(18,364)
Add back -		
Loans from related parties	-	20,234
Net current assets / (liabilities) excluding loans from related parties	37,636	1,870