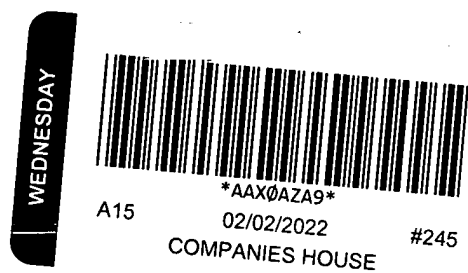


Registered number: 11442710

**CHAPLIN TOPCO LIMITED**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2021**



**CHAPLIN TOPCO LIMITED**

**COMPANY INFORMATION**

<b>Directors</b>	R Howard (resigned 28 October 2020) L Zellan (resigned 31 October 2020) C Hodges T Leader (resigned 23 November 2020) C Van Oostrum D M Oatley (appointed 16 October 2020, resigned 18 May 2021) R T Pugh (appointed 16 October 2020) T R G Lewis (appointed 23 November 2020) A S Keane (appointed 18 May 2021) R P Flynn (appointed 1 August 2021)
<b>Registered number</b>	11442710
<b>Registered office</b>	1 Cooke Close Thurmaston Leicester LE4 8PT
<b>Independent auditor</b>	Cooper Parry Group Limited Chartered Accountants & Statutory Auditor Sky View Argosy Road East Midlands Airport Castle Donington Derby DE74 2SA

**CHAPLIN TOPCO LIMITED**

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## **CHAPLIN TOPCO LIMITED**

### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2020**

#### **Introduction**

The principal activity of the company is that of an investment holding company and the principal activity of its trading subsidiaries is the design, manufacture and distribution of high quality lenses for the film and television industries.

#### **Business review**

The results for the group show a loss on ordinary activities before taxation of £4,244,914 (2020: £10,842,329). This includes a charge for the amortisation of goodwill and other intangible assets of £10,586,877 (2020: £10,586,877).

The directors view EBITDA as the most relevant measure of performance. EBITDA for the year before exceptional items was £9,793,174 (2020: £6,907,892). In the previous year, the company suffered a significant reduction in revenue as a result of the Coronavirus pandemic. In the current year, revenue has returned back to previous levels and is expected to rise further in the coming financial year. The results in the previous year were also significantly impacted by an increase in the stock provision due to changes in demand patterns with customers favouring full frame lens formats over Super 35 lenses. Demand for lenses in the current year has been strong and the company has a substantial order book. The company invests heavily in research and development and will continue to do so in the coming year.

#### **Financial instruments**

The group's principal financial instruments comprise bank balances, trade creditors and trade debtors. The main purpose of these instruments is to raise funds to finance the company's operations. The group's approach to managing risks applicable to the financial instruments is detailed below:

- Trade debtors are managed through credit and cash flow risk by assessing the terms offered to customers and the regular monitoring of amounts outstanding at a given time.
- Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet liabilities as they fall due.
- The group's bank accounts are monitored to ensure the group has sufficient funds to meet their current commitments, no use of overdraft facilities has been required.

#### **Research and development activities**

The group has continued to invest heavily in research and development throughout the year. This is an essential part of the group's activities and due to continuous changes in technology is necessary for the future development of the company's products.

#### **Engagement with suppliers, customers and others**

The business values its relationships with its key stakeholders, placing a high reliance on integrity. Our suppliers are paid on time, our customer relationships are long term in nature and closely monitored.

#### **Principal risks and uncertainties**

The business has a risk management process to identify, evaluate, manage and mitigate significant risks. The risk register is regularly reviewed by management and there is executive ownership of each risk and mitigation plan.

#### **Covid Risk**

At the date of signing these financial statements, COVID-19 still represents a risk to both the group business and its people. The group, of which the company is part, are taking active measures to ensure its people remain safe and healthy. Management have implemented measures to allow trading to continue safely; these include enhanced cleaning and hygiene practices, issuing PPE, social distancing and where practical the ability to work from home.

## CHAPLIN TOPCO LIMITED

### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

#### Market competition risk

The market for our products continues to expand with very high end quality cameras and lenses globally. This has led to a number of new entrants to the market which can only increase the competitive environment. The group seeks to promote its market share by the constant development of new and innovative products.

#### Credit and currency risk

Most of our sales require payment prior to shipping and are invoiced in sterling. Our suppliers comprise both UK and overseas companies. In the case of overseas suppliers most are dollar based. Because of the existence of our US based subsidiary, Cooke Americas Limited, we have a natural hedge against dollar exposure. The group does not therefore need to have hedging arrangements in respect to trade debtors or creditors and does not consider credit risk to be a major concern.

#### Liquidity risk

The group is not reliant on overdraft facilities from its bank and therefore the directors do not believe there to be a cash flow and liquidity risk. At the period end the group had cash balances of £6,587,189 (2020: £6,604,618). The group has entered into an agreement to act as guarantors for the borrowings of Chaplin Topco Limited, Chaplin Midco Limited, Chaplin Bidco Limited, Cooke Optics Group Limited, Cooke Optics Holdings Limited and Cooke Optics Limited.

#### Labour risk

The group is reliant on a skilled workforce and any significant reduction would have a material adverse effect on profitability. The group mitigates this risk by ensuring that it maintains competitive pay rates, ensuring comprehensive training of new employees and maintaining an apprentice training scheme.

#### Financial key performance indicators

The board monitors the performance of the group by reference to the following KPIs:

	2021	2020	% Change
Sales	£25,673,799	£21,078,804	22%
Gross Margin	58%	36%	22%
EBITDA before exceptionals	£9,793,174	£6,907,892	42%
EBITDA after exceptionals	£8,343,857	£1,759,502	374%
Employees	135	134	1%

The board is satisfied with the group's performance.

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

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**A S Keane**  
Director

Date: 27 January 2022

## **CHAPLIN TOPCO LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021**

The directors present their report and the financial statements for the year ended 30 June 2021.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the Group and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Results and dividends**

The loss for the year, after taxation, amounted to £6,165,567 (2020: £10,553,312).

During the year the directors declared a dividend of £1,000,000 (2020: 8,000,000).

#### **Directors**

The directors who served during the year are stated on the company information page.

#### **Future developments**

The directors will continue to develop the Cooke Optics products in order to ensure that they advance in line with changes in technology. It is anticipated that along with existing management policies there will be an effective response to the challenges of the future.

#### **Strategic report**

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's Strategic Report information required by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 Schedule 7 to be contained in the directors' report.

#### **Post balance sheet events**

As part of a share capital restructuring on 26 July 2021, the company re-designated 32,080 A Growth Shares of £0.0001 to 32,080 C Growth Shares of £0.0001. On 3 August 2021, the company repurchased 52,443 B Growth shares and 6,000 C Growth shares for consideration of £207,787.

**CHAPLIN TOPCO LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2021**

**Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

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

DocuSigned by:  
  
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**A S Keane**  
Director

Date: 27 January 2022

## **CHAPLIN TOPCO LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHAPLIN TOPCO LIMITED**

#### **Opinion**

We have audited the financial statements of Chaplin Topco Limited (the 'company') and its subsidiaries (the 'group') for the year ended 30 June 2021, which comprise the group Statement of Comprehensive Income, the group and company Balance Sheets, the group Statement of Cash Flows, the group and company Statement of Changes in Equity, the group Analysis of Net Debt and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 June 2021 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.



## **CHAPLIN TOPCO LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHAPLIN TOPCO LIMITED (CONTINUED)**

#### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

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

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

#### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

## CHAPLIN TOPCO LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHAPLIN TOPCO LIMITED (CONTINUED)

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Group financial statements.

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

Our assessment focussed on key laws and regulations the entity has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice and relevant tax legislation.

We are not responsible for preventing irregularities. Our approach to detect irregularity included, but was not limited to, the following:

- obtaining an understanding of the legal and regulatory framework applicable to the entity and how the entity is complying with that framework, including a review of legal and professional nominal codes and board minutes in the year and post year end;
- obtaining an understanding of the entity's policies and procedures and how the entity has complied with these, through discussions and sample walkthrough tests, including discussions with directors and other management;
- obtaining an understanding of the entity's risk assessment process, including the risk of fraud;
- designing our audit procedures to respond to our risk assessment; and
- performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias in areas such as stock valuation, stock provisioning and any impairment provisions required against the carrying valuation of investments and intangible assets.

In response to the risk of irregularities in relation to non-compliance with laws and regulations, we have designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims and reviewing legal and professional expenses; and
- reviewing correspondence with HMRC and associated parties.

Whilst considering how our audit work addressed the detection of irregularities, we also consider the likelihood of detection based on our approach. Irregularities from fraud are inherently more difficult to detect than those arising from error.

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

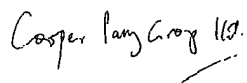
**CHAPLIN TOPCO LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHAPLIN TOPCO LIMITED (CONTINUED)**

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

**Use of our report**

This report is made solely to the company's directors, 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 directors 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 directors, as a body, for our audit work, for this report, or for the opinions we have formed.



Peter Sterling (Senior statutory auditor)

for and on behalf of

**Cooper Parry Group Limited**

Chartered Accountants  
Statutory Auditor

Sky View  
Argosy Road  
East Midlands Airport  
Castle Donington  
Derby  
DE74 2SA

Date: 27 January 2022

## CHAPLIN TOPCO LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 £	As restated 2020 £
<b>Turnover</b>	3	25,673,799	21,078,804
Cost of sales		(10,339,381)	(8,410,990)
Exceptional cost of sales	10	(385,000)	(5,148,390)
Total cost of sales		(10,724,381)	(13,559,380)
<b>Gross profit</b>		14,949,418	7,519,424
Administrative expenses	11	(5,992,366)	(6,098,222)
Exceptional administrative expenses		(1,064,317)	-
Total administrative expenses		(7,056,683)	(6,098,222)
Other operating income	4	451,122	338,300
Operating profit before depreciation and amortisation ("EBITDA")		8,343,857	1,759,502
Depreciation and amortisation	11	(11,017,082)	(10,937,778)
<b>Operating loss</b>	5	(2,673,225)	(9,178,276)
Interest receivable and similar income		385	44,188
Interest payable and similar expenses	8	(1,572,074)	(1,708,241)
<b>Loss on ordinary activities before taxation</b>		(4,244,914)	(10,842,329)
Taxation on loss on ordinary activities	9	(1,920,653)	289,017
<b>Loss for the financial year</b>		(6,165,567)	(10,553,312)
Currency translation differences		(183,284)	51,446
<b>Other comprehensive (loss)/income for the year</b>		(183,284)	51,446
<b>Total comprehensive loss for the year</b>		(6,348,851)	(10,501,866)

There were no recognised gains and losses for 2021 or 2020 other than those included in the Consolidated Statement of Comprehensive Income.

The notes on pages 17 to 39 form part of these financial statements.

**CHAPLIN TOPCO LIMITED**  
**REGISTERED NUMBER: 11442710**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 30 JUNE 2021**

	Note	2021 £	As restated 2020 £
<b>Fixed assets</b>			
Intangible assets	11	69,172,311	78,919,340
Tangible assets	12	3,904,117	3,486,892
		<u>73,076,428</u>	<u>82,406,232</u>
<b>Current assets</b>			
Stocks	14	5,114,858	5,563,280
Debtors: amounts falling due within one year	15	2,301,899	1,142,318
Bank and cash balances		6,587,190	6,604,618
		<u>14,003,947</u>	<u>13,310,216</u>
<b>Creditors: amounts falling due within one year</b>	16	<u>(5,438,343)</u>	<u>(7,832,140)</u>
<b>Net current assets</b>		<u>8,565,604</u>	<u>5,478,076</u>
<b>Total assets less current liabilities</b>		<u>81,642,032</u>	<u>87,884,308</u>
<b>Creditors: amounts falling due after more than one year</b>	17	(29,697,599)	(30,075,147)
<b>Provisions for liabilities</b>			
Deferred taxation	19	(9,785,232)	(8,301,109)
<b>Net assets</b>		<u><u>42,159,201</u></u>	<u><u>49,508,052</u></u>
<b>Capital and reserves</b>			
Called up share capital	20	892	892
Share premium account	21	70,704,572	70,704,572
Capital redemption reserve	21	392,308	392,308
Foreign exchange reserve	21	(64,893)	118,391
Profit and loss account	21	(28,873,678)	(21,708,111)
<b>Shareholders' funds</b>		<u><u>42,159,201</u></u>	<u><u>49,508,052</u></u>

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

DocuSigned by:  
  
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**A S Keane**  
 Director

The notes on pages 17 to 39 form part of these financial statements.

**CHAPLIN TOPCO LIMITED**  
**REGISTERED NUMBER: 11442710**

**COMPANY BALANCE SHEET**  
**AS AT 30 JUNE 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Investments	13	75,872,263	75,872,263
<b>Current assets</b>			
Debtors: amounts falling due within one year	15	14,875,499	14,833,202
Bank and cash balances		71,990	52,664
		<u>14,947,489</u>	<u>14,885,866</u>
<b>Creditors: amounts falling due within one year</b>	16	<u>(8,071,476)</u>	<u>(8,028,790)</u>
<b>Net current assets</b>		<u>6,876,013</u>	<u>6,857,076</u>
<b>Net assets</b>		<u><u>82,748,276</u></u>	<u><u>82,729,339</u></u>
<b>Capital and reserves</b>			
Called up share capital	20	892	892
Share premium account	21	70,704,573	70,704,573
Profit and loss account	21	<u>12,042,811</u>	<u>12,023,874</u>
<b>Shareholders' funds</b>		<u><u>82,748,276</u></u>	<u><u>82,729,339</u></u>

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

DocuSigned by:  
  
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**A S Keane**  
 Director

The notes on pages 17 to 39 form part of these financial statements.

## CHAPLIN TOPCO LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2021**

	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Capital contribution reserve</b>	<b>Foreign exchange reserve</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	£	£	£	£	£	£
At 1 July 2020 (as previously stated)	892	70,704,572	392,308	118,391	(20,477,028)	50,739,135
Prior year adjustment (see Note 1.20)	-	-	-	-	(1,231,083)	(1,231,083)
At 1 July 2020 (as restated)	892	70,704,572	392,308	118,391	(21,708,111)	49,508,052
Loss for the year	-	-	-	-	(6,165,567)	(6,165,567)
Foreign exchange loss	-	-	-	(183,284)	-	(183,284)
Dividends paid on equity capital	-	-	-	-	(1,000,000)	(1,000,000)
<b>At 30 June 2021</b>	<b>892</b>	<b>70,704,572</b>	<b>392,308</b>	<b>(64,893)</b>	<b>(28,873,678)</b>	<b>42,159,201</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2020**

	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Capital redemption reserve</b>	<b>Foreign exchange reserve</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	£	£	£	£	£	£
At 1 July 2019 (as previously stated)	892	70,704,572	392,308	66,945	(2,068,716)	69,096,001
Prior year adjustment (see Note 1.20)	-	-	-	-	(1,086,083)	(1,086,083)
At 1 July 2019 (as restated)	892	70,704,572	392,308	66,945	(3,154,799)	68,009,918
Loss for the year	-	-	-	-	(10,553,312)	(10,553,312)
Foreign exchange gain	-	-	-	51,446	-	51,446
Dividends paid on equity capital	-	-	-	-	(8,000,000)	(8,000,000)
<b>At 30 June 2020</b>	<b>892</b>	<b>70,704,572</b>	<b>392,308</b>	<b>118,391</b>	<b>(21,708,111)</b>	<b>49,508,052</b>

The notes on pages 17 to 39 form part of these financial statements.

## CHAPLIN TOPCO LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2021

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 July 2020	892	70,704,573	12,023,874	82,729,339
Profit for the year	-	-	1,018,937	1,018,937
Dividends paid on equity capital	-	-	(1,000,000)	(1,000,000)
<b>At 30 June 2021</b>	<b>892</b>	<b>70,704,573</b>	<b>12,042,811</b>	<b>82,748,276</b>

COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2020

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 July 2019	892	70,704,573	10,890	70,716,355
Profit for the year	-	-	20,012,984	20,012,984
Dividends paid on equity capital	-	-	(8,000,000)	(8,000,000)
<b>At 30 June 2020</b>	<b>892</b>	<b>70,704,573</b>	<b>12,023,874</b>	<b>82,729,339</b>

The notes on pages 17 to 39 form part of these financial statements.



## CHAPLIN TOPCO LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2021

	2021 £	2020 £
<b>Cash flows from operating activities</b>		
Loss for the financial year	(6,165,567)	(10,553,312)
<b>Adjustments for:</b>		
Amortisation of intangible assets	10,586,877	10,586,877
Depreciation of tangible assets	430,204	350,901
Loss on disposal of tangible assets	1,015	-
Interest paid	1,572,074	1,708,241
Interest received	(385)	(44,188)
Taxation charge	1,920,653	(289,017)
Decrease in stocks	448,422	3,380,335
(Increase)/decrease in debtors	(1,104,389)	174,315
Decrease in creditors	(695,172)	(839,741)
Corporation tax (paid)/received	(55,956)	622,133
<b>Net cash generated from operating activities</b>	<u>6,937,776</u>	<u>5,096,544</u>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(839,848)	(776,254)
Purchase of tangible fixed assets	(848,447)	(792,513)
Interest received	385	44,188
Hire purchase interest paid	(2,657)	(7,456)
<b>Net cash from investing activities</b>	<u>(1,690,567)</u>	<u>(1,532,035)</u>

## CHAPLIN TOPCO LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	2021 £	2020 £
<b>Cash flows from financing activities</b>		
New secured loans	1,000,000	2,113,682
Repayment of bank loans	(3,000,000)	-
Repayment of other loans	(453,147)	-
Repayment of finance leases	(100,884)	(116,343)
Dividends paid	(1,000,000)	(8,000,000)
Interest paid	(1,527,322)	(801,395)
<b>Net cash used in financing activities</b>	<u>(5,081,353)</u>	<u>(6,804,056)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	165,856	(3,239,547)
Cash and cash equivalents at beginning of year	6,604,618	9,792,719
Foreign exchange gains and losses	(183,284)	51,446
<b>Cash and cash equivalents at the end of year</b>	<u>6,587,190</u>	<u>6,604,618</u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	<u>6,587,190</u>	<u>6,604,618</u>

The notes on pages 17 to 39 form part of these financial statements.

## CHAPLIN TOPCO LIMITED

CONSOLIDATED ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 30 JUNE 2021

	At 1 July 2020 £	Cash flows £	Other non- cash changes £	At 30 June 2021 £
Cash at bank and in hand	6,604,618	(17,428)	-	6,587,190
Other loans due after one year	(29,994,969)	372,969	(75,599)	(29,697,599)
Bank loans due within one year	(2,033,504)	2,033,504	-	-
Bank loans due after one year	(80,178)	80,178	-	-
Obligations under finance leases due within one year	(100,884)	100,884	-	-
	<u>(25,604,917)</u>	<u>2,570,107</u>	<u>(75,599)</u>	<u>(23,110,409)</u>

The notes on pages 17 to 39 form part of these financial statements.

## CHAPLIN TOPCO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### 1. Accounting policies

Chaplin Topco Limited (the 'company') is a limited liability company incorporated and domiciled in the United Kingdom. The address of its registered office is disclosed on the company information page.

The financial statements are prepared in Sterling (£), which is the functional currency of the group. The financial statements are for the year ended 30 June 2021 (2020: year ended 30 June 2020).

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

The following policies have been applied consistently throughout the year:

##### 1.2 Basis of consolidation

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

The group financial statements are drawn up to 30 June each year. Where subsidiary undertakings are acquired or disposed of during the year the Consolidated Statement of Comprehensive Income includes their results only for the part of the year from, or to the date, on which control is passed.

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The profit after tax of the parent company for the period was £1,018,937 (2020: £20,012,982).

##### 1.3 Coronavirus and going concern

At the balance sheet date the group had net assets in excess of £42m and a strong net current asset position.

The group has traded well throughout the period of lockdown caused by Covid-19 and since the year end. The directors produce forecasts of trading and cash flow for the following three years and at the time of signing these accounts, the directors have considered the going concern position, and consider that this does indicate that the group has sufficient resources available to it to meet its financial obligations as they fall due for at least a period of 12 months from the date of sign off of these financial statements.

On that basis, the directors have prepared these financial statements on a going concern basis.

**CHAPLIN TOPCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021**

**1. Accounting policies (continued)**

**1.4 Turnover**

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

**Sale of goods**

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

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

**1.5 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in the profit and loss account in the same period as the related expenditure.

Government grants relate to the receipt of Coronavirus Job Retention Scheme income which is included within other operating income in the Consolidated Statement of Comprehensive Income. As referred to in Note 10 the directors made the decision to repay all grants received in view of the company's strong trading performance.

**CHAPLIN TOPCO LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021****1. Accounting policies (continued)****1.6 Intangible fixed assets****Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of the identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses.

Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its estimated useful economic life of 10 years.

**Other intangible assets**

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

All intangible assets are considered to have a finite useful life. The estimated useful lives range as follows:

Brand	-	30 years
Technology	-	10 years
Order Book	-	3 years
Customer Relations	-	10 years

Other intangible assets arose upon the acquisition of the Cooke Optics Group in July 2018, and were established by a professional valuation of the assets acquired.

**Development costs**

Development costs in relation to new projects are initially capitalised and are amortised over their useful economic life. Amortisation will be charged from the point that the asset is considered to be available for use. Development costs are reviewed on an annual basis for evidence of impairment. Research costs are expensed to the Profit and Loss Account as they are incurred.

At each period end the directors consider the carrying value of all intangible assets for impairment.

## CHAPLIN TOPCO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### 1. Accounting policies (continued)

##### 1.7 Tangible fixed assets

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

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives on a straightline basis.

Freehold land and buildings	-	Over 50 years
Plant and machinery	-	Variable over 2 to 10 years
Motor vehicles	-	Over 4 years
Fixtures, fittings and equipment	-	Variable over 2 to 3 years

During the year, the directors have reviewed the classification of demonstration stock, which was previously included within stock, and have determined that a more appropriate treatment would be to include such items within fixed assets. This re classification has no impact on profit or net assets in the current or prior year.

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

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

At each balance sheet date, the group reviews the carrying amounts of its tangible fixed assets to determine whether there is any indication that any items have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of the asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in the Consolidated Statement of Comprehensive Income.

##### 1.8 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

##### 1.9 Valuation of investments

Investments in subsidiaries are measured at cost and are reviewed annually for signs of impairment. If an impairment loss is identified this is recognised immediately in the Consolidated Statement of Comprehensive Income and the value of the investment is reduced accordingly. Costs includes associated professional costs where appropriate.

## CHAPLIN TOPCO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### 1. Accounting policies (continued)

##### 1.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Consolidated Statement of Comprehensive Income.

##### 1.11 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the spot exchange rate at the date of transactions.

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at the period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income.

##### 1.12 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

##### 1.13 Cash and cash equivalents

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

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

##### 1.14 Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of past events, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking in to account the risks and uncertainties surrounding the obligation.

In respect of warranties provided on the group's products, the directors review the position but in view of the low historical incidence of claims, do not make provision on the grounds of materiality.



## CHAPLIN TOPCO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### 1. Accounting policies (continued)

##### 1.15 Leases

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance leases are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the group. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Consolidated Statement of Comprehensive Income so as to produce a constant rate of charge on the net obligation outstanding in each period.

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the period of the lease.

##### 1.16 Pensions

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

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

##### 1.17 Financial instruments

The group tends to only enter into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors and loans from related parties.

All financial assets and liabilities are initially measured at transaction price and subsequently measured at amortised cost.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the balance sheet date.

##### 1.18 Borrowing costs

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the period to which they relate. Costs incurred in the raising of debt are deducted from the finance raised and are amortised to the Consolidated Statement of Comprehensive Income over the life of the relevant debt facilities.

## CHAPLIN TOPCO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### 1. Accounting policies (continued)

##### 1.19 Taxation

The tax charge for the period comprises current and deferred tax.

Current tax is recognised for the amount of corporation tax payable in respect of the taxable profit for the current reporting period using the tax rates and law's that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Deferred tax is provided on separately identifiable intangible assets recognised as part of a business combination.

##### 1.20 Prior Year Adjustment and reclassification of Demonstration stock

During the year, the directors have reviewed the methodology for valuing work in progress and finished goods, primarily in respect of the manner in which stock wastage incurred in the manufacturing process has been treated. The directors are of the opinion that the previous methodology contained errors which resulted in an overstatement of historic stock values and have treated the resulting amendments as a prior year adjustment. The impact of this change, as shown in the table below, is primarily to reduce the stock and opening reserves position as at 1 July 2019.

	2021	2020
Increase/(decrease) in profit	£ -	(£145,000)
Increase/(decrease) in net assets	£ -	(£1,231,083)

The impact on the reserves brought forward at 1 July 2019 was a reduction of £1,086,083.

In addition the directors have reclassified demonstration stock from stock to fixed assets in order to better reflect the nature of the items involved. This has had no impact upon prior year profits or the net asset position of the company as at 30 June 2020.

## CHAPLIN TOPCO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

The directors make estimates and assumptions concerning the future. The directors are also required to exercise judgement in the process of applying the group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

##### **Impairment of non-current assets**

The directors assess the impairment of property, plant and equipment and intangible assets subject to amortisation or depreciation whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Factors considered important that could trigger an impairment review include the following:

- Significant non performance relative to historical or projected future operating results;
- Significant changes in the use of the acquired assets or the business strategy; and
- Significant negative industry or economic trends.

##### **Depreciation, amortisation and residual values**

The directors have reviewed the asset lives and associated residual values of all fixed asset classes and have concluded that asset lives and residual values are appropriate. The actual lives of the assets and residual values are assessed regularly and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projects disposal values.

##### **Impairment of Intangible Assets**

The directors consider objective evidence to identify factors that may indicate that the intangible assets may be impaired. If any such indication exists, then the asset's recoverable amount is estimated. 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") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

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 other assets in the unit (group of units) on a pro rata basis.

Any 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 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.

**CHAPLIN TOPCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021**

**2. Judgements in applying accounting policies (continued)**

**Impairment of investments**

The directors review the carrying value of investments for indications of impairment at each period end. If indicators of impairment exist, the carrying value of the investment is subject to further testing to determine whether its carrying value exceeds the recoverable amount. The recoverable amount is defined as the higher of fair value and value in use as defined by FRS 102. This process will usually involve the estimation of future cash flows which are likely to be generated by the investment.

**Carrying value of stocks**

The directors review the market value of and demand for its stocks on a periodic basis to ensure stock is recorded in the financial statements at the lower of cost and net realisable value. Any provision for impairment is recorded against the carrying value of stocks. The directors use their knowledge of market conditions, historical experience and estimates of future events to assess future demand for the group's products and achievable selling prices.

**Recoverability of trade debtors**

Trade and other debtors are recognised to the extent that they are judged recoverable. Director reviews are performed to estimate the level of reserves required for irrecoverable debt. Provisions are made specifically against invoices where recoverability is uncertain. The directors make allowance for doubtful debts based on an assessment of the recoverability of debtors.

**Provisions**

A provision is recognised when the group has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Whether a present obligation is probable or not requires judgement. External advice is sought where appropriate.

**Leases**

The directors determine whether leases entered into by the group either as a lessor or a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis based on an evaluation of the terms and conditions of the arrangements, and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

**Taxation**

There are many transactions and calculations for which the ultimate tax determination is uncertain. The group takes professional advice on its tax affairs and recognises liabilities for anticipated tax based on estimates of what taxation is likely to be due.

## CHAPLIN TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021**3. Turnover**

The whole turnover is attributable to the group's principal activity.

Analysis of turnover by country of destination:

	2021 £	2020 £
Europe	8,990,760	7,830,452
United States	5,937,317	6,091,469
Rest of the world	10,745,722	7,156,883
	<u>25,673,799</u>	<u>21,078,804</u>

**4. Other operating income**

	2021 £	2020 £
Research and development tax credit	318,830	142,925
Government grants - furlough income (also see Note 10)	132,292	195,375
	<u>451,122</u>	<u>338,300</u>

**5. Operating loss**

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

	2021 £	2020 £
Research & development charged as an expense	419,355	675,202
Depreciation of tangible fixed assets owned by the group	378,230	281,793
Depreciation of tangible fixed assets held under finance lease	51,975	69,108
Amortisation of intangible fixed assets	10,586,877	10,586,877
Fees payable to the group auditor for the audit of the group's annual financial statements	40,500	39,000
Exchange differences	(2,842)	66,271
Operating leases rentals - plant and machinery	42,459	42,283
Operating lease rentals - other	55,524	55,224

Fees payable to the company's auditor for the audit of the company's financial statements are borne by the subsidiary undertakings.

## CHAPLIN TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

## 6. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Wages and salaries	4,896,698	4,445,013	-	-
Social security costs	457,357	419,404	-	-
Compensation for loss of office	380,000	-	-	-
Pension scheme costs	261,133	237,490	-	-
	<u>5,995,188</u>	<u>5,101,907</u>	<u>-</u>	<u>-</u>

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

	Group 2021 No.	Group 2020 No.	Company 2021 No.	Company 2020 No.
Administration and research and development	40	30	2	2
Manufacturing	95	104	-	-
	<u>135</u>	<u>134</u>	<u>2</u>	<u>2</u>

The employees of Chaplin Topco Limited are remunerated through other group companies.

## 7. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	410,300	505,155
Company contributions to defined contribution pension schemes	19,586	6,665
Directors compensation	341,806	-
	<u>771,692</u>	<u>511,820</u>

During the year retirement benefits were accruing to 1 director (2020: Nil) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £224,873 (2020: £265,337).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2020: £Nil).

## CHAPLIN TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

## 8. Interest payable and similar expenses

	2021 £	2020 £
Bank interest payable	49	69
Loan interest payable	1,569,368	1,700,716
Finance leases and hire purchase contracts	2,657	7,456
	<u>1,572,074</u>	<u>1,708,241</u>

## 9. Taxation

	2021 £	2020 £
<b>Corporation tax</b>		
Current tax on loss for the year	414,836	27,156
Adjustments in respect of previous periods	21,694	(37,292)
<b>Foreign tax</b>		
Foreign tax on income for the year	-	1
<b>Total current tax</b>	<u>436,530</u>	<u>(10,135)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(1,219,432)	(1,290,839)
Changes to tax rates	2,641,120	1,011,957
Adjustments in respect of prior periods	62,435	-
<b>Total deferred tax</b>	<u>1,484,123</u>	<u>(278,882)</u>
<b>Taxation on loss on ordinary activities</b>	<u>1,920,653</u>	<u>(289,017)</u>

## CHAPLIN TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

## 9. Taxation (continued)

## Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020: lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £	2020 £
Loss on ordinary activities before tax	(4,244,914)	(10,698,174)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	(806,534)	(2,032,701)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	978,796	868,353
Fixed asset differences	(13,909)	5,775
Patent box claim	(437,677)	(96,456)
Adjusting the closing deferred tax rate to average rate	2,348,456	1,011,314
Other movements	(210,526)	(8,010)
Income not taxable for tax purposes	(22,082)	-
Adjustments in respect of prior periods - current tax	21,694	(37,292)
Adjustments in respect of prior periods - deferred tax	62,435	-
<b>Total tax charge/(credit) for the year</b>	<b>1,920,653</b>	<b>(289,017)</b>

## Factors that may affect future tax charges

On 3 March 2021, the Chancellor of the Exchequer announced that the corporation tax rate would increase to a maximum of 25% from 1 April 2023. This was substantively enacted on 24 May 2021. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised, based on tax law and the corporation tax rates that have been enacted, or substantively enacted, at 30 June 2021. As such, the deferred tax rate applicable at 30 June 2021 is 25% and deferred tax has been re-measured at this rate.



## CHAPLIN TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

## 10. Exceptional items

	2021 £	2020 £
Cost of sales - exceptional stock write offs	385,000	5,148,390
Administrative expenses - restructuring costs	856,875	-
Administrative expenses - repayment of Government Grants receivable - furlough income	207,442	-
	<u>1,449,317</u>	<u>5,148,390</u>

During the year, in view of its strong trading performance, the Directors took the decision to repay government grants received under the Coronavirus Job Retention Scheme.

The additional stock write off made reflect the results of a thorough review of stockholdings and product life cycles. The amounts disclosed within exceptional items reflect the size of the provision made in the previous year and a subsequent amendment in the current year to that provision. Further stock provisions, which are not considered exceptional, are contained within normal activities within cost of sales.

Restructuring costs relate primarily to the costs of recruiting a new Senior Management Team and costs in connection with the departure of members of the previous Team.

## 11. Intangible assets

## Group

	Brand name £	Customer relations £	Order book £	Goodwill £	Technology £
<b>Cost</b>					
At 1 July 2020	26,367,000	15,155,900	10,341,400	42,866,640	4,585,900
Additions	-	-	-	-	-
At 30 June 2021	<u>26,367,000</u>	<u>15,155,900</u>	<u>10,341,400</u>	<u>42,866,640</u>	<u>4,585,900</u>
<b>Amortisation</b>					
At 1 July 2020	1,757,800	3,031,180	6,894,266	8,573,528	916,980
Charge for the year	878,900	1,515,590	3,447,133	4,286,764	458,490
At 30 June 2021	<u>2,636,700</u>	<u>4,546,770</u>	<u>10,341,399</u>	<u>12,860,292</u>	<u>1,375,470</u>
<b>Net book value</b>					
At 30 June 2021	<u>23,730,300</u>	<u>10,609,130</u>	<u>1</u>	<u>30,006,348</u>	<u>3,210,430</u>
At 30 June 2020	<u>24,609,200</u>	<u>12,124,720</u>	<u>3,447,134</u>	<u>34,293,112</u>	<u>3,668,920</u>

## CHAPLIN TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

## 11. Intangible assets (continued)

	Development expenditure £	Total £
<b>Cost</b>		
At 1 July 2020	776,254	100,093,094
Additions	839,848	839,848
At 30 June 2021	<u>1,616,102</u>	<u>100,932,942</u>
<b>Amortisation</b>		
At 1 July 2020	-	21,173,754
Charge for the year	-	10,586,877
At 30 June 2021	<u>-</u>	<u>31,760,631</u>
<b>Net book value</b>		
At 30 June 2021	<u>1,616,102</u>	<u>69,172,311</u>
At 30 June 2020	<u>776,254</u>	<u>78,919,340</u>

Development expenditure relates to work in connection with the development of new lenses.

**Company**

The company has no intangible assets.

## CHAPLIN TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

## 12. Tangible fixed assets

## Group

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost</b>					
At 1 July 2020 (as previously stated)	891,984	1,819,804	10,644	820,513	3,542,945
Prior year adjustment (See Note 1.20)	-	-	-	512,207	512,207
At 1 July 2020 (as restated)	891,984	1,819,804	10,644	1,332,720	4,055,152
Additions	-	633,413	-	215,034	848,447
Disposals	-	(431,949)	-	(14,747)	(446,696)
At 30 June 2021	891,984	2,021,268	10,644	1,533,007	4,456,903
<b>Depreciation</b>					
At 1 July 2020	(17,055)	385,078	6,275	193,962	568,260
Charge for the year	24,274	253,992	3,138	148,801	430,205
Charge on disposals	-	(430,935)	-	(14,744)	(445,679)
Transfers between classes	65,807	-	-	(65,807)	-
At 30 June 2021	73,026	208,135	9,413	262,212	552,786
<b>Net book value</b>					
At 30 June 2021	818,958	1,813,133	1,231	1,270,795	3,904,117
At 30 June 2020 (as restated)	909,039	1,434,726	4,369	1,138,758	3,486,892

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2021 £	2020 £
Plant and machinery	-	378,377

## CHAPLIN TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

## 13. Fixed asset investments

## Company

Investments  
in  
subsidiary  
companies  
£

## Cost

At 1 July 2020 and 30 June 2021

75,872,263

## Subsidiary undertakings

The following were subsidiary undertakings of the company at the year end:

Name	Class of shares	Holding
Chaplin Midco Limited	Ordinary	100%
Chaplin Bidco Limited *	Ordinary	100%
Cooke Optics Group Limited *	Ordinary	100%
Cooke Optics Holdings Limited *	Ordinary	100%
Cooke Optics Limited *	Ordinary	100%
Cooke Americas Limited *	Ordinary	100%
Cooke (Shanghai) Optics Technology Co., Ltd *	Ordinary	100%
Cooke Optics TV Limited *	Ordinary	100%
Cooke Brasil Serviços De Assistência Técnica LTDA*	Ordinary	100%

\* This is indirectly owned by Chaplin Topco Limited.

The country of incorporation of Chaplin Midco Limited, Chaplin Bidco Limited, Cooke Optics Group Limited, Cooke Optics Holdings Limited, Cooke Optics Limited and Cooke Optics TV Limited is the United Kingdom. The registered office of Chaplin Midco Limited, Chaplin Bidco Limited, Cooke Optics Holdings Limited, Cooke Optics Limited and Cooke Optics TV Limited is the same office as Cooke Optics Holdings Limited.

The country of incorporation of Cooke Americas Limited is the United States of America. The registered office of Cooke Americas Limited is 264 Morris Avenue, Mountain Lakes, NJ 07046, United States of America.

The country of incorporation of Cooke (Shanghai) Optics Technology Co., Ltd is China. The registered office of Cooke (Shanghai) Optics Technology Co., Ltd is Rooms 501-03 & 501-04, No. 1 Building, No. 908 Xiuwen Road, Minhang District, Shanghai, China.

The country of incorporation of Cooke Brasil Serviços De Assistência Técnica LTDA is Brazil. The registered office of Cooke Brasil Serviços De Assistência Técnica LTDA is Rua Cardeal Arcoverde, n. 17.495, 6º andar, cj. 67, Pinheiros, CEP 05.407-002, in the City of São Paulo, State of São Paulo. Having considered the administrative structure of the business, the directors took the decision to absorb the business and assets of the company into Cooke Americas Limited. On 4 January 2022, the company was struck off.

## CHAPLIN TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

## 14. Stocks

	Group 2021 £	Group As restated 2020 £
Raw materials and consumables	3,599,948	3,643,348
Work in progress	1,268,579	778,377
Finished goods and goods for resale	246,331	1,141,555
	<u>5,114,858</u>	<u>5,563,280</u>

An impairment gain of £126,274 (2020: £Nil) was recognised in cost of sales relating to the additional provision against slow-moving and obsolete stock. An additional provision has been recorded as an exceptional item (see Note 10). All provisions have been calculated on an individual product basis taking into account existing stock and anticipated demand in the medium term.

## 15. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade debtors	1,175,609	510,936	-	-
Amounts owed by group undertakings	-	-	14,833,202	14,833,202
Other debtors	813,429	429,666	-	-
Prepayments and accrued income	312,861	201,716	42,297	-
	<u>2,301,899</u>	<u>1,142,318</u>	<u>14,875,499</u>	<u>14,833,202</u>

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

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Bank loans	-	2,033,504	-	-
Trade creditors	1,070,852	3,374,187	-	165
Amounts owed to group undertakings	414,897	731,974	8,071,088	8,027,049
Corporation tax	20,866	-	-	-
Other taxation and social security	142,411	414,142	388	1,576
Obligations under finance lease and hire purchase contracts	-	100,884	-	-
Other creditors	71,923	54,593	-	-
Accruals and deferred income	3,717,394	1,122,856	-	-
	<u>5,438,343</u>	<u>7,832,140</u>	<u>8,071,476</u>	<u>8,028,790</u>

Net obligations under finance lease and hire purchase contracts are secured on the assets to which they relate.

## CHAPLIN TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021**17. Creditors: Amounts falling due after more than one year**

	Group 2021 £	Group 2020 £
Bank loan	-	80,178
Other loan (See Note 26)	29,697,599	29,994,969
	<u>29,697,599</u>	<u>30,075,147</u>

Included in other loans is a loan of £30,000,000, less capitalised fees, which carries an interest rate of 4% plus LIBOR and is due for repayment on 31 August 2025. The interest rate on the loan is 4% unless the company elects, for interest periods up to 31 December 2020, to pay the interest in kind, in which case the interest rate is 5%. During the year the directors elected to pay interest in kind for the period ended 30 March 2021 increasing the loan balance to £30,372,962 and subsequently repaying £372,962 before the year end. Other loans are secured over the assets of the group.

The remaining bank loans carry interest of 2.5% and are repayable by equal installments by July 2023, the loan is secured over the assets of Cooke Americas Limited. The loan was repaid ahead of schedule during the year.

**18. Loans**

	Group 2021 £	Group 2020 £
<b>Amounts falling due within one year</b>		
Bank loans	-	2,033,504
	<u>-</u>	<u>2,033,504</u>
<b>Amounts falling due 1-2 years</b>		
Bank loans	-	57,435
	<u>-</u>	<u>57,435</u>
<b>Amounts falling due 2-5 years</b>		
Bank loans	-	22,743
Other loans (See Note 26)	29,697,599	-
	<u>29,697,599</u>	<u>22,743</u>
<b>Amounts falling due after more than 5 years</b>		
Other loans (See Note 26)	-	29,994,969
	<u>-</u>	<u>29,994,969</u>
	<u>29,697,599</u>	<u>32,108,651</u>

## CHAPLIN TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

## 19. Deferred taxation

## Group

	2021 £	2020 £
At beginning of year	8,301,109	8,579,991
Charged to the Consolidated Statement of Comprehensive Income	1,484,123	(278,882)
<b>At end of year</b>	<b>9,785,232</b>	<b>8,301,109</b>
	<b>Group 2021 £</b>	<b>Group 2020 £</b>
Fixed asset timing differences	693,562	102,413
Short term timing differences	(47,832)	(29,420)
Deferred tax on intangible fixed assets	9,387,440	8,331,495
Losses and other deductions	(247,938)	(103,379)
	<b>9,785,232</b>	<b>8,301,109</b>

## CHAPLIN TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

## 20. Share capital

	2021 £	2020 £
<b>Allotted, called up and fully paid</b>		
751,126 A Ordinary shares of £0.0010 each	751	751
66,515 B Ordinary shares of £0.0001 each	7	7
27,359 C Ordinary shares of £0.0001 each	3	3
54,500 A Growth shares of £0.0001 each	5	5
62,000 B Growth shares of £0.0001 each	6	6
6,000 C Growth shares of £0.0200 each	120	120
	<hr/>	<hr/>
	892	892
	<hr/>	<hr/>

A Ordinary, B Ordinary and C Ordinary shares are entitled to one vote per share. A Growth shares, B Growth shares and C Growth shares are not entitled to a vote.

A Ordinary shares, B Ordinary shares, A Growth Shares and C Growth shares are entitled to a dividend and are ranked pari passu for this condition. C Ordinary shares and B Growth shares are not entitled to a dividend.

On a return of capital on liquidation or otherwise, the distribution waterfall will be as follows:

- 84.5% of the proceeds to the A Ordinary shares, B Ordinary shares and C Ordinary shares up to a predetermined value
- 15.5% to the holders of C Ordinary shares and B Growth shares up to a secondary predetermined value
- If any balance remains, to the holders of all shares in proportion to the number of shares held.

## 21. Reserves

**Share premium account**

The share premium account includes any premium received on the issue of share capital above its nominal value. Any transaction costs associated with the issuing of shares are deducted from the share premium.

**Capital contribution reserve**

The capital contribution reserve account represents a non-repayable contribution from a group company.

**Foreign exchange reserve**

The foreign exchange reserve includes any foreign exchange gains and losses recognised on consolidation of a foreign subsidiary.

**Profit and loss account**

The profit and loss account includes all current periods retained profit and losses, less dividends paid.



## CHAPLIN TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021**22. Contingent liabilities**

The group is a party to a group wide guarantee given to the group's lenders. At 30 June 2021, the maximum liability stood at £30,000,000 (2020: £32,372,962).

The company is party to a group wide VAT and duty deferment guarantee for £205,025 (2020: £205,025).

**23. Capital commitments**

The group and company had capital commitments as follows:

	Group 2021 £	Group 2020 £
Contracted for but not provided in these financial statements	-	84,533

**24. Pension commitments**

The group operates a defined contribution plan for its employees. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and is set out in Note 6.

The amount owing at the year end in respect of such contributions amounted to £65,895 (2020: £54,245) and is included in creditors.

**25. Commitments under operating leases**

At 30 June 2021 the Group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2021 £	Group 2020 £
Not later than 1 year	41,503	49,378
Later than 1 year and not later than 5 years	166,012	166,012
Later than 5 years	42,014	83,489
	<u>249,529</u>	<u>298,879</u>

The commitments are calculated to the end of the lease period. There is a break date on 1 July 2022.

## CHAPLIN TOPCO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### 26. Related party transactions

On 31 August 2018, a loan of £30,000,000 was made to Chaplin Bidco Limited by a party also controlled by Caledonia Investments plc (see Note 28 below). The loan balance of £30,000,000 carries an interest rate of 4% plus LIBOR. The interest rate on the loan is 4% unless the company elects, for interest periods up to 31 December 2020, to pay the interest in kind, in which case the interest rate is 5%. Interest charged during the year was £1,493,769 (2020: £1,592,963). The £30,000,000 loan is due for repayment on 31 August 2025 and is secured over the assets of the group. At the year end £29,697,599 was outstanding and included in other loans due in greater than one year (net of the costs of raising the debt and capitalised interest).

During the year, the group incurred administrative charges from a company under common control of £232,481 (2020: £127,483). At the year end £81,461 (2020: £8,894) was outstanding.

During the year, emoluments paid to key management personnel, including directors, totalled £1,115,459 (2020: £720,132).

During the year, consultancy fees were paid to key management personnel of £144,939 (2020: £23,226).

Rental charges of £144,939 (2020: £69,870) were paid to directors of the group.

During the period, the company utilised tax losses from non-wholly owned group entities under common control of £408,163 (2020: £54,145). At the year end a balance of £408,163 (2020: £725,312) was due and included in creditors due within one year.

#### 27. Post balance sheet events

As part of a share capital restructuring on 26 July 2021, the company re-designated 32,080 A Growth Shares of £0.0001 to 32,080 C Growth Shares of £0.0001. On 3 August 2021, the company repurchased 52,443 B Growth shares and 6,000 C Growth shares for consideration of £207,787.

#### 28. Controlling party

Caledonia Investments plc, by virtue of its majority shareholding in Chaplin Topco Limited is considered the ultimate controlling party. Caledonia Investments plc is registered in England and Wales.

The smallest and largest group for which financial statements are prepared is Chaplin Topco Limited and Caledonia Investments plc respectively. Consolidated accounts are available from Companies House, Cardiff, CF14 3UZ.