

CHAPLIN TOPCO LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023



CHAPLIN TOPCO LIMITED

COMPANY INFORMATION

Directors

C J Hodges
C S M Van Oostrum (resigned 31 October 2023)
R T Pugh
T R G Lewis
A S Keane (resigned 30 October 2023)
R P Flynn
S Crebbin (appointed 30 October 2023)

Registered number

11442710

Registered office

1 Cooke Close
Thurmaston
Leicester
LE4 8PT

Independent auditor

BDO LLP
Water Court
116 - 118 Canal Street
Nottingham
NG1 7HF

CHAPLIN TOPCO LIMITED

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CHAPLIN TOPCO LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2023

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 end lenses for film, television and video creation industries.

Business review

The results for the group show a loss on ordinary activities before taxation of £2,251,250 (2022: profit of £2,530,604). *This includes a charge for the amortisation of goodwill and other intangible assets of £8,046,450 (2022: £7,356,348).*

The directors view EBITDA as the most relevant measure of performance. EBITDA for the year before exceptional items was £9,503,068 (2022: £12,720,086).

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 fundamental for the future development of the group'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 in accordance with agreed terms, our customer relationships are long term in nature and closely monitored.

Principal risks and uncertainties

The business has a control environment and 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.

CHAPLIN TOPCO LIMITED**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023****Market competition risk**

In line with Cooke's wider sector, demand for the business' products has been adversely impacted by the respective strikes of the SAG-AFTRA (actors union) and the Writers Guild of America.

Although both strikes have now ended, Cooke experienced a downturn in demand for its core products during the year.

The directors expect a gradual recovery in demand as content production activities recommence and our customers rebuild their balance sheets.

Credit and currency risk

The majority of the group's sales are denominated in Sterling. The group's activities in the US do generate a surplus of USD, the risk of which is managed through forward sale contracts. Exposure to other currencies is relatively minor.

Liquidity risk

The group has a revolving credit facility of £3m from its bank and therefore the directors do not believe there to be a cash flow and liquidity risk. At the year end the group had cash balances of £3,218,643 (2022: £14,292,339).

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

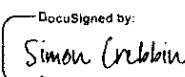
The board monitors the performance of the group by reference to the following KPIs:

	2023	2022	% Change
Sales	31,137,961	33,535,072	-7%
Gross Margin	58%	59%	-1%
EBITDA before exceptional costs	9,503,068	12,720,086	-25%
EBITDA after exceptional costs	8,937,301	12,037,705	-26%
Employees	166	150	11%

Exceptional costs include non-recurring professional fees in relation to strategy, group re-organisation and management incentive plan.

The board is satisfied with the group's performance.

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

DocuSigned by:

 8C8CFC302973494
S Crebbin
 Director

Date: 29th March 2024

CHAPLIN TOPCO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2023

The directors present their report and the financial statements for the year ended 30 June 2023.

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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 £2,207,272 (2022: profit £2,328,998).

During the year the company has paid a dividend of £5,000,000 (2022: £Nil).

Directors

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

Going concern

At the balance sheet date the group had net assets in excess of £37m and a strong net current asset position. 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.

The board have reviewed the impact of the Hollywood strikes on demands for the groups' products and are forecasting for a recovery of the market for its products. The board have considered a number of wider macro-economic issues including inflationary pressure, unrest in Eastern Europe and legacy issues from Covid such as ease of access to suppliers based in China and do not consider that the business carries a significant exposure to these factors which it is unable to adequately manage. On that basis, the directors have prepared these financial statements on a going concern basis.

CHAPLIN TOPCO LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

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.

Post balance sheet events

Since the balance sheet date the group has undergone a reorganisation, this to remove the intermediary holding companies, Cooke Optics Holdings Limited ("Holdings") and Cooke Optics Group Limited ("Group") as well as a dormant subsidiary, Cooke Optics TV Limited. A strike off application was made for these entities on the 7th February 2024.

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.

Qualifying third party indemnity provisions

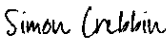
During the year and up to the date of this report directors' indemnity insurance was in place under a group policy. This covers all qualifying directors.

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 by:

DocuSigned by:

8C8CFC302973494

S Crebbin
Director

Date: 29th March 2024

CHAPLIN TOPCO LIMITED

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

Opinion on the financial statements

In our opinion the financial statements:

- 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 2023 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Chaplin Topco Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 30 June 2023 which comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the company balance sheet, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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 Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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.

Other Companies Act 2006 reporting

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

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

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 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, 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 financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

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:

To identify and assess the risk of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the Company and the industry in which they operate;
- Discussions with management and those charged with governance; and
- Obtaining and understanding of the Group and the Company's policies and procedures regarding compliance with laws and regulations

We considered the significant laws and regulations to be UK Accounting Standards and the Companies Act 2006.

The Group and the Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be Corporate Tax, VAT and Employment Tax legislation, Health & Safety legislation and the Bribery Act 2010.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of the Group's and the Company's accounting policies for non-compliance with relevant standards;
- Review of the financial statement disclosures and agreeing them to supporting documentation; and
- Review of legal expenditure to understand the nature of expenditure incurred.

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 (continued)

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's and the Company's policies and procedures relating to:
- Detecting and responding to the risks of fraud; and
- Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be revenue recognition and management override of controls.

Our procedures in respect of the above included:

- Testing of journal entries throughout the period which met a defined risk criteria, agreeing them to supporting documentation to check they were correctly recorded and supported by appropriate evidence;
- Incorporating unpredictability in our testing;
- Challenging and assessing the appropriateness of the significant estimates and judgements made by management for evidence of bias, having regard to supporting evidence and historical outcomes. These included;
 - Carrying value of stock; and
 - Impairment of intangible assets and investments
- Testing any significant transactions that appeared to be outside the normal course of business for evidence of bias.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.


A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

CHAPLIN TOPCO LIMITED

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

Use of our report

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

DocuSigned by:

7FC81602FBEA456

Cindy Hrkalovic (Senior statutory auditor)

For and on behalf of BDO LLP, Senior Statutory Auditor
Nottingham, UK

Date: 29 March 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CHAPLIN TOPCO LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 £	2022 £
Turnover	3	31,137,961	33,535,072
Cost of sales		(12,979,117)	(13,831,327)
Gross profit		<u>18,158,844</u>	<u>19,703,745</u>
Administrative expenses		(18,219,939)	(15,459,683)
Exceptional administrative expenses	11	(565,767)	(682,381)
Total administrative expenses		<u>(18,785,706)</u>	<u>(16,142,064)</u>
Other operating income	4	373,890	393,711
Operating (loss)/profit	5	<u>(252,972)</u>	<u>3,955,392</u>
Interest receivable and similar income		105,783	2,317
Interest payable and similar expenses	8	(2,104,061)	(1,427,105)
(Loss)/profit on ordinary activities before taxation		<u>(2,251,250)</u>	<u>2,530,604</u>
Taxation on (loss) /profit on ordinary activities	9	43,978	(201,606)
(Loss)/profit for the financial year		<u>(2,207,272)</u>	<u>2,328,998</u>
Currency translation differences		(376,410)	42,236
Other comprehensive (loss)/income for the year		<u>(376,410)</u>	<u>42,236</u>
Total comprehensive (loss)/income for the year		<u><u>(2,583,682)</u></u>	<u><u>2,371,234</u></u>

There were no recognised gains and losses for 2023 or 2022 other than those included in the Consolidated Statement of Comprehensive Income.

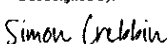
The notes on pages 17 to 40 form part of these financial statements.

CHAPLIN TOPCO LIMITED
REGISTERED NUMBER: 11442710

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2023

	Note	2023 £	As restated 2022 £
Fixed assets			
Intangible assets	12	57,450,994	64,368,054
Tangible fixed assets	13	4,909,270	4,261,053
		<u>62,360,264</u>	<u>68,629,107</u>
Current assets			
Stocks	15	9,797,932	5,324,376
Debtors: amounts falling due within one year	16	4,149,972	3,387,986
Cash at bank and in hand		3,218,643	14,292,339
		<u>17,166,547</u>	<u>23,004,701</u>
Creditors: amounts falling due within one year	17	<u>(8,617,341)</u>	<u>(7,423,938)</u>
Net current assets		<u>8,549,206</u>	<u>15,580,763</u>
Total assets less current liabilities		<u>70,909,470</u>	<u>84,209,870</u>
Creditors: amounts falling due after more than one year	18	(24,064,610)	(29,994,400)
Provisions for liabilities			
Deferred taxation	20	(8,857,639)	(9,051,571)
Other provisions	21	(407,000)	-
Net assets		<u><u>37,580,221</u></u>	<u><u>45,163,899</u></u>
Capital and reserves			
Called up share capital	22	776	772
Share premium account	23	70,704,572	70,704,572
Capital redemption reserve	23	392,437	392,437
Foreign exchange reserve	23	(399,067)	(22,657)
Profit and Loss Account	23	(33,118,497)	(25,911,225)
Shareholders' funds		<u><u>37,580,221</u></u>	<u><u>45,163,899</u></u>

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

DocuSigned by:

8CB0FC302973484

S Crebbin
Director

The notes on pages 17 to 40 form part of these financial statements.

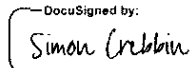
CHAPLIN TOPCO LIMITED
REGISTERED NUMBER: 11442710

COMPANY BALANCE SHEET
AS AT 30 JUNE 2023

	Note	2023 £	2022 £
Fixed assets			
Investments	14	75,872,263	75,872,263
Current assets			
Debtors: amounts falling due within one year	16	14,883,292	14,833,202
Cash at bank and in hand		97,796	135,409
		<u>14,981,088</u>	<u>14,968,611</u>
Creditors: amounts falling due within one year	17	<u>(8,604,988)</u>	<u>(8,319,397)</u>
Net current assets		6,376,100	6,649,214
Net assets		<u>82,248,363</u>	<u>82,521,477</u>
Capital and reserves			
Called up share capital	22	776	772
Share premium account	23	70,704,573	70,704,573
Capital redemption reserve	23	129	129
Profit and loss account	23	<u>11,542,885</u>	<u>11,816,003</u>
Shareholders' funds		<u>82,248,363</u>	<u>82,521,477</u>

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 company for the period was £4,726,882 (2022: £12,787).

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

DocuSigned by:

 8CBFC302973494
S Crebbin
 Director

The notes on pages 17 to 40 form part of these financial statements.

CHAPLIN TOPCO LIMITED**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023**

	Called up share capital	Share premium account	Capital redemption reserve	Foreign exchange reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 July 2022	772	70,704,572	392,437	(22,657)	(25,911,225)	45,163,899
Loss for the financial year	-	-	-	-	(2,207,272)	(2,207,272)
Foreign translation difference	-	-	-	(376,410)	-	(376,410)
Dividends paid	-	-	-	-	(5,000,000)	(5,000,000)
Shares issued during the year	4	-	-	-	-	4
At 30 June 2023	776	70,704,572	392,437	(399,067)	(33,118,497)	37,580,221

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

	Called up share capital	Share premium account	Capital redemption reserve	Foreign exchange reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 July 2021	892	70,704,572	392,308	(64,893)	(28,000,628)	43,032,251
Profit for the financial year	-	-	-	-	2,328,998	2,328,998
Foreign exchange gain	-	-	-	42,236	-	42,236
Purchase of own shares	-	-	-	-	(239,466)	(239,466)
Shares issued during the year	9	-	-	-	-	9
Shares cancelled during the year	(129)	-	-	-	-	(129)
Transfer to/from profit and loss account	-	-	129	-	(129)	-
At 30 June 2022	772	70,704,572	392,437	(22,657)	(25,911,225)	45,163,899

The notes on pages 17 to 40 form part of these financial statements.

CHAPLIN TOPCO LIMITED**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 July 2022	772	70,704,573	129	11,816,003	82,521,477
Profit for the financial year	-	-	-	4,726,882	4,726,882
Dividends paid	-	-	-	(5,000,000)	(5,000,000)
Shares issued during the year	4	-	-	-	4
At 30 June 2023	776	70,704,573	129	11,542,885	82,248,363

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 July 2021	892	70,704,573	-	12,042,811	82,748,276
Profit for the financial year	-	-	-	12,787	12,787
Purchase of own shares	-	-	-	(239,466)	(239,466)
Shares issued during the year	9	-	-	-	9
Shares cancelled during the year	(129)	-	-	-	(129)
Transfer to/from profit and loss account	-	-	129	(129)	-
At 30 June 2022	772	70,704,573	129	11,816,003	82,521,477

The notes on pages 17 to 40 form part of these financial statements.

CHAPLIN TOPCO LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	2023 £	2022 £
Cash flows from operating activities		
(Loss)/profit for the financial year	(2,207,272)	2,328,998
Adjustments for:		
Amortisation of intangible assets	8,046,450	7,356,348
Depreciation of tangible assets	1,143,823	725,965
Profit on disposal of tangible assets	(11,031)	(25,916)
Interest paid	2,104,061	1,427,105
Interest received	(105,783)	(2,317)
Taxation (charge)/credit	(43,978)	201,606
Increase in stocks	(4,473,556)	(209,518)
Increase in debtors	(720,518)	(1,086,087)
Increase in creditors	1,504,979	1,426,510
<i>(Decrease)/increase in amounts owed to companies under common control</i>	<i>(281,865)</i>	<i>406,380</i>
Increase in provisions	407,000	-
Corporation tax paid	(338,156)	(540,414)
Net cash generated from operating activities	5,024,154	12,008,660
Cash flows used in investing activities		
Purchase of intangible fixed assets	(1,129,390)	(1,908,791)
Purchase of tangible fixed assets	(1,862,433)	(1,131,974)
Sale of tangible fixed assets	81,424	74,989
Interest received	105,783	2,317
Hire purchase interest paid	(2,704)	(2,656)
Net cash used in investing activities	(2,807,320)	(2,966,115)

CHAPLIN TOPCO LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	£	£
Cash flows used in financing activities		
Issue of ordinary shares	4	9
Purchase of ordinary shares	-	(239,595)
Repayment of other loans	(6,075,599)	-
New finance leases	336,551	316,003
Repayment of finance leases	(73,719)	(31,600)
Dividends paid	(5,000,000)	-
Interest paid	(2,101,357)	(1,424,449)
Net cash used in financing activities	(12,914,120)	(1,379,632)
Net (decrease)/increase in cash and cash equivalents	(10,697,286)	7,662,913
Cash and cash equivalents at beginning of year	14,292,339	6,587,190
Foreign exchange gains and losses	(376,410)	42,236
Cash and cash equivalents at the end of year	3,218,643	14,292,339
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,218,643	14,292,339

CHAPLIN TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1. Accounting policies

Chaplin Topco Limited (the 'company') is a private company limited by shares 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 2023 (2022: year ended 30 June 2022).

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 accounting 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 £4,726,882 (2022: £12,787).

1.3 Going concern

At the balance sheet date the group had net assets in excess of £37m and a strong net current asset position.

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.

The board have considered a number of wider macro-economic issues including inflationary pressure, unrest in Eastern Europe and legacy issues from Covid such as ease of access to suppliers based in China and do not consider that the business carries a significant exposure to these factors which it is unable to adequately manage.

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 2023**

1. Accounting policies (continued)

1.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group and 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.

CHAPLIN TOPCO LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023****1. Accounting policies (continued)****1.5 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 name	-	30 years
Technology	-	10 years
Order Book	-	3 years
Customer Relations	-	10 years
Trademarks	-	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 Consolidated Statement of Comprehensive Income as they are incurred.

At each year 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 2023****1. Accounting policies (continued)****1.6 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 straight line basis.

Freehold property	-	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

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.

1.7 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.

1.8 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 2023

1. Accounting policies (continued)

1.9 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.

1.10 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.

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

1.11 Interest income

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

1.12 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.

1.13 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

CHAPLIN TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1. Accounting policies (continued)

1.14 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.

1.15 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.

1.16 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.

1.17 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 2023

1. Accounting policies (continued)

1.18 Current and deferred taxation

The tax charge for the year 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.

1.19 Research and development

Research expenditure is written off to the Consolidated Statement of Comprehensive Income within administrative expenses in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

Any tax credits arising in respect of research and development expenditure are credited to other operating income within the Consolidated Statement of Comprehensive Income when it is reliably measured and it is probable that the credit will be received.

1.20 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

1.21 Prior year restatement

During the year, the directors have reclassified certain balances from trade creditors to deferred income. The impact of this change is to decrease trade creditors and increase deferred income held at 30 June 2022 by £690,085 respectively.

CHAPLIN TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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 2023

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.

Management Incentive Plans

The Group operate a number of Management Incentive Plans for certain employees. The directors have assessed the terms of each scheme at the balance sheet date and concluded that the impact is immaterial and therefore no amounts have been recognised in the financial statements.

CHAPLIN TOPCO LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023****3. Turnover**

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

Analysis of turnover by country of destination:

	2023 £	2022 £
Europe	8,783,763	9,504,300
United States	9,028,427	10,139,423
Rest of the world	13,325,771	13,891,349
	<u>31,137,961</u>	<u>33,535,072</u>

4. Other operating income

	2023 £	2022 £
Research and development tax credit	357,695	377,758
Other operating income	16,195	15,953
	<u>373,890</u>	<u>393,711</u>

5. Operating (loss)/profit

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

	2023 £	2022 £
Research & development charged as an expense	483,229	485,385
Depreciation of tangible fixed assets owned by the group	1,107,195	697,238
Depreciation of tangible fixed assets held under finance lease	36,628	28,727
Amortisation of intangible fixed assets	8,046,450	7,356,348
Fees payable to the group auditor for the audit of the group's financial statements	74,250	55,000
Exchange differences	(115,980)	(79,923)
Profit on sale of fixed assets	(11,031)	-
Operating lease rentals - other	357,203	142,308
	<u>357,203</u>	<u>142,308</u>

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 2023****6. Employees**

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

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Wages and salaries	6,863,391	6,114,901	-	-
Social security costs	974,997	515,536	-	-
Pension scheme costs	303,871	268,057	-	-
	<u>8,142,259</u>	<u>6,898,494</u>	<u>-</u>	<u>-</u>

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

	Group 2023 No.	Group 2022 No.	Company 2023 No.	Company 2022 No.
Administration and research and development	60	49	2	2
Manufacturing	106	101	-	-
	<u>166</u>	<u>150</u>	<u>2</u>	<u>2</u>

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

7. Directors' remuneration

	2023 £	2022 £
Directors' emoluments	997,326	686,022
Group contributions to defined contribution pension schemes	17,367	22,195
	<u>1,014,693</u>	<u>708,217</u>

During the year retirement benefits were accruing to 1 director (2022: 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £475,563 (2022: £380,565).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £17,367 (2022: £22,195).

CHAPLIN TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

8. Interest payable and similar expenses

	2023 £	2022 £
Bank interest payable	317	723
Loan interest payable	2,101,040	1,423,726
Finance leases and hire purchase contracts	2,704	2,656
	<u>2,104,061</u>	<u>1,427,105</u>

9. Taxation

	2023 £	2022 £
Corporation tax		
Current tax on (loss)/profit for the year	354,780	695,190
Adjustments in respect of previous periods	(204,826)	10,327
Total current tax	<u>149,954</u>	<u>705,517</u>
Deferred tax		
Origination and reversal of timing differences	(536,801)	(484,222)
Adjustments in respect of period periods	342,869	(19,689)
Total deferred tax	<u>(193,932)</u>	<u>(503,911)</u>
Taxation on (loss)/profit on ordinary activities	<u>(43,978)</u>	<u>201,606</u>

CHAPLIN TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

9. Taxation (continued)

Factors affecting tax (credit)/charge for the year

The tax assessed for the year is lower than (2022: lower than) the standard rate of corporation tax in the UK of 20.50% (2022: 19%). The differences are explained below:

	2023 £	2022 £
(Loss)/profit on ordinary activities before tax	(2,251,250)	2,530,604
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.50% (2022: 19%)	(461,506)	480,815
Effects of:		
Expenses not deductible for tax purposes	959,209	898,164
Fixed asset differences	(44,740)	(36,754)
Patent box claim	(509,577)	(764,795)
Adjusting the closing deferred tax rate to average rate	(96,594)	(124,711)
Foreign tax	(17,540)	(223,533)
Income not taxable for tax purposes	(11,273)	(18,218)
Adjustments in respect of prior periods - current tax	(204,826)	10,327
Adjustments in respect of prior periods - deferred tax	342,869	(19,689)
Total tax (credit)/charge for the year	(43,978)	201,606

Factors that may affect future tax charges

The Chancellor has confirmed an increase in the corporation tax rate from 19% to 25% with effect from 1 April 2023. As a result of this deferred tax has been recognised to the extent that it will unwind at this enacted rate.

CHAPLIN TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

10. Dividends

	2023 £	2022 £
Dividends paid	5,000,000	-

11. Exceptional items

	2023 £	2022 £
Exceptional administrative costs	565,767	682,381

Exceptional costs include non-recurring professional fees in relation to strategy, group re-organisation and management incentive plan.

12. Intangible assets

Group

	Brand name £	Development expenditure £	Customer relations £	Order book £	Goodwill £
Cost					
At 1 July 2022	26,367,000	3,524,893	15,155,900	9,422,400	43,785,640
Additions	40,720	1,088,670	-	-	-
At 30 June 2023	26,407,720	4,613,563	15,155,900	9,422,400	43,785,640
Amortisation					
At 1 July 2022	3,515,600	124,703	6,062,360	9,422,400	17,514,656
Charge for the year	882,657	811,049	1,515,590	-	4,378,564
At 30 June 2023	4,398,257	935,752	7,577,950	9,422,400	21,893,220
Net book value					
At 30 June 2023	22,009,463	3,677,811	7,577,950	-	21,892,420
At 30 June 2022	22,851,400	3,400,190	9,093,540	-	26,270,984

CHAPLIN TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

12. Intangible assets (continued)

	Technology £	Total £
Cost		
At 1 July 2022	4,585,900	102,841,733
Additions	-	1,129,390
At 30 June 2023	<u>4,585,900</u>	<u>103,971,123</u>
Amortisation		
At 1 July 2022	1,833,960	38,473,679
Charge for the year	458,590	8,046,450
At 30 June 2023	<u>2,292,550</u>	<u>46,520,129</u>
Net book value		
At 30 June 2023	<u>2,293,350</u>	<u>57,450,994</u>
At 30 June 2022	<u>2,751,940</u>	<u>64,368,054</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 2023

13. Tangible fixed assets

Group

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
Cost					
At 1 July 2022	891,984	2,327,793	27,794	2,258,614	5,506,185
Additions	-	1,110,945	-	751,488	1,862,433
Disposals	-	(51,568)	(7,450)	(25,639)	(84,657)
At 30 June 2023	891,984	3,387,170	20,344	2,984,463	7,283,961
Depreciation					
At 1 July 2022	97,227	677,131	13,502	457,272	1,245,132
Charge for the year	24,202	646,508	4,288	468,825	1,143,823
Disposals	-	(6,814)	(7,450)	-	(14,264)
At 30 June 2023	121,429	1,316,825	10,340	926,097	2,374,691
Net book value					
At 30 June 2023	770,555	2,070,345	10,004	2,058,366	4,909,270
At 30 June 2022	794,757	1,650,662	14,292	1,801,342	4,261,053

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

	2023 £	2022 £
Plant and machinery	523,419	311,317
Fixtures, fittings and equipment	29,780	1,863
	553,199	313,180

CHAPLIN TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

14. Fixed asset investments

Company

Investments
in
subsidiary
companies
£

Cost

At 1 July 2022 and at 30 June 2023

75,872,263

CHAPLIN TOPCO LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023****14. Fixed asset investments (continued)****Subsidiary undertakings**

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

Name	Class of shares	Holding	Company activity
Chaplin Midco Limited	Ordinary	100%	Holding
Chaplin Bidco Limited *	Ordinary	100%	Holding
Cooke Optics Group Limited * **	Ordinary	100%	Holding
Cooke Optics Holdings Limited * **	Ordinary	100%	Holding
Cooke Optics Limited *	Ordinary	100%	Trading
Cooke Optics Inc *	Ordinary	100%	Trading
Cooke (Shanghai) Optics Technology Co., Ltd *	Ordinary	100%	Trading
Cooke Hong Kong Limited	Ordinary	100%	Trading
Cooke Optics TV Limited *	Ordinary	100%	Dormant

* This is indirectly owned by Chaplin Topco Limited.

** Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

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 Group Limited, Cooke Optics Holdings Limited, Cooke Optics Limited and Cooke Optics TV Limited is the same office as Chaplin Topco Limited.

The country of incorporation of Cooke Optics Inc is the United States of America. The registered office of Cooke Optics Inc is 4131 Vanowen Place, Burbank, CA 91505, USA.

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 Optics Hong Kong Limited is Hong Kong. The registered office of Cooke Optics Hong Kong Limited is 31/F., Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

In accordance with s479C, the company has provided a guarantee in respect of Cooke Optics Group Limited and Cooke Optics Holdings Limited for an audit exemption.

On 27th June the group underwent a group reorganisation to remove the intermediary holding companies, Cooke Optics Holdings Limited and Cooke Optics Group Limited as well as a dormant subsidiary, Cooke Optics TV Limited. A strike off application was made for these entities on the 7th February 2024.

CHAPLIN TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

15. Stocks

	Group 2023 £	Group 2022 £
Raw materials and consumables	7,736,513	4,090,134
Work in progress (goods to be sold)	1,699,448	1,142,293
Finished goods and goods for resale	361,971	91,949
	<u>9,797,932</u>	<u>5,324,376</u>

16. Debtors

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Trade debtors	2,500,788	2,482,960	39	-
Amounts owed by group undertakings	-	-	14,833,202	14,833,202
Other debtors	990,644	717,854	709	-
Prepayments and accrued income	658,540	187,172	49,342	-
	<u>4,149,972</u>	<u>3,387,986</u>	<u>14,883,292</u>	<u>14,833,202</u>

17. Creditors: Amounts falling due within one year

	Group 2023 £	Group As restated 2022 £	Company 2023 £	Company 2022 £
Trade creditors	2,787,998	3,252,280	-	-
Amounts owed to group undertakings	-	-	8,524,881	8,237,842
Amounts owed to companies under common control	541,279	821,277	-	-
Corporation tax	37,368	185,969	-	-
Other taxation and social security	161,705	190,978	2,613	121
Obligations under finance lease and hire purchase contracts	180,224	63,201	-	-
Other creditors	230,560	43,362	-	-
Accruals	3,186,742	2,176,786	77,494	81,434
Deferred income	1,491,465	690,085	-	-
	<u>8,617,341</u>	<u>7,423,938</u>	<u>8,604,988</u>	<u>8,319,397</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 2023****18. Creditors: Amounts falling due after more than one year**

	Group 2023 £	Group 2022 £
Other loans	23,697,599	29,773,198
Net obligations under finance leases and hire purchase contracts	367,011	221,202
	<u>24,064,610</u>	<u>29,994,400</u>

Included in other loans is a loan of £24,000,000, less capitalised fees, which carries an interest rate of 4% plus SONIA and is due for repayment on 31 August 2025. Other loans are secured over the assets of the group.

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

19. Loans

	Group 2023 £	Group 2022 £
Amounts falling due 2-5 years		
Other loans	23,697,599	29,773,198

CHAPLIN TOPCO LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023****20. Deferred taxation****Group**

	2023 £
At 1 July 2022	9,051,571
Charged to the Consolidated Profit and Loss Account	193,932
At 30 June 2023	8,857,639

	Group 2023 £	Group 2022 £
Fixed asset timing differences	1,274,668	971,056
Short term timing differences	(119,592)	(96,278)
Deferred tax on intangible assets	7,970,190	8,444,420
Losses and other deductions	(267,627)	(267,627)
	8,857,639	9,051,571

21. Provisions**Group**

	Other provisions £
At 1 July 2022	-
Charged to the Consolidated Profit and Loss Account	407,000
At 30 June 2023	407,000

Other provisions relate to purchase orders raised but not drawn down in relation to a non-domestic supplier.

CHAPLIN TOPCO LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023****22. Share capital**

	2023	2022
	£	£
Allotted, called up and fully paid		
751,126 (2022: 751,126) A Ordinary shares of £0.0010 each	751	751
66,515 (2022: 66,515) B Ordinary shares of £0.0001 each	7	7
27,359 (2022: 27,359) C Ordinary shares of £0.0001 each	3	3
20,420 (2022: 20,420) A Growth shares of £0.0001 each	2	2
87,072 (2022: 87,072) C Growth new shares of £0.0001 each	9	9
38,000 (2022: 0) D Growth shares of £0.0001 each	4	-
1,558 (2022: 1,558) B Growth shares of £0.0001 each	-	-
	<hr/>	<hr/>
	776	772
	<hr/>	<hr/>

On 15 September 2022, the company issued 38,000 D Growth shares of £0.0001.

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

A Ordinary, B Ordinary and A Growth shares are entitled to a dividend and rank *pari passu* for this condition. C Ordinary, B Growth, C Growth and D 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

23. 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 redemption 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 2023****24. Contingent liabilities**

The group is a party to a group wide guarantee given to the group's lenders. At 30 June 2023, the maximum liability stood at £24,000,000 (2022: £30,000,000).

The company is party to a group wide VAT and duty deferment guarantee for £205,025 (2022: £205,025).

25. Analysis of net debt

	At 1 July 2022 £	Cash flows £	New finance leases £	Other non- cash changes £	At 30 June 2023 £
Cash at bank and in hand	14,292,339	(10,697,286)	-	(376,410)	3,218,643
Other loans due after one year	(29,773,198)	6,151,198	-	(75,599)	(23,697,599)
Obligations under finance leases due within one year	(63,201)	-	(117,023)	-	(180,224)
	-	-	-	-	-
Obligations under finance leases due after one year	(221,202)	73,719	(219,528)	-	(367,011)
	<u>(15,765,262)</u>	<u>(4,472,369)</u>	<u>(336,551)</u>	<u>(452,009)</u>	<u>(21,026,191)</u>

26. 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 £46,297 (2022: £40,532) and is included in creditors.

27. Commitments under operating leases

At 30 June 2023 the group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2023 £	Group 2022 £
Not later than 1 year	150,854	166,740
Later than 1 year and not later than 5 years	307,180	278,283
	<u>458,034</u>	<u>445,023</u>

CHAPLIN TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

28. Related party transactions

On 31 August 2018, a loan of £30,000,000 was made to Chaplin Bidco Limited by Caledonia Investments plc (see note 29 below). The loan balance of £30,000,000 carries an interest rate of 4% plus SONIA. Interest charged during the year was £2,088,540 (2022: £1,318,917). During the year, total repayments of £6,000,000 were made. 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 £24,000,000 (2022: £30,000,000) 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 £172,711 (2022: £159,665). At the year end £45,687 (2022: £40,668) was outstanding.

During the year, emoluments paid to key management personnel (the Senior Leadership Team), including Executive directors, totalled £1,286,667 (2022: £907,196).

During the year, consultancy fees were paid to key management personnel of £83,460 (2022: £78,000).

During the period, the company utilised tax losses from non-wholly owned group entities under common control of £541,279 (2022: £821,277). At the year end a balance of £541,279 (2022: £821,277) was due and included in creditors due within one year.

29. 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.

Consolidated accounts of Chaplin Topco Limited are available from Companies House, Cardiff, CF14 3UZ.