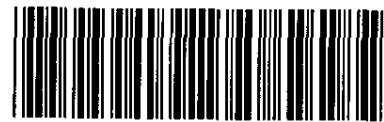

CHEMIGRAPHIC LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

FRIDAY



ABJXC30Z

A22

30/12/2022

#219

COMPANIES HOUSE

CHEMIGRAPHIC LIMITED

COMPANY INFORMATION

Directors	C Wootton K J Docherty
Registered number	01045772
Registered office	Unit A2 The Fleming Centre Flemingway Crawley West Sussex RH10 9NF
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 2nd Floor St John's House Haslett Avenue West Crawley RH10 1HS
Solicitors	DMH Stallard Griffin House 135 High Street Crawley United Kingdom RH10 1DQ

CHEMIGRAPHIC LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 5
Independent auditor's report	6 - 10
Statement of comprehensive income	11
Statement of financial position	12
Statement of changes in equity	13
Notes to the financial statements	14 - 37

CHEMIGRAPHIC LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

Introduction

The directors submit their report and the financial statements for Chemigraphic Limited (the "Company") for the year to 30 September 2021.

Business review and future developments

Similar to the previous period, 2021 was a very challenging year, however with the unstinting support of our employees, customers, suppliers and lender we successfully managed our way through the knock on impact of COVID-19 pandemic.

With the ongoing issues in the supply chain for electronic components we anticipate 2022 to be a difficult year but we are well placed to meet the challenge.

Key Performance Indicators

	Year ended	<i>18 month</i>
	30	<i>period ended</i>
	September	<i>30</i>
	2021	<i>September</i>
		<i>2020</i>
Turnover	£18.9m	<i>£26.9m</i>
Gross margin	24%	<i>18%</i>
Operating profit/(loss)	(£0.5m)	<i>(£4.1m)</i>
Adjusted EBITDA (Note 31)	£1.1m	<i>£0.3m</i>

Principal risks and uncertainties

Principal risks continue to centre on economic uncertainty, particularly in relation to COVID-19 and Brexit which is mitigated through careful management of cash flow and working capital to ensure continued headroom in our borrowing facilities.

This report was approved by the board on 19/12/2022 and signed on its behalf.

Kevin Docherty

K J Docherty
Director

CHEMIGRAPHIC LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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

Principal activity

The principal activity of Chemigraphic Limited (the "Company") was the manufacture of electronic products and systems for various brand owners.

Results and dividends

The loss for the year, after taxation, amounted to £663,969 (*18-month period ended 30 September 2020: loss of £4,555,229*).

The directors did not recommend the payment of dividend in the period (*2020: £Nil*).

Directors

The directors who served during the year were:

C Wootton
K J Docherty

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CHEMIGRAPHIC LIMITED

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

Financial instruments

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk is the risk that of financial loss to the Company on the failure of a customer or counterparty to meet their obligations as they fall due. The Company is exposed to credit risk primarily in respect of its trade debtors and cash. Trade debtors are stated net of provision for doubtful accounts. Exposure to credit risk in respect of trade debtors are stated net provision for doubtful accounts. Exposure to credit risk in respect of trade debtors is mitigated by the Company's policy of only granting credit to certain customers after an appropriate evaluation of their credit risk. In respect of cash, the counterparties are major banks and management do not expect any counterparty to fail to meet its obligations.
- Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company finances its operations through a mixture of retained profits and borrowings from the bank. The Company manages liquidity risk by particularly focusing on working capital management. The Company also aims to maintain a balance between committed and uncommitted loan facilities. The Company has borrowing facilities with credit limit of £10.75m which will expire in February 2026. At 30 September 2021, the unutilised borrowing facilities amounted to £1.2m available for the Company to draw upon.
- Market risk is the risk that changes in market prices, such as interest rates, have on the Company's financial performance. The objective of the Company's interest rate policy is to minimise interest costs while *protecting the Company from adverse movements in interest rates. The Company does not currently hedge any interest rate risk.*

Qualifying third party indemnity provisions

The Company may indemnify every director, former director, alternate director, secretary or officer of the Company against any liabilities incurred by him in execution and discharge of his duties or the exercise of his powers or otherwise in relation to or in connection with his duties, powers or office. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' report.

CHEMIGRAPHIC LIMITED

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

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that Chemigraphic (Topco) Limited and its subsidiary undertakings (the "Group" or "Chemigraphic Group") which include Chemigraphic Limited has adequate resources to continue in operational existence for the foreseeable future; hence, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Chemigraphic Group has prepared detailed forecasts and projections up to 31 December 2023 which covers at least 12 months from the date of approval of the financial statements. The assumptions used in preparing these forecasts take into account significant downside risks.

The Group's business relies on the supply of various electronic components and during the accounting period the Group experienced a significant level of disruption in the supply chain. This was a result of the continued impact of Covid-19, with demand for certain electronic components outstripping supply. The Group has and continues to work very closely with both its customers and suppliers to mitigate areas where there have been severe material shortages. A further significant deterioration in the supply chain would impact the Group's trading performance.

The Directors have taken into consideration that current economic conditions are creating a level of uncertainty however, the order book and customer forecasts remain extremely strong, covering the whole of the planned budgeting period for the next financial year. The Group has receivable finance and inventory facilities which will expire in February 2026. As of 30 September 2021, the unutilised loan facilities and cash balance amounted to £1.2m available for the Group to draw upon. The Group has complied with all its banking covenants for the years ended 30 September 2021 and 2022. As of 30 November 2022, the unutilised loan facilities and cash balances totalled £1.4m, therefore also complying with the minimum headroom covenant for this month. The Group received a waiver of the minimum headroom covenant for the months of November 2022 to January 2023 from the bank. The Group also received a confirmation from NVM Private Equity LLP that they will not seek repayment of their loan stock for a period of at least 13 months from the date of approval of these accounts.

The Directors have concluded that after considering the uncertainty described above, they have an expectation that the Company has adequate resources to continue for the near future. As such, they therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Matters covered in the Strategic report

In accordance with section 414 of the Companies Act 2006 (Strategic Report and Directors' Report Regulations 2013), the Company has chose to include a Strategic report. The information covers the business review, future developments and principal risk chosen and uncertainties.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

CHEMIGRAPHIC LIMITED

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

This report was approved by the board on 19/12/2022

and signed on its behalf.

Kevin Docherty

K J Docherty
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHEMIGRAPHIC LIMITED

Opinion

We have audited the financial statements of Chemigraphic Limited ("the Company") for the year ended 30 September 2021, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2021 and of its 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.



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

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

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions 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 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.



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

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the 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.

Matters on which we are required to report by exception

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 for the financial statements

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 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 Company or to cease operations, or have no realistic alternative but to do so.

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.

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



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

Explanation as to what extent the audit was considered 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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks being FRS 102 and the Companies Act 2006, together with the relevant tax compliance regulations in the UK.
- We obtained an understanding of how the Company is complying with relevant legal and regulatory frameworks by making inquiries of management, others within the entity and those charged with governance. We corroborated our inquiries through our review of board minutes.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management from relevant parts of the business to understand areas where management considered there was a susceptibility to fraud. We also considered performance targets and their propensity to influence efforts made by management to manage earnings.
- We considered the programs and controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programs and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk.
- Our audit procedures involved: journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business and enquiries of management, others within the entity and those charged with governance. In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed noncompliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The engagement leader's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - Understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation; and
 - Knowledge of the industry in which the Company operates.



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

- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Use of our report

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

Christian Heeger BSc FCA
Senior statutory auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Crawley
Date: 19/12/2022

Grant Thornton UK LLP

CHEMIGRAPHIC LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

		Year ended 30 September 2021 £	18 month period ended 30 September 2020 £
Turnover	4	18,858,523	26,865,010
Cost of sales		(14,359,097)	(22,006,593)
Gross profit		4,499,426	4,858,417
Administrative expenses		(3,980,060)	(6,854,145)
Provision for impairment - amounts due from group undertakings	6	(1,062,000)	(2,439,250)
Other operating income	5	70,207	359,311
Operating loss	6	(472,427)	(4,075,667)
Interest payable and expenses	10	(286,442)	(527,400)
Loss before tax		(758,869)	(4,603,067)
Tax on loss	11	94,900	47,838
Profit/(loss) for the financial year/period		(663,969)	(4,555,229)

The total administrative expenses for the year were £5,042,060 (2021: £9,293,395).

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

The notes on pages 14 to 37 form part of these financial statements.

CHEMIGRAPHIC LIMITED
REGISTERED NUMBER:01045772

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	12	592,922	671,507
Tangible assets	13	440,519	655,006
Investments	14	806	806
		<u>1,034,247</u>	<u>1,327,319</u>
Current assets			
Stocks	15	4,490,681	3,518,638
Debtors: amounts falling due within one year	16	5,312,397	3,532,164
Cash at bank and in hand	17	164,324	139,589
		<u>9,967,402</u>	<u>7,190,391</u>
Creditors: amounts falling due within one year	18	<u>(10,165,321)</u>	<u>(7,228,276)</u>
Total assets less current liabilities		836,328	1,289,434
Creditors: amounts falling due after more than one year	19	(3,546,511)	(3,335,648)
Provisions for liabilities			
Other provisions	23	(112,936)	(112,936)
Net liabilities		<u>(2,823,119)</u>	<u>(2,159,150)</u>
Capital and reserves			
Called up share capital	24	250,026	250,026
Capital redemption reserve	25	24,176	24,176
Profit and loss account	25	(3,097,321)	(2,433,352)
		<u>(2,823,119)</u>	<u>(2,159,150)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19/12/2022

K J Docherty
Director

Kevin Docherty

The notes on pages 14 to 37 form part of these financial statements.

CHEMIGRAPHIC LIMITED

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

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 October 2020	250,026	24,176	(2,433,352)	(2,159,150)
Comprehensive income for the year				
Loss for the year	-	-	(663,969)	(663,969)
At 30 September 2021	<u>250,026</u>	<u>24,176</u>	<u>(3,097,321)</u>	<u>(2,823,119)</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2019	250,026	24,176	2,121,877	2,396,079
Comprehensive income for the period				
Loss for the period	-	-	(4,555,229)	(4,555,229)
At 30 September 2020	<u>250,026</u>	<u>24,176</u>	<u>(2,433,352)</u>	<u>(2,159,150)</u>

The notes on pages 14 to 37 form part of these financial statements.

CHEMIGRAPHIC LIMITED

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

1. General information

Chemigraphic Limited (the "Company") is a private company limited by shares and incorporated in England and Wales. Its registered head office is located at Unit A2 The Fleming Centre, Fleming way, Crawley, West Sussex, RH10 9NF.

The principal activity of the Company was the manufacture of electronic products and systems for various brand owners.

2. Accounting policies**2.1 Basis of preparation of financial statements**

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see Note 3).

The following principal accounting policies have been applied:

2.2 Exemption from preparing consolidated financial statements

These financial statements present information about the Company as an individual undertaking and not about its group. The Company is exempt from the requirements to prepare consolidated financial statements on the grounds that the parent undertaking Chemigraphic (Topco) Limited includes the Company in its published consolidated financial statements. The consolidated financial statements of Chemigraphic (Topco) Limited are prepared under FRS 102 and can be obtained from the address disclosed in Note 2.3.

2.3 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- *the requirements of Section 33 Related Party Disclosures paragraph 33.7.*

This information is included in the consolidated financial statements of Chemigraphic (Topco) Limited as at 30 September 2021 and these financial statements may be obtained from Unit A2 The Fleming Centre, Fleming Way, Crawley, West Sussex, RH10 9NF.

CHEMIGRAPHIC LIMITED

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

2. Accounting policies (continued)

2.4 Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that Chemigraphic (Topco) Limited and its subsidiary undertakings (the "Group" or "Chemigraphic Group") which include Chemigraphic Limited has adequate resources to continue in operational existence for the foreseeable future; hence, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Chemigraphic Group has prepared detailed forecasts and projections up to 31 December 2023 which covers at least 12 months from the date of approval of the financial statements. The assumptions used in preparing these forecasts take into account significant downside risks.

The Group's business relies on the supply of various electronic components and during the accounting period the Group experienced a significant level of disruption in the supply chain. This was a result of the continued impact of Covid-19, with demand for certain electronic components outstripping supply. The Group has and continues to work very closely with both its customers and suppliers to mitigate areas where there have been severe material shortages. A further significant deterioration in the supply chain would impact the Group's trading performance.

The Directors have taken into consideration that current economic conditions are creating a level of uncertainty however, the order book and customer forecasts remain extremely strong, covering the whole of the planned budgeting period for the next financial year. The Group has receivable finance and inventory facilities which will expire in February 2026. As of 30 September 2021, the unutilised loan facilities and cash balance amounted to £1.2m available for the Group to draw upon. The Group has complied with all its banking covenants for the years ended 30 September 2021 and 2022. As of 30 November 2022, the unutilised loan facilities and cash balances totalled £1.4m, therefore also complying with the minimum headroom covenant for this month. The Group received a waiver of the minimum headroom covenant for the months of November 2022 to January 2023 from the bank. The Group also received a confirmation from NVM Private Equity LLP that they will not seek repayment of their loan stock for a period of at least 13 months from the date of approval of these accounts.

The Directors have concluded that after considering the uncertainty described above, they have an expectation that the Company has adequate resources to continue for the near future. As such, they therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

CHEMIGRAPHIC LIMITED

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

2. Accounting policies (continued)

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

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

2.6 Revenue

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

Sale of goods

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

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company 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.

This is usually at the point the goods are dispatched to customers.

Rendering of services

Revenue from the rendering of services is recognised as and when the service is completed.

CHEMIGRAPHIC LIMITED

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

2. Accounting policies (continued)

2.7 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets or intangible assets. Assets acquired by finance lease 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 Company. 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 profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.*

2.8 Operating leases: the Company as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.9 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.10 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to Coronavirus Job Retention Scheme and Kickstart Scheme are recognised at the amount of cash payments received or to be received from government to compensate the Company for part of the wages, associated national insurance contributions and employer pension contributions of employees who have been placed on furlough.

Grants are included within 'Other operating income' in the Statement of comprehensive income in the same period as the related expenditure. Grant income are not deducted from the related expense. *The deferred element of grants is included in creditors as deferred income.*

2.11 Interest income

Interest income is recognised in profit or loss using the effective interest method.

CHEMIGRAPHIC LIMITED

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

2. Accounting policies (continued)**2.12 Finance costs**

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

2.13 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.14 Pensions**Defined contribution pension plan**

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.15 Current and deferred taxation

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

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

2.16 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. Management consider that these items should be disclosed separately to enable full understanding of the operating results.

CHEMIGRAPHIC LIMITED

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

2. Accounting policies (continued)**2.17 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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

The estimated useful lives range as follows:

Software development expenditure	-	10	years
----------------------------------	---	----	-------

2.18 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.

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

Depreciation is provided on the following basis:

Short-term leasehold property	-	3	years
Plant and machinery	-	4	years
Motor vehicles	-	3	years
Fixtures and fittings	-	5	years
Computer equipment	-	5	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 profit or loss.

2.19 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Other investments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit or loss. Subsequent to initial recognition, investments that can be measured reliably are measured at fair value with changes recognised in profit or loss.

CHEMIGRAPHIC LIMITED

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

2. Accounting policies (continued)

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

2.21 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.22 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.

2.23 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.24 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 profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position 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 Statement of financial position.

CHEMIGRAPHIC LIMITED

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

2. Accounting policies (continued)

2.25 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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

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

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 of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

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

CHEMIGRAPHIC LIMITED

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

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

The preparation of the Company's financial statements requires management to make judgements, estimates and assumption that affect the reported amounts of expenses, assets and liabilities, at the end of the reporting period. The Company based its assumptions and estimates on parameters available when the financial statements were being prepared.

The directors have reviewed the accounting policies to ensure that they remain the most appropriate to their particular circumstances for the purpose of giving a true and fair view.

Significant management judgements

The following are the judgements made by management in applying the accounting policies of the Company that have the most significant effect on these financial statements.

Capitalisation of internally developed software

Distinguishing the research and development phases of a new customised software project and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired (see Note 2.17).

Estimation uncertainty

Stocks

Management estimates the level of provisioning required and net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of stocks may be affected by market-driven changes that may reduce future selling prices. The stock value in the financial statements is included net of a provision of £919,380 (2020: £775,000).

CHEMIGRAPHIC LIMITED

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

4. Turnover

An analysis of turnover by class of business is as follows:

	Year ended 30 September 2021 £	<i>18 month</i> <i>period ended</i> <i>30</i> <i>September</i> <i>2020</i> <i>£</i>
Sale of goods	18,858,523	26,865,010

Analysis of turnover by country of destination:

	Year ended 30 September 2021 £	<i>18 month</i> <i>period ended</i> <i>30</i> <i>September</i> <i>2020</i> <i>£</i>
United Kingdom	14,045,012	20,809,273
Rest of Europe	4,346,195	5,807,988
United States	30,854	92,853
Rest of the world	436,462	154,896
	18,858,523	26,865,010

5. Other operating income

	Year ended 30 September 2021 £	<i>18 month</i> <i>period ended</i> <i>30</i> <i>September</i> <i>2020</i> <i>£</i>
Government grants	70,207	359,311
	70,207	359,311

Government grants recognised for the year ended 30 September 2021 represent amounts received in respect of the Kickstart Scheme (2020: Coronavirus Job Retention Scheme) and are recognised as the amounts become due.

CHEMIGRAPHIC LIMITED

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

6. Operating loss

The operating loss is stated after charging:

	Year ended 30 September 2021 £	<i>18 month period ended 30 September 2020 £</i>
Provision for impairment loss on/Write off of amounts owed by group undertakings	1,062,000	2,439,250
Foreign exchange loss	25,817	133,251
Operating lease costs	414,165	517,698
Depreciation on fixed assets	286,920	490,719
Amortisation on intangible assets	78,585	114,333
Loss/(Gain) on disposal of fixed assets	(2,192)	80
	<u><u> </u></u>	<u><u> </u></u>

In the prior year, following change in ownership in 2019, the amount owed by former group undertakings of £2,439,250 was written off as the balance was waived by the Company.

7. Auditor's remuneration

	Year ended 30 September 2021 £	<i>18 month period ended 30 September 2020 £</i>
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	47,500	45,000
	<u><u> </u></u>	<u><u> </u></u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

CHEMIGRAPHIC LIMITED

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

8. Employees

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

	Year ended 30 September 2021 £	<i>18 month period ended 30 September 2020 £</i>
Wages and salaries	3,764,340	6,531,818
Social security costs	355,457	574,441
Cost of defined contribution scheme	84,079	184,840
	<u>4,203,876</u>	<u>7,291,099</u>

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

	Year ended 30 September 2021 No.	<i>18 month period ended 30 September 2020 No.</i>
Production and assembly	82	110
Administration	40	30
	<u>122</u>	<u>140</u>

CHEMIGRAPHIC LIMITED

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

9. Directors' remuneration

	Year ended 30 September 2021 £	<i>18 month period ended 30 September 2020 £</i>
Directors' emoluments	340,400	573,084
Company contributions to defined contribution pension schemes	15,000	20,838
	<u>355,400</u>	<u>593,922</u>

The highest paid director received remuneration of £150,000 (2020 - £254,955).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £15,000 (2020 - £15,000).

During the year retirement benefits were accruing to 1 director (2020: 3) in respect of defined contribution pension schemes.

10. Interest payable and similar expenses

	Year ended 30 September 2021 £	<i>18 month period ended 30 September 2020 £</i>
Interest payable on bank overdraft and bank loans	15,428	22,220
Interest payable on finance leases and hire purchase contracts	3,673	8,265
Bank and other finance charges	267,341	496,915
	<u>286,442</u>	<u>527,400</u>

Bank and other finance charges included interest and other charges on the Company's invoicing facility and amortisation of refinancing fees incurred on bank loans.

CHEMIGRAPHIC LIMITED

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

11. Taxation

	Year ended 30 September 2021 £	<i>18 month period ended 30 September 2020 £</i>
Corporation tax		
Current tax on profits for the year	(182)	-
Adjustments in respect of previous periods	(107,896)	-
Foreign taxation relief	636	-
Total current tax	(107,442)	-
Deferred tax		
Origination and reversal of timing differences	(97,738)	(51,990)
Changes to tax rates	-	4,152
Adjustment in respect of previous periods	110,280	-
Total deferred tax	12,542	(47,838)
Taxation on loss on ordinary activities	(94,900)	(47,838)

CHEMIGRAPHIC LIMITED

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

11. Taxation (continued)

Factors affecting tax charge for the year/period

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

	Year ended 30 September 2021 £	18 month period ended 30 September 2020 £
Loss on ordinary activities before tax	<u>(758,869)</u>	<u>(4,603,067)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	(144,185)	(874,583)
Effects of:		
Non-deductible expenses	204,911	478,423
Fixed asset differences	757	1,922
Adjustments to tax charge in respect of previous periods	2,384	-
Remeasurement of deferred tax balances	-	4,153
Group relief claimed	(10,260)	-
Non-taxable income	(372)	(57,295)
Foreign tax credits	152	6,841
Unrelieved tax losses carried forward	-	30,045
Deferred tax not recognised	(148,105)	363,956
Other permanent differences	(182)	(1,300)
Total tax charge for the year/period	<u><u>(94,900)</u></u>	<u><u>(47,838)</u></u>

Factors that may affect future tax charges

At Budget 2020, the government announced that the corporation tax main rate for the year starting 1 April 2020 and 2021 would remain at 19%. In March 2021, the government has announced an increase in corporation tax from 19% to 25% with effect from 1 April 2023 which was enacted in June 2021.

CHEMIGRAPHIC LIMITED

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

12. Intangible assets

	Software development costs £
Cost	
At 1 October 2020	785,840
At 30 September 2021	785,840
Amortisation	
At 1 October 2020	114,333
Charge for the year on owned assets	78,585
At 30 September 2021	192,918
Net book value	
At 30 September 2021	592,922
<i>At 30 September 2020</i>	671,507

Software development costs comprise the Company's ERP system, IFS. The system was implemented on 1 April 2019, and was amortised from this point. The intangible asset has a remaining amortisation period of 7.5 years (2020: 8.5 years).

CHEMIGRAPHIC LIMITED

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

13. Tangible fixed assets

	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost						
At 1 October 2020	669,046	5,236,796	73,513	694,731	893,701	7,567,787
Additions	-	61,035	-	688	14,764	76,487
Disposals	-	(4,054)	(31,768)	-	-	(35,822)
At 30 September 2021	<u>669,046</u>	<u>5,293,777</u>	<u>41,745</u>	<u>695,419</u>	<u>908,465</u>	<u>7,608,452</u>
Depreciation						
At 1 October 2020	661,288	4,671,954	73,513	639,505	866,521	6,912,781
Charge for the year on owned assets	5,201	235,812	-	21,665	24,242	286,920
Disposals	-	-	(31,768)	-	-	(31,768)
At 30 September 2021	<u>666,489</u>	<u>4,907,766</u>	<u>41,745</u>	<u>661,170</u>	<u>890,763</u>	<u>7,167,933</u>
Net book value						
At 30 September 2021	<u>2,557</u>	<u>386,011</u>	<u>-</u>	<u>34,249</u>	<u>17,702</u>	<u>440,519</u>
At 30 September 2020	<u>7,758</u>	<u>564,842</u>	<u>-</u>	<u>55,226</u>	<u>27,180</u>	<u>655,006</u>

CHEMIGRAPHIC LIMITED

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

14. Fixed asset investments

	Other investments £
Cost or valuation	
At 1 October 2020	806
At 30 September 2021	806

Included in other investments are listed investments amounting to £806 (2020: £806). As at 30th September 2021 these investments had a market value of £1,278 (2020: £787). The Company did not recognise any gain or loss on changes in fair value as the directors are of the opinion that the impact is not material to the financial statements.

15. Stocks

	2021 £	2020 £
Raw materials and consumables	2,767,843	2,299,887
Work in progress (goods to be sold)	576,505	256,255
Finished goods and goods for resale	1,146,333	962,496
	4,490,681	3,518,638

There is no significant difference between the replacement cost and their carrying amounts. Stocks are stated after provisions for impairment of £919,380 (2020: £775,000).

CHEMIGRAPHIC LIMITED

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

16. Debtors

	2021 £	2020 £
Trade debtors	3,581,940	3,232,116
Amounts owed by group undertakings	1,271,812	-
Other debtors	7,998	7,373
Prepayments and accrued income	315,250	280,133
Corporation tax debtor	135,397	-
Deferred taxation	-	12,542
	<u>5,312,397</u>	<u>3,532,164</u>

Trade debtors are stated after provisions for impairment of £12,321 (2020: £12,321).

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayments and are repayable on demand. Amounts owed by group undertakings are stated after provisions for impairment of £1,062,000 (2020: £Nil).

17. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	<u>164,324</u>	<u>139,589</u>

18. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank loans (Note 20)	1,538,631	567,738
Trade creditors	3,745,658	2,266,074
Amounts owed to group undertakings	4,080,441	2,769,086
Other taxation and social security	245,353	793,563
Obligations under finance lease and hire purchase contracts (Note 21)	-	44,263
Other creditors	598	1,639
Accruals and deferred income	554,640	785,913
	<u>10,165,321</u>	<u>7,228,276</u>

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

CHEMIGRAPHIC LIMITED

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

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

	2021 £	2020 £
Bank loans (Note 20)	<u>3,546,511</u>	<u>3,335,648</u>

20. Loans

Analysis of the maturity of loans is given below:

	2021 £	2020 £
Amounts falling due within one year		
Bank loans	1,538,631	567,738
Amounts falling due 1-2 years		
Bank loans	3,546,511	3,335,648
	<u>5,085,142</u>	<u>3,903,386</u>

The Company has receivable financing and inventory loan facilities with a total credit limit of £7m due to mature in 2023. In February 2022, the maturity date of these facilities was extended to February 2026. The Company also has a cash flow loan facility with an original principal amount of £1.5m repayable by December 2022 and a CBILs loan facility with an original principal amount of £2.2m repayable by August 2022. The loan facilities carry interest ranging from 2.5% to 6.25%. The facilities are secured by fixed and floating charges over all the assets of the Company and its group undertakings. At 30 September 2021, the carrying value was £5,085,142 (2020: £3,903,385), after deducting unamortised transaction costs of £28,194 (2020: £76,528).

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2021 £	2020 £
Within one year	<u>-</u>	<u>44,263</u>

The lease primarily relates to the development of the Company's ERP system.

CHEMIGRAPHIC LIMITED

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

22. Deferred taxation

	2021 £
At beginning of period	12,542
Charged to profit or loss	(12,542)
At end of period	-

The deferred tax asset is made up as follows:

	2021 £	2020 £
Fixed asset timing differences	-	(447)
Short term timing differences	-	12,989
	-	12,542

The unused tax losses at 30 September 2021 was £Nil (2020: 363,956). There are no unused tax credits.

23. Provisions

	Other provision £
At 1 October 2020	112,936
At 30 September 2021	112,936

Other provision is recognised for future repairs of the Company's factory payable under the terms of the lease. The provision for dilapidations is expected to be fully utilised upon the expiry of the lease contract.

CHEMIGRAPHIC LIMITED

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

24. Share capital

	2021	2020
	£	£
Allotted, called up and fully paid		
25,002,601 (2020: 25,002,601) Ordinary shares of £0.01 (2020: £0.01) each	<u>250,026</u>	<u>250,026</u>

The ordinary shares carry the right to vote, on the basis of one vote for every ordinary share, and to received dividends.

25. Reserves

Called up share capital - represents the nominal value of shares that have been issued.

Profit and loss account - includes all current and prior period retained profits and losses.

Capital redemption reserve - includes nominal value of shares previously redeemed.

26. Contingent liabilities

The parent undertakings, Chemigraphic (Bidco) Limited has loan notes with carrying amount of £8.5m at 30 September 2021 (2020: £7.7m). The loan notes are secured by way of fixed and floating charges over the assets of the parent undertakings and their subsidiaries which include Chemigraphic Limited.

27. Pension commitments**Defined contribution plans**

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund. The total expense relating to these plans in the current year was £84,079 (2020: £184,840).

Contributions totalling £15,117 (2020: £17,040) were payable to the fund at year end.

CHEMIGRAPHIC LIMITED

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

28. Commitments under operating and finance leases

At 30 September 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021	2020
	£	£
Not later than 1 year	373,358	100,570
Later than 1 year and not later than 5 years	1,447,166	35,708
	<u>1,820,524</u>	<u>136,278</u>

During the year £414,165 was recognised as an expense in respect of operating leases, net of rent rebates (2020: £517,698).

The Company's future minimum finance lease payments are as follows:

	2021	2020
	£	£
Not later than 1 year	-	47,936
Later than 5 years	-	(3,673)
	<u>-</u>	<u>44,263</u>

29. Related party transactions

The Company has taken advantage of the exemption contained within FRS 102 from disclosing transactions with other wholly owned members of the group.

The key management personnel of the Company are considered to be the directors. The directors' remuneration are disclosed in Note 9.

30. Controlling party

The immediate parent Company of Chemigraphic Limited is Chemigraphic (Bidco) Limited, a subsidiary undertaking of Chemigraphic (Topco) Limited. The smallest and largest group to consolidate these financial statements is Chemigraphic (Topco) Limited. Copies of the consolidated financial statements of Chemigraphic (Topco) Limited can be obtained from the Company Secretary at Unit A2 The Fleming Centre, Fleming Way, Crawley, RH10 9NF.

The ultimate parent undertaking and controlling party is NVM Private Equity LLP.

CHEMIGRAPHIC LIMITED

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

31. Adjusted EBITDA

Adjusted EBITDA has been calculated on the following basis:

		Year ended 30 September 2021	18-month period ended 30 September 2020
		£	£
	Note		
Loss for the financial year/period		(663,969)	(4,555,229)
Interest payable and similar charges	10	286,442	527,400
Depreciation on fixed assets	6,13	286,920	490,719
Amortisation on intangible assets	6,12	78,585	114,333
Tax for the year	11	(94,900)	(47,838)
Provision for impairment loss on/Write off of amounts owed by group undertakings	6	1,062,000	2,439,250
Exceptional costs (see below)		53,162	1,091,919
Foreign exchange loss	6	25,817	133,251
Other miscellaneous costs		55,682	83,503
		1,089,739	277,308

Other miscellaneous costs included non-executive fees and (loss)/profit on sale of fixed assets.

		Year ended 30 September 2021	18-month period ended 30 September 2020
		£	£
Exceptional costs			
Staff costs and bonuses		50,852	635,504
Legal and professional fees		2,310	173,935
China office		-	182,428
Transaction costs		-	100,052
		53,162	1,091,919

Exceptional costs are those that are unusual because of their size, nature and incidence and are deemed one-off significant costs. The directors consider that these items should be disclosed separately to enable a full understanding of the operating results. The legal and professional costs and transaction costs relate to the sale of the Company and changing finance provider which were completed at the start of the previous financial period. The China office represented costs incurred in setting up an overseas entities. Staff costs included redundancy costs and discretionary one-off bonuses.