

Company Registration No. 03513763 (England and Wales)

ESP COLOUR LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

ESP COLOUR LIMITED

COMPANY INFORMATION

Directors P Bradley
S J Smogur
E Bradley
Mr S Purchase (Appointed 28 January 2021)

Secretary P A Hudson

Company number 03513763

Registered office The Colour Hub
Millbuck Close
Elgin Drive
Swindon
Wiltshire
United Kingdom
SN2 8XU

Auditor Azets Audit Services
5 Pullman Court
Great Western Road
Gloucester
Gloucestershire
United Kingdom
GL1 3ND

Business address The Colour Hub
Millbuck Close
Elgin Drive
Swindon
Wiltshire
United Kingdom
SN2 8XU

ESP COLOUR LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Independent auditor's report	4 - 6
Statement of income and retained earnings	7
Balance sheet	8
Notes to the financial statements	9 - 24

ESP COLOUR LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present the strategic report for the year ended 31 December 2020.

Fair review of the business

2020 was a challenging, but beneficial year for the business, expediting its strategy by several years. The restructuring started in 2019 was complete and the business made leaps in diversify its revenue streams to online and automation.

The diversified revenue streams & automation will enable the business to operate at higher revenue generation with lower overheads, significantly reduce its debtor days and enable investment in the growth areas of the business all of which is taking shape in 2021.

The directors recognise that the current market conditions will continue to provide challenging trading conditions.

However, the directors are of the opinion that the company is in a good position within the market at the year end.

Principal risks and uncertainties

Risk Management

The company is exposed to the following risks and uncertainties and mitigates them as follows:

Financial risk. The company has external financing in relation to both working capital and asset purchase requirements and is therefore exposed to movements in interest rates along with liquidity risk. The directors closely monitor borrowing facilities in place and operate within said facilities in order to mitigate this risk.

Credit risk. The principle credit risk arises from the company offering credit terms to its customers to which there is a risk of non-payment. In order to reduce this risk the directors closely manage the Sales ledger and also insures its trade debts against non-payment.

Key performance indicators

KPI Analysis

The directors consider the key financial performance indicators (KPIs) when assessing the performance of the company. The key performance indicators used by the directors are level of turnover and the gross profit margin. During the period the company saw a decrease in turnover of 9%. Gross margins achieved of 18% are in line with the expectations of the board.

On behalf of the board

.....
P Bradley
Director

Date:

ESP COLOUR LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

Principal activities

The principal activity of the company continued to be that of printing.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

P Bradley	
S J Smogur	
N Lee	(Resigned 15 September 2020)
E Bradley	
Mr S Purchase	(Appointed 28 January 2021)

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £30,730. The directors do not recommend payment of a final dividend.

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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). 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 of the 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.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of 'fair review of the business' and 'key performance indicators'.

ESP COLOUR LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

P Bradley

Director

30 September 2021

ESP COLOUR LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESP COLOUR LIMITED

Opinion

We have audited the financial statements of ESP Colour Limited (the 'company') for the year ended 31 December 2020 which comprise the statement of income and retained earnings, the balance sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 31 December 2020 and of its 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.

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

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 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.

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

ESP COLOUR LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ESP COLOUR LIMITED

Matters on which we are required to report by exception

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 and the directors' report.

We have nothing to report in respect of the following matters where 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

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 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.

ESP COLOUR LIMITED

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

Extent to which 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 and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Robert Van Ryssen (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

30 September 2021

Chartered Accountants
Statutory Auditor

5 Pullman Court
Great Western Road
Gloucester
Gloucestershire
United Kingdom
GL1 3ND

ESP COLOUR LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	3	15,849,316	17,385,108
Cost of sales		(12,997,437)	(14,172,293)
Gross profit		2,851,879	3,212,815
Administrative expenses		(3,328,814)	(3,433,723)
Other operating income		742,317	-
Operating profit/(loss)	4	265,382	(220,908)
Interest payable and similar expenses	7	(137,575)	(56,728)
Amounts written off investments	8	-	126,890
Profit/(loss) before taxation		127,807	(150,746)
Tax on profit/(loss)	9	-	98,858
Profit/(loss) for the financial year		127,807	(51,888)
Retained earnings brought forward		1,185,692	1,372,950
Dividends	10	(30,730)	(135,370)
Retained earnings carried forward		<u>1,282,769</u>	<u>1,185,692</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

ESP COLOUR LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2020

		2020		2019	
	Notes	£	£	£	£
Fixed assets					
Goodwill	11		355,495		428,624
Other intangible assets	11		58,831		62,037
			<u>414,326</u>		<u>490,661</u>
Total intangible assets			414,326		490,661
Tangible assets	12		2,013,443		1,768,571
Investments	13		20,600		20,600
			<u>2,448,369</u>		<u>2,279,832</u>
Current assets					
Stocks	15	716,207		541,743	
Debtors	16	4,194,220		4,948,836	
Cash at bank and in hand		654,739		55,467	
		<u>5,565,166</u>		<u>5,546,046</u>	
Creditors: amounts falling due within one year	17	(4,408,398)		(6,390,534)	
		<u>1,156,768</u>		<u>(844,488)</u>	
Net current assets/(liabilities)			1,156,768		(844,488)
Total assets less current liabilities			3,605,137		1,435,344
Creditors: amounts falling due after more than one year	18		(2,299,500)		(226,784)
Provisions for liabilities					
Deferred tax liability	21	19,382		19,382	
		<u>(19,382)</u>		<u>(19,382)</u>	
Net assets			<u>1,286,255</u>		<u>1,189,178</u>
Capital and reserves					
Called up share capital	23		1,797		1,797
Capital redemption reserve			1,689		1,689
Profit and loss reserves			1,282,769		1,185,692
			<u>1,286,255</u>		<u>1,189,178</u>
Total equity			<u>1,286,255</u>		<u>1,189,178</u>

The financial statements were approved by the board of directors and authorised for issue on 30 September 2021 and are signed on its behalf by:

P Bradley
Director

Company Registration No. 03513763

ESP COLOUR LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

ESP Colour Limited is a private company limited by shares incorporated in England and Wales. The registered office is The Colour Hub, Millbuck Close, Elgin Drive, Swindon, Wiltshire, United Kingdom, SN2 8XU.

1.1 Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of ESP Co Holdings Limited. These consolidated financial statements are available from Companies House.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

ESP COLOUR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is between 4-10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	20% or 33% straight line
----------	--------------------------

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	Over the term of the lease and 33.3% straight line
Plant and equipment	2 - 33% straight line
Fixtures and fittings	20 - 33% straight line
Motor vehicles	33% straight line

ESP COLOUR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.7 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets 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 an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

ESP COLOUR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

ESP COLOUR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.13 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

ESP COLOUR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.17 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

ESP COLOUR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

1.18 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.19 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Depreciation

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful lives and residual values of the assets. The useful lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Rates of depreciation charged are considered on a line by line basis and disclosed within the accounting policy for depreciation.

Refer to the tangible fixed assets note for the carrying amount for each class of assets.

ESP COLOUR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2020	2019
	£	£
Turnover		
Sale of goods	15,849,316	17,385,108

Other significant revenue

Grants received	742,317	-
-----------------	---------	---

Turnover analysed by geographical market

	2020	2019
	£	£
UK	15,849,316	17,385,108

4 Operating profit/(loss)

	2020	2019
	£	£
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(12,760)	(6,548)
Government grants	(742,317)	-
Fees payable to the company's auditor for the audit of the company's financial statements	14,226	10,640
Depreciation of owned tangible fixed assets	411,118	346,329
Depreciation of tangible fixed assets held under finance leases	136,930	419,580
Profit on disposal of tangible fixed assets	(26,678)	(1,687)
Amortisation of intangible assets	89,061	74,564
Operating lease charges	22,059	14,481

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020	2019
	Number	Number
Production	91	86
Administration	45	51
Total	136	137

ESP COLOUR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

5 Employees (Continued)

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	4,411,548	4,264,834
Social security costs	369,424	382,725
Pension costs	88,602	109,778
	<u>4,869,574</u>	<u>4,757,337</u>

6 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	300,292	252,433
Company pension contributions to defined contribution schemes	7,700	8,333
	<u>307,992</u>	<u>260,766</u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2020 £	2019 £
Remuneration for qualifying services	109,700	100,000
Company pension contributions to defined contribution schemes	5,775	4,833
	<u>115,475</u>	<u>104,833</u>

7 Interest payable and similar expenses

	2020 £	2019 £
Interest on bank overdrafts and loans	96,075	-
Interest on invoice finance arrangements	13,036	8,750
Interest on finance leases and hire purchase contracts	22,995	47,978
Other interest	5,469	-
	<u>137,575</u>	<u>56,728</u>

8 Amounts written off investments

Fixed asset investments	2020 £	2019 £
Gain on disposal of investments held at fair value	-	126,890
	<u>-</u>	<u>126,890</u>

ESP COLOUR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

9 Taxation	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	-	(41,475)
	<u> </u>	<u> </u>
Deferred tax		
Origination and reversal of timing differences	-	(57,383)
	<u> </u>	<u> </u>
Total tax charge/(credit)	-	(98,858)
	<u> </u>	<u> </u>

The actual charge/(credit) for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2020	2019
	£	£
Profit/(loss) before taxation	127,807	(150,746)
	<u> </u>	<u> </u>
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	24,283	(28,642)
Tax effect of expenses that are not deductible in determining taxable profit	911	3,060
Unutilised tax losses carried forward	55,421	-
Depreciation on assets not qualifying for tax allowances	2,713	6,030
Amortisation on assets not qualifying for tax allowances	13,895	12,932
Research and development tax credit	-	(71,169)
Disposal of investment	-	(24,109)
Difference between additions & tax value	(97,223)	3,040
	<u> </u>	<u> </u>
Taxation charge/(credit) for the year	-	(98,858)
	<u> </u>	<u> </u>

10 Dividends	2020	2019
	£	£
Interim paid	30,730	135,370
	<u> </u>	<u> </u>

ESP COLOUR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

11 Intangible fixed assets

	Goodwill £	Software £	Total £
Cost			
At 1 January 2020	2,326,151	82,831	2,408,982
Additions - internally developed	-	12,726	12,726
At 31 December 2020	<u>2,326,151</u>	<u>95,557</u>	<u>2,421,708</u>
Amortisation and impairment			
At 1 January 2020	1,897,527	20,794	1,918,321
Amortisation charged for the year	73,129	15,932	89,061
At 31 December 2020	<u>1,970,656</u>	<u>36,726</u>	<u>2,007,382</u>
Carrying amount			
At 31 December 2020	<u>355,495</u>	<u>58,831</u>	<u>414,326</u>
At 31 December 2019	<u>428,624</u>	<u>62,037</u>	<u>490,661</u>

12 Tangible fixed assets

	Leasehold land and buildings £	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 January 2020	413,526	8,081,405	246,411	-	8,741,342
Additions	57,697	692,291	21,254	37,250	808,492
Disposals	-	(176,165)	-	-	(176,165)
At 31 December 2020	<u>471,223</u>	<u>8,597,531</u>	<u>267,665</u>	<u>37,250</u>	<u>9,373,669</u>
Depreciation and impairment					
At 1 January 2020	320,753	6,422,214	229,804	-	6,972,771
Depreciation charged in the year	31,076	508,442	5,752	2,778	548,048
Eliminated in respect of disposals	-	(160,593)	-	-	(160,593)
At 31 December 2020	<u>351,829</u>	<u>6,770,063</u>	<u>235,556</u>	<u>2,778</u>	<u>7,360,226</u>
Carrying amount					
At 31 December 2020	<u>119,394</u>	<u>1,827,468</u>	<u>32,109</u>	<u>34,472</u>	<u>2,013,443</u>
At 31 December 2019	<u>92,773</u>	<u>1,659,191</u>	<u>16,607</u>	<u>-</u>	<u>1,768,571</u>

ESP COLOUR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

12 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2020	2019
	£	£
Plant and equipment	673,211	931,917

13 Fixed asset investments

	2020	2019
	£	£
Unlisted investments	20,600	20,600

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Bravedog Limited	England and Wales	Ordinary	75.00
Kingfisher Print and Design Limited	England and Wales	Ordinary	100.00

15 Stocks

	2020	2019
	£	£
Raw materials and consumables	535,517	341,300
Work in progress	180,690	200,443

16 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	3,657,007	4,321,310
Corporation tax recoverable	41,475	41,475
Other debtors	170,103	132,316
Prepayments and accrued income	309,962	438,062

Deferred tax asset (note 21)	4,178,547	4,933,163
	15,673	15,673

ESP COLOUR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

17 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Bank loans	19	308,979	-
Obligations under finance leases	20	375,287	635,554
Trade creditors		2,318,571	3,217,627
Corporation tax		-	6,500
Other taxation and social security		491,953	107,042
Other creditors		298,212	1,833,670
Accruals and deferred income		615,396	590,141
		<u>4,408,398</u>	<u>6,390,534</u>

Included within other creditors is £283,133 (2019: £1,534,214) in respect of an invoice discounting arrangement. This is secured by a fixed and floating charge over the assets and undertaking of the company.

18 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Bank loans and overdrafts	19	1,169,917	-
Obligations under finance leases	20	1,129,583	226,784
		<u>2,299,500</u>	<u>226,784</u>

The obligations under finance leases are secured by the assets to which they relate.

19 Loans and overdrafts

	2020 £	2019 £
Bank loans	1,478,896	-
	<u>1,478,896</u>	<u>-</u>
Payable within one year	308,979	-
Payable after one year	1,169,917	-
	<u>1,478,896</u>	<u>-</u>

ESP COLOUR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

20 Finance lease obligations

	2020	2019
	£	£
Future minimum lease payments due under finance leases:		
Within one year	494,946	658,834
In two to five years	1,242,040	232,548
	<u>1,736,986</u>	<u>891,382</u>
Less: future finance charges	(232,116)	(29,044)
	<u><u>1,504,870</u></u>	<u><u>862,338</u></u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

21 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2020	Liabilities 2019	Assets 2020	Assets 2019
	£	£	£	£
Balances:				
Accelerated capital allowances	19,382	19,382	-	-
Tax losses	-	-	15,673	15,673
	<u>19,382</u>	<u>19,382</u>	<u>15,673</u>	<u>15,673</u>

There were no deferred tax movements in the year.

22 Retirement benefit schemes

	2020	2019
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	88,602	109,778
	<u>88,602</u>	<u>109,778</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

23 Share capital

	2020	2019	2020	2019
	Number	Number	£	£
Ordinary share capital Issued and fully paid				
Ordinary shares of 1p each	179,700	179,700	1,797	1,797
	<u>179,700</u>	<u>179,700</u>	<u>1,797</u>	<u>1,797</u>

ESP COLOUR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

24 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020	2019
	£	£
Within one year	221,161	225,667
Between two and five years	447,012	242,000
In over five years	14,042	-
	<u>682,215</u>	<u>467,667</u>

25 Events after the reporting date

In February 2021, ESP Colour Limited sold its shareholding in Bravedog Limited.

26 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sales		Purchases	
	2020	2019	2020	2019
	£	£	£	£
Entities over which the entity has control, joint control or significant influence	831,665	12,062	137,380	273,265
	<u>831,665</u>	<u>12,062</u>	<u>137,380</u>	<u>273,265</u>

	2020	2019
	£	£
Entities over which the entity has control, joint control or significant influence	114,598	40,080
	<u>114,598</u>	<u>40,080</u>

The following amounts were outstanding at the reporting end date:

	2020	2019
	£	£
Amounts due to related parties		
Entities over which the entity has control, joint control or significant influence	11,273	78,876
	<u>11,273</u>	<u>78,876</u>

ESP COLOUR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

26 Related party transactions (Continued)

The following amounts were outstanding at the reporting end date:

	2020	2019
Amounts due from related parties	£	£

Entities over which the entity has control, joint control or significant influence	191,191	149,086
--	---------	---------

=====
=====

=====
=====

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.