

EAST SUSSEX PRESS LIMITED
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Hazlewoods LLP
Windsor House
Bayshill Road
Cheltenham
GL50 3AT

EAST SUSSEX PRESS LIMITED

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EAST SUSSEX PRESS LIMITED

Company Information

Directors D J Bullivant
M W Handford
Z Kasmani
A J Nash
R Osborne
B D Smith
B M Tucker

Company secretary B D Smith

Registered office Beacon House
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Banker Barclays Bank PLC
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Auditor Hazlewoods LLP
Windsor House
Bayshill Road
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EAST SUSSEX PRESS LIMITED

Strategic Report for the Year Ended 31 December 2021

The directors present their strategic report for the year ended 31 December 2021.

Principal activity

The principal activity of the Group is the creation, management and supply of marketing print services, technologies, and products. All parts of the Group aim to operate as market leading businesses and work closely with each other to provide clients with the best products and solutions available.

Review of the business

The results for the year, which are set out in the profit and loss account, show turnover of £52,350,489 (2020 - £42,693,193) and an operating profit (pre exceptional/goodwill) of £2,229,609 (2020 - £1,253,226).

	2021	2020
	£ 000	£ 000
Turnover	52,350	42,693
Other operating income	299	1,293
Gross profit	19,282	15,839
Gross profit % (of turnover)	36%	37%
Overheads	17,414	16,025
Operating profit (pre exceptional/goodwill)	2,230	1,253
EBITDA	4,739	3,224
EBITDA % (of turnover)	9%	8%

Despite the challenges caused by COVID-19, EBITDA performance in the year once again improved to £4,739,138 (2020 - £3,223,766) being 9% of revenues delivered in the year (2020 – 7.6% of revenues). The business acted swiftly in addressing its cost base to align with the temporary contraction in demand caused by COVID-19 whilst also continuing to invest in automation in technology. The result was a significant reduction in overheads and a marked improvement in gross profit % which drove the strong EBITDA result.

At 31 December 2021, the Group had total assets less current liabilities of £7,779,811 (2020 - £6,807,826).

The strong performance of 2021 has continued into 2022 despite the uncertain trading conditions. The latter include the legacy of Covid, price inflation, supply chain disruption, the Ukraine-Russia conflict, energy price increases, and the on-going impact of Brexit. Despite this, EBITDA for the first half-year has risen 39% compared to the same period last year.

The directors consider the performance for the year and the financial position at the year end to be an excellent result particularly given the challenging global environment.

EAST SUSSEX PRESS LIMITED

Strategic Report for the Year Ended 31 December 2021

Business development

In October 2021, Pureprint installed a second HP Indigo 100k Digital Press following on from the success of the first machine over the past year. This investment supports the commitment to the digital market and the growth seen in this sector. Investment in the litho area saw the acquisition of a high-specification Heidelberg XL106 ten-colour press at the end of the year, which offers superior quality and productivity to the business's clients.

Further investments have been made throughout the business in both physical machinery and technological solutions which have helped deliver significant underlying improvements to the Gross Profit of the Group. Additional competitors exited the market in 2021 resulting in some significant new business wins. This has allowed the business to both diversify further per the long-term strategy, and also strengthen our leading positions in several marketplaces.

The business has continued to develop its technology products with the aim of delivering efficiencies for our clients and within our own business. Usage of our proprietary software solutions has grown to over 100,000 users globally and remains a core offering to our clients. Investment in the creative business saw the successful launch of our own photography studio with exciting growth plans for 2022 and beyond.

The Group continues to look for other investment opportunities to further our diversification and customer offerings while supporting our growth and sustainability strategies. The large format business, Imprint, was awarded CarbonNeutral® status adding to the Group's strong heritage and commitment to sustainability. This is a core value for the Group, who in 2022 become the first CarbonNeutral® printing company in the world.

Market overview

COVID-19 lockdowns at the start of 2021 had an impact on our clients and the business. The diversified nature of the Group protected the business from the heightened uncertainty, leading to pleasing growth in challenging market conditions. Later in 2021, supply-chain disruption, price increase, labour availability and Brexit added to the COVID-19 issues. Once again, the business continued to operate in an agile, proactive manner and saw demand increase throughout the year as different sectors and clients recovered from the disruptions.

The business is experiencing increased demand across all sectors in 2022 which, in management's view, is already shaping up to be a better year in terms of both revenue and profitability than 2021. H1 2022 was a record 6 months with strong performance from all areas of the Group. The sales pipeline is very strong and up on the same time last year. The Loan Notes debt has been repaid in 2022 from strong organic operating free cashflow to further strengthen the balance sheet.

Financial instruments

Objectives and policies

The Group does not actively use financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit insurance of its trade debtors and credit control procedures.

Principal risks and uncertainties

The Group may be affected by a number of risks and uncertainties, some of which are beyond its control. The following table sets out the principal risks and uncertainties which could have a material adverse effect on the Group.

Risk	Mitigation
Competition in the print industry arising from a declining market	Continual improvement to reduce the unit cost of production by changing production methods or investing in new more efficient machinery. Marketing activities are continuing to ensure any lost business is replaced by new customers and new business.

EAST SUSSEX PRESS LIMITED

Strategic Report for the Year Ended 31 December 2021

New technology reducing the demand for print	The Group monitors technological developments and as a result offers new services arising from such technologies alongside the traditional print offering, for example using its digital presses to offer personalised books.
Challenging economic conditions inhibit growth and create uncertainty	Continue to diversify the Group's business to be able to provide a wide range of marketing services to customers. Continually review the Group's cost base. Regularly review the performance of all businesses against their budgets and implement remedial action, where needed.
A loss of facility due to catastrophic event	Regularly review the business continuity plan and maintain a full catastrophic event insurance programme including business interruption cover. The group operates from 6 sites.
The Group's ability to trade is compromised by a lack of cash funds	The monthly financial information submitted to the Board includes a month cash flow forecast with sensitivities to facilitate the monitoring of performance against a lack of cash funds.
A material unrecoverable debt arises from the Group's practice of trading with the majority of its clients on credit	The Group's policy is that all customers are granted credit subject to credit verification procedures. A rigorous system of credit control is applied and debtors are continually monitored. Imprint's debtors are insured.
Major information security breach or cyber attack	The risk of attack is continuous and we look to minimize the risks with firewalls, up to date anti-virus protection systems, and data protection policies through ISO27001 and Cyber Essentials Plus Accreditations. Group policies, staff training and data backup routines ensure high levels of protection.
Brexit	The group's Brexit team continues to assess the potential risks that maybe caused by the outcome of the trade negotiations both directly to itself and its clients and how to best manage these.

Section 172 Statement

The Directors believe that they have effectively implemented their duties under section 172 of the Companies Act 2006. The Company has considered the long-term strategy of the business in the strategic report and consider that this strategy will continue to deliver long term success to the business and its stakeholders.

The Group is committed to maintaining an excellent reputation and strives to achieve high standards across all areas. We are highly selective about which suppliers are used to deliver best value while maintaining an awareness of the environmental impact of the work that they do and strive to reduce their carbon footprint.

The Directors recognise the importance of wider stakeholders in delivering their strategy and achieving sustainability within the business. The main stakeholders in the Company are considered to be the employees, suppliers and customers. The Group's anti-slavery and gender pay information can be found on our website.

In ensuring that all our stakeholders are considered as part of every decision process we believe we act fairly between all members of the Company.

Sustainability

Data is provided as tonnes of carbon dioxide equivalent (CO₂e) for Pureprint Group operations. The Company's chosen intensity measure is emissions per employee and as a percentage of turnover. The report data has been collated and measured internally.

We have reported on the emissions sources required under The Companies (Directors Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. The reported sources fall within our Financial Statements and are for emissions over which we have financial control. We do not have responsibility for any emissions sources that are not included in our statements.

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Strategic Report for the Year Ended 31 December 2021

	2021 kWh	2021 tCO2	2020 kWh	2020 tCO2
Scope 1: Emissions Gas	886,166	163	742,874	137
Scope 2: Emissions Electricity	3,721,164	867	3,319,451	773
Scope 3: Emissions Vehicles/Other	-	421	-	613
Total Emissions	4,607,330	1,451	4,062,325	1,523
Emissions per employee	18,578	5.85	14,772	5.54
Emissions per £k turnover	87	0.03	95	0.04

The Group is concerned about energy consumption and carbon emissions and wishes to utilise the mandatory SECR legislation to identify ways of saving energy and reduce on carbon emissions. Emissions per head increased over 2020 due to higher production, as highlighted by the 23% drop in the year in tCO2 as a percentage of turnover.

As sustainability is a key focus of the Pureprint management the business holds the following certification;

- ISO 14001 Environmental Management certified
- FSC® certified (license code: FSC-C022913)
- A CarbonNeutral® company
- Member of Sedex the ethical supplier register
- Queen's Award for Enterprise: Sustainable Development Winner 2013, 2008, 2003

Approved by the Board on 23 August 2022 and signed on its behalf by:

B D Smith
Director

EAST SUSSEX PRESS LIMITED

Directors' Report for the Year Ended 31 December 2021

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

Directors of the group

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

D J Bullivant

M W Handford

Z Kasmani (appointed 9 July 2021)

A J Nash

R Osborne

B D Smith (appointed 10 September 2021)

B M Tucker

L F Cockburn (resigned 6 July 2021)

A F Erickson (resigned 10 September 2021)

L Cockburn and Z Kasmani are regarded as investment directors.

Employment of disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the Group that training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The Group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employee's interests.

Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Group's performance.

Future developments

The external environment is expected to remain competitive going forward, however the directors remain confident that the company will improve on its current level of performance in the future.

Important non adjusting events after the financial period

The loan note debt owed to the British Growth Fund (BGF) has been fully repaid after the reporting period.

Disclosure of information to the auditor

Each director has taken the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

EAST SUSSEX PRESS LIMITED

Directors' Report for the Year Ended 31 December 2021

Reappointment of auditor

Hazlewoods LLP have expressed their willingness to continue in office.

Approved by the Board on 23 August 2022 and signed on its behalf by:

B D Smith
Director

EAST SUSSEX PRESS LIMITED

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, 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). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

EAST SUSSEX PRESS LIMITED

Independent Auditor's Report to the Members of East Sussex Press Limited

Opinion

We have audited the financial statements of East Sussex Press Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021, which comprise the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 director's 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 original financial statements were 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 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.

EAST SUSSEX PRESS LIMITED

Independent Auditor's Report to the Members of East Sussex Press Limited

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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.

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

EAST SUSSEX PRESS LIMITED

Independent Auditor's Report to the Members of East Sussex Press Limited

We obtained an understanding of the legal and regulatory frameworks applicable to the financial statements or that had a fundamental effect on the operations of the group. We determined that the most significant laws and regulations included UK GAAP, UK Companies Act 2006, and taxation laws;

We understood how the group is complying with those legal and regulatory frameworks by making inquiries of the management, and those responsible for legal and compliance procedures. We corroborated our inquiries through our review of board minutes. We assessed the susceptibility of the groups financial statements to material misstatement, including how fraud might occur.

Audit procedures performed by the Group engagement team included:

- Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
- Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- Challenging assumptions and judgments made by management in its significant accounting estimates;
- Identifying and testing journal entries, in particular any journal entries posted with unusual characteristics.

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

Use of our report

This report is made solely to the company's 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.

Martin Howard (Senior Statutory Auditor)

For and on behalf of Hazlewoods LLP, Statutory Auditor

Windsor House

Bayshill Road

Cheltenham

GL50 3AT

23 August 2022

EAST SUSSEX PRESS LIMITED

Consolidated Profit and Loss Account for the Year Ended 31 December 2021

	Note	2021 £	2020 £
Turnover	<u>3</u>	52,350,489	42,693,193
Other operating income	<u>4</u>	298,643	1,292,676
Cost of sales		<u>(33,367,455)</u>	<u>(28,146,503)</u>
Gross profit		19,281,677	15,839,366
Distribution costs		(3,478,131)	(2,779,069)
Administrative expenses		(13,935,707)	(13,246,167)
Other operating income	<u>4</u>	<u>361,770</u>	<u>1,439,096</u>
Operating profit before exceptional items and amortisation		2,229,609	1,253,226
Exceptional items	<u>6</u>	(251,881)	(371,416)
Amortisation of goodwill		<u>(217,571)</u>	<u>(250,578)</u>
Operating profit	<u>5</u>	1,760,157	631,232
Interest payable and similar charges	<u>7</u>	<u>(941,289)</u>	<u>(833,139)</u>
Profit before tax		818,868	(201,907)
Taxation	<u>11</u>	<u>(202,460)</u>	<u>(139,225)</u>
Profit for the financial year		<u>616,408</u>	<u>(341,132)</u>
EBITDA		<u>4,739,138</u>	<u>3,223,766</u>
Profit attributable to:			
Owners of the company		616,408	(343,450)
Minority interests		-	2,318
		<u>616,408</u>	<u>(341,132)</u>

The above results were derived from continuing operations.

The group has no other comprehensive income for the year.

EAST SUSSEX PRESS LIMITED**(Registration number: 02872719)****Consolidated Balance Sheet as at 31 December 2021**

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	<u>12</u>	946,510	1,164,081
Tangible assets	<u>13</u>	11,230,736	10,363,113
		<u>12,177,246</u>	<u>11,527,194</u>
Current assets			
Stocks	<u>15</u>	1,588,838	1,132,476
Debtors	<u>16</u>	12,828,125	9,405,188
Cash at bank and in hand		<u>1,530,839</u>	<u>1,398,478</u>
		15,947,802	11,936,142
Creditors: Amounts falling due within one year	<u>18</u>	<u>(20,345,237)</u>	<u>(16,655,510)</u>
Net current liabilities		<u>(4,397,435)</u>	<u>(4,719,368)</u>
Total assets less current liabilities		<u>7,779,811</u>	<u>6,807,826</u>
Creditors: Amounts falling due after more than one year	<u>18</u>	<u>9,696,545</u>	<u>9,435,631</u>
Provisions for liabilities	<u>11</u>	<u>508,470</u>	<u>413,807</u>
Capital and reserves			
Called up share capital	<u>22</u>	1,041	1,041
Profit and loss account		<u>(2,426,245)</u>	<u>(3,042,653)</u>
Equity attributable to owners of the company		<u>(2,425,204)</u>	<u>(3,041,612)</u>
Total equity		<u>(2,425,204)</u>	<u>(3,041,612)</u>
Total capital, reserves and long term liabilities		<u>7,779,811</u>	<u>6,807,826</u>

Approved and authorised by the Board on 23 August 2022 and signed on its behalf by:

B D Smith
DirectorThe notes on pages 18 to 36 form an integral part of these financial statements.

EAST SUSSEX PRESS LIMITED**(Registration number: 02872719)****Balance Sheet as at 31 December 2021**

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	<u>12</u>	1	1
Investments	<u>14</u>	1,838,704	1,838,704
		<u>1,838,705</u>	<u>1,838,705</u>
Current assets			
Debtors	<u>16</u>	127,196	223,732
Cash at bank and in hand		42,461	24,089
		169,657	247,821
Creditors: Amounts falling due within one year	<u>18</u>	(5,084,958)	(3,290,340)
Net current liabilities		<u>(4,915,301)</u>	<u>(3,042,519)</u>
Total assets less current liabilities		<u>(3,076,596)</u>	<u>(1,203,814)</u>
Creditors: Amounts falling due after more than one year	<u>18</u>	1,050,000	1,625,000
Capital and reserves			
Called up share capital	<u>22</u>	1,041	1,041
Profit and loss account		(4,127,637)	(2,829,855)
Total equity		<u>(4,126,596)</u>	<u>(2,828,814)</u>
Total capital, reserves and long term liabilities		<u>(3,076,596)</u>	<u>(1,203,814)</u>

The company made a loss after tax for the financial year of £1,297,782 (2020 - loss of £896,354).

Approved and authorised by the Board on 23 August 2022 and signed on its behalf by:

B D Smith
Director

The notes on pages 18 to 36 form an integral part of these financial statements.

EAST SUSSEX PRESS LIMITED

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2021 Equity attributable to the parent company

	Share capital £	Profit and loss account £	Total £	Non-controlling interests £	Total equity £
At 1 January 2021	1,041	(3,042,653)	(3,041,612)	-	(3,041,612)
Profit for the year	-	616,408	616,408	-	616,408
At 31 December 2021	1,041	(2,426,245)	(2,425,204)	-	(2,425,204)
	Share capital £	Profit and loss account £	Total £	Non-controlling interests £	Total equity £
At 1 January 2020	1,041	(2,669,344)	(2,668,303)	225,342	(2,442,961)
Loss for the year	-	(343,450)	(343,450)	2,318	(341,132)
Acquisition of non-controlling interest, decrease/ (increase) in equity	-	(29,859)	(29,859)	(227,660)	(257,519)
At 31 December 2020	1,041	(3,042,653)	(3,041,612)	-	(3,041,612)

The notes on pages 18 to 36 form an integral part of these financial statements.

EAST SUSSEX PRESS LIMITED**Statement of Changes in Equity for the Year Ended 31 December 2021**

	Share capital £	Profit and loss account £	Total £
At 1 January 2021	1,041	(2,829,855)	(2,828,814)
Loss for the year	-	(1,297,782)	(1,297,782)
At 31 December 2021	<u>1,041</u>	<u>(4,127,637)</u>	<u>(4,126,596)</u>

	Share capital £	Profit and loss account £	Total £
At 1 January 2020	1,041	(1,933,501)	(1,932,460)
Loss for the year	-	(896,354)	(896,354)
At 31 December 2020	<u>1,041</u>	<u>(2,829,855)</u>	<u>(2,828,814)</u>

The notes on pages 18 to 36 form an integral part of these financial statements.

EAST SUSSEX PRESS LIMITED

Consolidated Statement of Cash Flows for the Year Ended 31 December 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Profit/(loss) for the year		616,408	(341,132)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	<u>5</u>	2,734,070	2,414,700
Profit on disposal of tangible assets		(54,026)	(193,582)
Finance costs	<u>7</u>	941,289	833,139
Income tax expense	<u>11</u>	202,460	139,225
		4,440,201	2,852,350
Working capital adjustments			
(Increase)/decrease in stocks	<u>15</u>	(456,362)	7,538
(Increase)/decrease in trade debtors	<u>16</u>	(3,558,476)	3,912,062
Increase in trade creditors	<u>18</u>	1,447,055	1,439,463
Cash generated from operations		1,872,418	8,211,413
Income taxes paid	<u>11</u>	(6,371)	(3,857)
Net cash flow from operating activities		1,866,047	8,207,556
Cash flows from investing activities			
Acquisitions of tangible assets		(729,914)	(1,038,110)
Proceeds from sale of tangible assets		531,555	286,417
Acquisition of intangible assets	<u>12</u>	-	(83,132)
Net cash flows from investing activities		(198,359)	(834,825)
Cash flows from financing activities			
Interest paid		(351,370)	(370,666)
Repayment of other borrowing		(575,000)	-
Payments to finance lease creditors		(2,262,370)	(2,811,041)
Net cash flows from financing activities		(3,188,740)	(3,181,707)
Net (decrease)/increase in cash and cash equivalents		(1,521,052)	4,191,024
Cash and cash equivalents at 1 January		19,865	(4,171,159)
Cash and cash equivalents at 31 December		<u>(1,501,187)</u>	<u>19,865</u>

The notes on pages 18 to 36 form an integral part of these financial statements.

EAST SUSSEX PRESS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2021

1 General information

The company is a private company limited by share capital incorporated in England and Wales.

The address of its registered office is:

Beacon House
Brambleside
Bellbrook Park
Uckfield
East Sussex
TN22 1PL

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except for, where disclosed in these accounting policies, certain items that are shown at fair value.

The presentational currency of the financial statements is Pounds Sterling, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest Pound.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2021.

No Profit and Loss Account is presented for the company as permitted by section 408 of the Companies Act 2006. The company made a loss after tax for the financial year of £1,297,782 (2020 - £896,354).

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

Parent Company Guarantee

East Sussex Press Limited has provided a guarantee in accordance with section 479A of the companies act 2006 to the below named subsidiary to allow them to claim exemption from audit.

Headford Digital Limited (09952084)

EAST SUSSEX PRESS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2021

2 Accounting policies (continued)

Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Significant 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 amounts 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 on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

These financial statements contain significant estimates and judgements in relation to bad debt provisions and depreciation policies.

Revenue recognition

Revenue is measured at the value of consideration received or recoverable and comprises amounts receivable for goods and services, net of trade discounts, and value added tax.

Revenue is recognised in the profit and loss account when significant risks and rewards of ownership are transferred to the customer, normally on shipment of goods.

Income from advance billings is deferred and released to revenue when conditions for recognition have been fulfilled.

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income. The revenue classification has been used in these financial statements.

Tax

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

The current 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 group operates and generates taxable income.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on unused tax losses or tax credits in the group. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

EAST SUSSEX PRESS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2021

2 Accounting policies (continued)

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold land and buildings	Straight line over life of lease
Fixtures, fittings and equipment	10% to 50% straight line
Motor vehicles	25% straight line and 10% reducing balance

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Goodwill

Goodwill, representing the excess of consideration for an acquired undertaking, or acquired trade and assets, compared with the fair value of net assets acquired is capitalised and written off evenly over 10 years as in the opinion of the directors this represents the period over which the goodwill is expected to give rise to economic benefits. Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Intangible 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 if the fair value can be measured reliably.

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Development costs	20% straight line
Customer contracts	20% straight line
Goodwill	5-20% straight line

EAST SUSSEX PRESS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2021

2 Accounting policies (continued)

Investments

Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Trade debtors are recognised initially at the transaction price. All trade debtors are repayable within one year and hence are included at the undiscounted cost of cash expected to be received. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the debtors.

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 measure at cost, adjusted where applicable for any loss of service potential.

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.

Creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

EAST SUSSEX PRESS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2021

2 Accounting policies (continued)

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases are classified as finance leases whenever the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. Lease payments are apportioned between finance costs in the profit and loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

2 Accounting policies (continued)

Financial instruments

Classification

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Impairment

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

A non financial asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units ('CGUs') of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

EAST SUSSEX PRESS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2021

3 Revenue

The analysis of the group's revenue for the year from continuing operations is as follows:

	2021	2020
	£	£
Rendering of services	<u>52,350,489</u>	<u>42,693,193</u>

The analysis of the group's turnover for the year by geographical market is as follows:

	2021	2020
	£	£
UK	47,413,272	38,947,722
Europe	2,055,013	1,758,253
USA	2,684,469	1,748,784
Rest of world	<u>197,735</u>	<u>238,434</u>
	<u>52,350,489</u>	<u>42,693,193</u>

4 Other operating income

The analysis of the group's other operating income for the year is as follows:

	2021	2020
	£	£
Coronavirus job retention scheme	660,413	2,692,537
Research and development tax credits	<u>-</u>	<u>39,235</u>
	<u>660,413</u>	<u>2,731,772</u>

Income in relation to coronavirus job retention scheme has been split above and below gross profit by £298,643 (2020 - £1,292,676) and £361,770 (2020 - £1,399,861) respectively. This is due to the respective costs being split between direct staff and admin staff.

5 Operating profit

Arrived at after charging

	2021	2020
	£	£
Depreciation expense	2,518,469	2,164,122
Amortisation expense	217,571	250,578
Operating lease charges	<u>1,263,852</u>	<u>1,561,046</u>

EAST SUSSEX PRESS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2021

6 Exceptional items

	2021 £	2020 £
Exceptional expenses	-	19,380
Redundancy	18,862	300,299
Holiday pay	52,769	51,737
Executive bonuses	180,250	-
	<u>251,881</u>	<u>371,416</u>

Exceptional items in the current year consists of one off bonuses paid to the directors, redundancy costs and holiday pay. Exceptional items in the prior year were made up of former directors' salaries, redundancy and holiday pay costs and were considered one-off items, as they primarily occurred due to the Covid-19 pandemic.

7 Interest payable and similar expenses

	2021 £	2020 £
Interest on bank overdrafts and borrowings	29,455	67,550
Interest on obligations under finance leases and hire purchase contracts	589,919	462,473
Interest expense on other finance liabilities	321,915	303,116
	<u>941,289</u>	<u>833,139</u>

8 Staff costs

Group

The aggregate payroll costs (including directors' remuneration) were as follows:

	2021 £	2020 £
Wages and salaries	13,238,766	12,933,641
Social security costs	1,436,446	1,212,512
Pension costs, defined contribution scheme	358,738	313,572
	<u>15,033,950</u>	<u>14,459,725</u>

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	2021 No.	2020 No.
Production	205	187
Administration and support	139	218
	<u>344</u>	<u>405</u>

EAST SUSSEX PRESS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2021

8 Staff costs (continued)

Company

The aggregate payroll costs (including directors' remuneration) were as follows:

	2021	2020
	£	£
Wages and salaries	536,757	423,289
Social security costs	59,447	47,396
Pension costs, defined contribution scheme	34,367	34,477
	<u>630,571</u>	<u>505,162</u>

The average number of people employed by the company is 4 directors (2020 - 5).

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2021	2020
	£	£
Remuneration	741,056	594,970
Contributions paid to money purchase schemes	74,832	76,477
	<u>815,888</u>	<u>671,447</u>

During the year the number of directors who were receiving benefits was as follows:

	2021	2020
	No.	No.
Accruing benefits under money purchase pension scheme	<u>6</u>	<u>5</u>

In respect of the highest paid director:

	2021	2020
	£	£
Remuneration	212,544	182,533
Company contributions to money purchase pension schemes	<u>22,811</u>	<u>22,806</u>

10 Auditors' remuneration

	2021	2020
	£	£
Audit of these financial statements	<u>28,575</u>	<u>27,650</u>
Other fees to auditors		
All other non-audit services	<u>16,425</u>	<u>16,425</u>

Non-audit fees paid to the auditors comprise taxation services of £5,830 (2020 - £5,830) and other services of £10,595 (2020 - £10,595).

EAST SUSSEX PRESS LIMITED**Notes to the Financial Statements for the Year Ended 31 December 2021****11 Taxation**

Tax charged in the profit and loss account

	2021 £	2020 £
Current taxation		
UK corporation tax	11,513	6,371
Deferred taxation		
Arising from origination and reversal of timing differences	194,153	68,960
Arising from changes in tax rates and laws	(3,206)	63,894
Total deferred taxation	190,947	132,854
Tax expense in the income statement	202,460	139,225

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2020 - higher than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £	2020 £
Profit/(loss) before tax	818,868	(201,907)
Corporation tax at standard rate	155,585	(38,362)
Effect of expense not deductible in determining taxable profit (tax loss)	36,752	22,145
Deferred tax credit from unrecognised tax loss or credit	(190,947)	(132,854)
Tax increase from effect of capital allowances and depreciation	201,070	288,296
Total tax charge	202,460	139,225

EAST SUSSEX PRESS LIMITED**Notes to the Financial Statements for the Year Ended 31 December 2021****11 Taxation (continued)****Deferred tax****Group**

Deferred tax assets and liabilities

	Liability £
2021	
Accelerated capital allowances	592,402
Short term timing differences	(83,932)
Taxable losses	(111,823)
	<u>396,647</u>

	Liability £
2020	
Accelerated capital allowances	507,809
Short term timing differences	(66,551)
Taxable losses	(235,558)
	<u>205,700</u>

Company

Deferred tax assets and liabilities

	Asset £
2021	
Taxable losses	111,823

	Asset £
2020	
Taxable losses	208,107

EAST SUSSEX PRESS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2021

12 Intangible assets

Group

	Goodwill £	Development costs £	Contractual customer relationships £	Total £
Cost				
At 1 January 2021 and at 31 December 2021	2,023,230	1,235,449	184,203	3,442,882
Amortisation				
At 1 January 2021	1,480,081	614,517	184,203	2,278,801
Amortisation charge	36,644	180,927	-	217,571
At 31 December 2021	1,516,725	795,444	184,203	2,496,372
Carrying amount				
At 31 December 2021	506,505	440,005	-	946,510
At 31 December 2020	543,149	620,932	-	1,164,081

Company

	Goodwill £
Cost and carrying amount	
At 1 January 2021 and at 31 December 2021	1

EAST SUSSEX PRESS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2021

13 Tangible assets

Group

	Land and buildings leasehold £	Furniture, fittings and equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2021	1,086,944	18,378,269	8,900	19,474,113
Additions	35,672	3,825,979	-	3,861,651
Disposals	-	(2,882,909)	-	(2,882,909)
At 31 December 2021	1,122,616	19,321,339	8,900	20,452,855
Depreciation				
At 1 January 2021	640,988	8,469,270	742	9,111,000
Charge for the year	101,907	2,411,370	5,192	2,518,469
Eliminated on disposal	-	(2,407,350)	-	(2,407,350)
At 31 December 2021	742,895	8,473,290	5,934	9,222,119
Carrying amount				
At 31 December 2021	379,721	10,848,049	2,966	11,230,736
At 31 December 2020	445,956	9,908,999	8,158	10,363,113

The company has no tangible fixed assets at 31 December 2021 or 31 December 2020.

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2021 £	2020 £
Furniture, fittings and equipment	8,569,565	8,929,029

EAST SUSSEX PRESS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2021

14 Investments

Company

	2021 £	2020 £
Investments in subsidiaries	1,838,704	1,838,704

Subsidiaries

£

Cost and carrying amount

At 1 January 2021 and at 31 December 2021

1,838,704

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2021	2020
Subsidiary undertakings				
Pureprint Group Limited	England and Wales	Ordinary	100%	100%
Pureprint Abstract Limited	England and Wales	Ordinary	100%	100%
Imprint Creative Print Solutions Limited	England and Wales	Ordinary	100%	100%
Perfect Screen Print Limited	England and Wales	Ordinary	100%	100%
Headford Digital Limited	England and Wales	Ordinary	51%	51%

Subsidiary undertakings

Pureprint Group Limited

The principal activity of Pureprint Group Limited is printing, marketing and fulfilment services.

Pureprint Abstract Limited

The principal activity of Pureprint Abstract Limited is that of a dormant company.

Imprint Creative Print Solutions Limited

The principal activity of Imprint Creative Print Solutions Limited is the design, production and distribution of point of sale material.

Perfect Screen Print Limited

The principal activity of Perfect Screen Print Limited is that of a dormant company.

EAST SUSSEX PRESS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2021

14 Investments (continued)

Headford Digital Limited

The principal activity of Headford Digital Limited is online printing for high quality brochures, magazines, booklets, leaflets and posters.

15 Stocks

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Raw materials and consumables	681,883	513,437	-	-
Work in progress	824,955	548,363	-	-
Finished goods and goods for resale	82,000	70,676	-	-
	<u>1,588,838</u>	<u>1,132,476</u>	<u>-</u>	<u>-</u>

16 Debtors

		Group		Company	
	Note	2021	2020	2021	2020
		£	£	£	£
Trade debtors		10,711,886	7,839,481	-	-
Other debtors		1,557,293	914,695	-	-
Prepayments		447,123	442,905	15,373	15,625
Deferred tax assets	<u>11</u>	<u>111,823</u>	<u>208,107</u>	<u>111,823</u>	<u>208,107</u>
		<u>12,828,125</u>	<u>9,405,188</u>	<u>127,196</u>	<u>223,732</u>

17 Cash and cash equivalents

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Cash on hand	114	527	-	-
Cash at bank	<u>1,530,725</u>	<u>1,397,951</u>	<u>42,461</u>	<u>24,089</u>
	1,530,839	1,398,478	42,461	24,089
Bank overdrafts	<u>(3,032,026)</u>	<u>(1,378,613)</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents in statement of cash flows	<u>(1,501,187)</u>	<u>19,865</u>	<u>42,461</u>	<u>24,089</u>

EAST SUSSEX PRESS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2021

18 Creditors

		Group		Company	
	Note	2021 £	2020 £	2021 £	2020 £
Due within one year					
Loans and borrowings	<u>19</u>	6,294,477	4,017,692	675,000	675,000
Trade creditors		8,838,006	7,110,003	-	2,094
Amounts due to group undertakings		-	-	4,114,222	2,541,683
Social security and other taxes		746,189	1,691,350	19,052	-
Other creditors		831,740	1,282,624	39,132	12,311
Accrued expenses		3,623,312	2,547,470	237,552	59,252
Corporation tax liability		11,513	6,371	-	-
		<u>20,345,237</u>	<u>16,655,510</u>	<u>5,084,958</u>	<u>3,290,340</u>
Due after one year					
Loans and borrowings	<u>19</u>	<u>9,696,545</u>	<u>9,435,631</u>	<u>1,050,000</u>	<u>1,625,000</u>

19 Loans and borrowings

	Group		Company	
	2021 £	2020 £	2021 £	2020 £
Current loans and borrowings				
Bank overdrafts	3,032,026	1,378,613	-	-
HP and finance lease liabilities	2,587,451	1,964,079	-	-
Amounts due to related parties	675,000	675,000	675,000	675,000
	<u>6,294,477</u>	<u>4,017,692</u>	<u>675,000</u>	<u>675,000</u>
Non-current loans and borrowings				
HP and finance lease liabilities	8,646,545	7,810,631	-	-
Amounts due to related parties	1,050,000	1,625,000	1,050,000	1,625,000
	<u>9,696,545</u>	<u>9,435,631</u>	<u>1,050,000</u>	<u>1,625,000</u>

EAST SUSSEX PRESS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2021

19 Loans and borrowings (continued)

The related party loan of £1,725,000 (2020 - £2,300,000) comprises unsecured fixed rate loan notes and attracts interest at a fixed rate of 8% per annum, payable quarterly.

Interest has been charged on the bank loan at a variable rate of LIBOR plus 3% in the current and comparative periods, payable quarterly. The related party loan attracts interest at a fixed rate of 8% per annum, payable quarterly.

Finance lease payments represent rentals payable by the company or the group 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. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Included within bank overdrafts is £3,032,026 (2020 - £1,378,613) due to the bank in respect of invoice finance discounting.

Included within cash at bank and in hand is £14,867 (2020 - £173,568) also in respect of invoice finance discounting. This amount is secured by a fixed and floating charge over the assets of the company in favour of Barclays Bank PLC.

20 Non adjusting events after the financial period

The loan note debt owed to the British Growth Fund (BGF) has been fully repaid after the reporting period.

21 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £358,738 (2020 - £342,959).

Contributions totalling £63,884 (2020 - £59,149) were payable to the scheme at the end of the year and are included in creditors.

22 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No.	£	No.	£
Ordinary shares of £0.001 each	610,000	610	610,000	610
Ordinary A shares of £0.001 each	390,000	390	390,000	390
Ordinary B shares of £0.001 each	40,928	41	40,928	41
	<u>1,040,928</u>	<u>1,041</u>	<u>1,040,928</u>	<u>1,041</u>

Rights, preferences and restrictions

The company's ordinary shares and 'A' ordinary shares, which carry no right to fixed income, each carry the right to one vote at the general meetings of the company.

The company's 'B' shares do not carry any voting rights.

EAST SUSSEX PRESS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2021

23 Obligations under leases and hire purchase contracts

Group

Finance leases

The total of future minimum lease payments is as follows:

	2021	2020
	£	£
Not later than one year	2,497,191	2,263,057
Later than one year and not later than five years	8,708,961	7,679,715
Later than five years	1,035,189	698,598
Less: future finance costs	(1,007,932)	(866,660)
	<u>11,233,409</u>	<u>9,774,710</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.

Operating leases

The total of future minimum lease payments is as follows:

	2021	2020
	£	£
Not later than one year	704,530	979,966
Later than one year and not later than five years	1,319,055	1,461,597
Later than five years	2,412,500	2,562,500
	<u>4,436,085</u>	<u>5,004,063</u>

24 Contingent liabilities

Group

In the event of an exit event prior to 5 February 2023, an amount of £50,000 (2020 - £50,000) will become payable to the previous shareholder of one of the subsidiaries.

Company

The company has a cross guarantee, secured by a fixed and floating charge, against debts owed by Pureprint Group Limited to Barclays Bank PLC. The contingent liability at 31 December 2021 was £3,032,026 (2020 - £1,378,613).

EAST SUSSEX PRESS LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2021

25 Related party transactions

Group

Summary of transactions with key management

Key management personnel are considered to be the directors of the company and key management personnel compensation is disclosed in note 8 to the financial statements.

During the year the group paid rent of £31,000 (2020 - £31,000) to the parents of one of the directors.

Company

Transactions with entities with significant influence over the group

BGF Investments LP

(entity with significant influence over the group and the company)

During the year, interest of £169,030 (2020 - £184,000) was payable by East Sussex Press Limited to the BGF Investments LP. At the year end, £1,725,000 (2020 - £2,300,000) was due to the BGF Investments LP in the form of fixed rate loan notes. The related party loan attracts interest at a fixed rate of 8% per annum, payable quarterly.

Transactions with entities under common directorship

Nash Bevan Associates Limited

(entity controlled by a director)

During the year, non executive directorship fees of £36,956 (2020 - £33,789) were payable to Nash Bevan Associates Limited. At the year end, £nil (2020 - £nil) was due to Nash Bevan Associates Limited.

Fielden Properties Limited

(entity controlled by a director)

During the year, Pureprint Group Limited, a wholly owned subsidiary of the group, incurred costs of £150,000 (2020 - £150,000) in relation to the lease of Beacon House from Fielden Properties Limited. At the balance sheet date, the company owed £37,500 (2020 - £37,500) to Fielden Properties Limited.

26 Parent and ultimate parent undertaking

The ultimate controlling party is Mr M Handford by virtue of his controlling shareholding in East Sussex Press Limited.

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.