

Company registration number: 10751849

DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED  
30 JUNE 2018

REGENCY DESIGN &  
PRINT HOLDINGS LIMITED



**MENZIES**

ACCOUNTS & FINANCIAL REPORT

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# REGENCY DESIGN & PRINT HOLDINGS LIMITED

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## COMPANY INFORMATION

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Directors	D C Harkness S R Moate (appointed 21 November 2017) J C Simpson (appointed 8 August 2017) M J Smith (appointed 8 August 2017) E M Kenny (appointed 30 July 2018)
Registered number	10751849
Registered office	Unit 2 Lambs Business Park Tilburstow Hill Road South Godstone RH9 8LJ
Independent auditors	Menzies LLP Chartered Accountants & Statutory Auditor Ashcombe House 5 The Crescent Leatherhead Surrey KT22 8DY

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# REGENCY DESIGN & PRINT HOLDINGS LIMITED

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# REGENCY DESIGN & PRINT HOLDINGS LIMITED

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## DIRECTORS' REPORT FOR THE PERIOD ENDED 30 JUNE 2018

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The directors present their report and the financial statements for the period ended 30 June 2018.

### Directors' responsibilities statement

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

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

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

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

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

### Directors

The directors who served during the period were:

D C Harkness  
S R Moate (appointed 21 November 2017)  
J C Simpson (appointed 8 August 2017)  
M J Smith (appointed 8 August 2017)

### Disclosure of information to auditors

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

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

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# REGENCY DESIGN & PRINT HOLDINGS LIMITED

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## DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2018

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### Post balance sheet events

On 3 August 2018, a Deed of Amendment was executed in relation to the Loan Note Instrument for the Fixed Rate Secured "B" Loan Notes 2022 as the Financial Condition in relation to the instrument was not met in the Test Period 1 February 2018 - 31 March 2018. In connection with this amendment, the interest for that period is cancelled. As a result of this, interest of £21,173 has been waived following the end of the accounting period. No adjustment has been reflected in these financial statements.

In addition on 3 August 2018, a variation to the rights attached to the redeemable preference shares was approved such that the company shall pay to the holders of the preference shares a fixed dividend at the rate of 0% per annum for the period 8 August 2017 to 31 January 2018. Thereafter, a preference dividend at the rate of 8% per annum shall accrue for each Test Period that the EBITDA of the group is not less than the Target EBITDA. As a result of this, accrued dividends of £81,793 have been waived. No adjustment has been reflected in these financial statements.

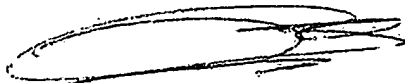
### Auditors

The auditors, Menzies LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

### Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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



D C Harkness  
Director

Date: 29.3.19

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF  
REGENCY DESIGN & PRINT HOLDINGS LIMITED

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**Opinion**

We have audited the financial statements of Regency Design & Print Holdings Limited (the 'parent Company') and its subsidiaries (the 'Group') for the period ended 30 June 2018, which comprise the Group Statement of comprehensive income, the Group and Company Statements of financial position, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 June 2018 and of the Group's loss for the period 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 qualified opinion**

With respect to stock having an opening carrying amount of £242,874, the audit evidence available to us was limited because we did not observe the counting of the physical stock as at 30 June 2017, since that date was prior to our appointment as auditor of the Group. Owing to the nature of the Group's records, we were unable to obtain sufficient appropriate evidence regarding the stock quantities and stock values by using other audit procedures.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**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 Auditors' 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,

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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF  
REGENCY DESIGN & PRINT HOLDINGS LIMITED (CONTINUED)**

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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.

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

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

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

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

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

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Group strategic report.

**Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement on page 1, 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.

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# REGENCY DESIGN & PRINT HOLDINGS LIMITED

**MENZIES**  
LLP

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## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF REGENCY DESIGN & PRINT HOLDINGS LIMITED (CONTINUED)

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### Auditors' 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 Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

*Menzies LLP*

Caroline Milton FCA (Senior statutory auditor)

for and on behalf of  
Menzies LLP

Chartered Accountants  
Statutory Auditor

Ashcombe House  
5 The Crescent  
Leatherhead  
Surrey  
KT22 8DY

Date:

*29/3/19*



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# REGENCY DESIGN & PRINT HOLDINGS LIMITED

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## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2018

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	Period ended 30 June 2018 £
Turnover	6,034,982
Cost of sales	(3,353,939)
<b>Gross profit</b>	<b>2,681,043</b>
Administrative expenses	(2,445,790)
Exceptional administrative expenses	(342,375)
<b>Operating (loss)/profit</b>	<b>(107,122)</b>
Interest receivable and similar income	454
Interest payable and expenses	(468,048)
<b>(Loss)/profit before taxation</b>	<b>(574,716)</b>
Tax on (loss)/profit	(112,846)
<b>(Loss)/profit for the financial period</b>	<b>(687,562)</b>
<b>Total comprehensive income for the period</b>	<b>(687,562)</b>
<b>(Loss)/profit for the period attributable to:</b>	
Owners of the parent Company	(687,562)
	<b>(687,562)</b>
<b>Total comprehensive income for the period attributable to:</b>	
Owners of the parent Company	(687,562)
	<b>(687,562)</b>

The notes on pages 14 to 31 form part of these financial statements.

# REGENCY DESIGN & PRINT HOLDINGS LIMITED

REGISTERED NUMBER: 10751849

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	2018 £
<b>Fixed assets</b>		
Intangible assets		5,293,975
Tangible assets	12	375,474
		<u>5,669,449</u>
<b>Current assets</b>		
Stocks	14	232,500
Debtors: amounts falling due within one year	15	2,309,618
Cash at bank and in hand		601,491
		<u>3,143,609</u>
Creditors: amounts falling due within one year	16	(2,353,261)
<b>Net current assets</b>		<u>790,348</u>
<b>Total assets less current liabilities</b>		<u>6,459,797</u>
Creditors: amounts falling due after more than one year	17	(6,761,555)
<b>Provisions for liabilities</b>		
Deferred taxation	21	(6,263)
Other provisions	22	(36,666)
		<u>(42,929)</u>
<b>Net assets excluding pension asset</b>		<u>(344,687)</u>
<b>Net (liabilities)/assets</b>		<u>(344,687)</u>
<b>Capital and reserves</b>		
Allotted, called up and fully paid share capital		108,245
Share premium account		234,630
Profit and loss account		(687,562)
<b>Equity attributable to owners of the parent Company</b>		<u>(344,687)</u>
		<u>(344,687)</u>

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**REGENCY DESIGN & PRINT HOLDINGS  
LIMITED**

REGISTERED NUMBER: 10751849

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)  
AS AT 30 JUNE 2018**

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The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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

  
D.C. Harkness  
Director

Date: 29.3.19.

The notes on pages 14 to 31 form part of these financial statements.

# REGENCY DESIGN & PRINT HOLDINGS LIMITED

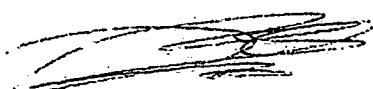
REGISTERED NUMBER:10751849

## COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	2018 £
<b>Fixed assets</b>		
Investments	13	8,389,122
		<u>8,389,122</u>
<b>Current assets</b>		
Debtors: amounts falling due within one year	15	3,048
Cash at bank and in hand		3,338
		<u>6,386</u>
Creditors: amounts falling due within one year	16	(2,232,439)
<b>Net current (liabilities)/assets</b>		<u>(2,226,053)</u>
<b>Total assets less current liabilities</b>		<u>6,163,069</u>
Creditors: amounts falling due after more than one year	17	(6,735,900)
<b>Net assets excluding pension asset</b>		<u>(572,831)</u>
<b>Net (liabilities)/assets</b>		<u><u>(572,831)</u></u>
<b>Capital and reserves</b>		
Allotted, called up and fully paid share capital		108,245
Share premium account		234,630
Loss/(profit) for the period		(915,706)
Profit and loss account carried forward		<u>(915,706)</u>
		<u><u>(572,831)</u></u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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



D C Harkness  
Director

Date: 29.3.19

The notes on pages 14 to 31 form part of these financial statements.

# REGENCY DESIGN & PRINT HOLDINGS LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2018

	Called up share capital £	Share premium account £	Profit and loss account £	Equity attributable to owners of parent Company £	Total equity £
Comprehensive income for the period					
Loss for the period	-	-	(687,562)	(687,562)	(687,562)
Total comprehensive income for the period	-	-	(687,562)	(687,562)	(687,562)
Shares issued during the period	108,245	234,630	-	342,875	342,875
Total transactions with owners	108,245	234,630	-	342,875	342,875
At 30 June 2018	108,245	234,630	(687,562)	(344,687)	(344,687)

The notes on pages 14 to 31 form part of these financial statements.

# REGENCY DESIGN & PRINT HOLDINGS LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2018

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
Comprehensive income for the period				
Loss for the period	-	-	(915,706)	(915,706)
Total comprehensive income for the period	-	-	(915,706)	(915,706)
Contributions by and distributions to owners				
Shares issued during the period	108,245	234,630	-	342,875
Total transactions with owners	108,245	234,630	-	342,875
At 30 June 2018	108,245	234,630	(915,706)	(572,831)

The notes on pages 14 to 31 form part of these financial statements.

# REGENCY DESIGN & PRINT HOLDINGS LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2018

	2018 £
<b>Cash flows from operating activities</b>	
(Loss)/profit for the financial period	(712,489)
Adjustments for:	
Amortisation of intangible assets	588,230
Depreciation of tangible assets	123,028
Loss on disposal of tangible assets	8,107
Interest received	(714)
Decrease/(increase) in stocks	10,374
Decrease/(increase) in debtors	317,371
Increase in creditors	101,151
Increase in provisions	36,666
Corporation tax payable	131,961
<b>Net cash generated from operating activities</b>	<b>603,685</b>
<b>Cash flows from investing activities</b>	
Purchase of tangible fixed assets	(17,560)
Sale of tangible fixed assets	16,237
Purchase of fixed asset investments	(7,131,423)
Interest received	714
<b>Net cash from investing activities</b>	<b>(7,132,032)</b>
<b>Cash flows from financing activities</b>	
Issue of ordinary shares	342,875
New secured loans	5,798,000
Repayment of loans	(500,000)
Other new loans	1,588,000
Repayment of/new finance leases	(99,037)
<b>Net cash used in financing activities</b>	<b>7,129,838</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>601,491</b>
<b>Cash and cash equivalents at the end of period</b>	<b>601,491</b>
<b>Cash and cash equivalents at the end of period comprise:</b>	
Cash at bank and in hand	601,491
	<b>601,491</b>

The notes on pages 14 to 31 form part of these financial statements.

# REGENCY DESIGN & PRINT HOLDINGS LIMITED

## CONSOLIDATED ANALYSIS OF NET DEBT FOR THE PERIOD ENDED 30 JUNE 2018

	Cash flows £	Acquisition and disposal of subsidiaries £	New finance leases £	Other non- cash changes £	At 30 June 2018 £
Cash at bank and in hand	7,235,660	(7,131,423)	(99,037)	596,291	601,491
Debt due after 1 year	(6,386,000)	-	-	-	(6,386,000)
Debt due within 1 year	(500,000)	-	-	-	(500,000)
Finance leases	-	-	99,037	-	99,037
	<u>349,660</u>	<u>(7,131,423)</u>	<u>-</u>	<u>596,291</u>	<u>(6,185,472)</u>

The notes on pages 14 to 31 form part of these financial statements.



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# REGENCY DESIGN & PRINT HOLDINGS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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### 1. General information

Regency Design & Print Holdings Limited is a private company limited by shares incorporated in England and Wales. The address of the registered office is disclosed on the company information page which is also its principal place of business.

The parent company was incorporated on 3 May 2017 and the accounts have been prepared for the period from 3 May 2017 to 30 June 2018.

The principal activity of the group is that of the manufacture of high quality graphics in 2D and 3D designs; specialising in the production of display products for the vending and beverage equipment industry (including the manufacture of Coffee Pod housing system), automotive industry, general point of sale and point of purchase.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

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

The Group has elected to apply all amendments to FRS 102, as set out in the triennial review published in December 2017, prior to the mandatory adoption for accounting periods beginning on or after 1 January 2019.

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

#### 2.2 Basis of consolidation

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

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

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# REGENCY DESIGN & PRINT HOLDINGS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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### 2. Accounting policies (continued)

#### 2.3 Going concern

The group has made a loss before tax of £574,716 for the period ended 30 June 2018 and had net liabilities of £344,687 at 30 June 2018.

Included within the loss before tax were exceptional costs amounting to £342,375 and £349,900 in relation to accrued loan interest and dividends which is not anticipated to become payable within 12 months of signing these accounts.

In addition Fixed Rate Secured 'A' loan notes amounting to £1,710,000 and Fixed Rate Secured 'B' loan notes amounting to £1,588,000 and redeemable preference share capital of £1,588,000 are not redeemable before 2022, therefore despite being in a net liabilities position as at the year end, the Group has net current assets of £790,346.

The directors have prepared cash flow forecasts and projections for a period from one year from the date these accounts are signed which show that the group will continue to generate an annual cash contribution.

On review of these facts together with the significant cash reserves, the Directors are satisfied that the group will be able to meet its liabilities as they fall due. Consequently the accounts are drawn up on a going concern basis.

#### 2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Revenue represents the net invoiced sale of goods, which is recognised when the goods are despatched, as this is when the risks and rewards of ownership are considered to have been transferred to the customer.

#### 2.5 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

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

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 03 May 2017 to continue to be charged over the period to the first market rent review rather than the term of the lease.

#### 2.6 Leased assets: the Group as lessee

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

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# REGENCY DESIGN & PRINT HOLDINGS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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### 2. Accounting policies (continued)

#### 2.7 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Short-term leasehold property	-	6.6%	on cost
Plant and machinery	-	25.0%	on reducing balance
Motor vehicles	-	25.0%	on reducing balance
Office equipment	-	25.0%	on reducing balance

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of comprehensive income.

#### 2.8 Intangible assets

##### Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life of 10 years. Based on the nature of the goodwill and the group's trading activities the directors believe that 10 years is a reasonable estimate.

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

#### 2.9 Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

#### 2.10 Borrowing costs

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the period in which they are incurred.

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# REGENCY DESIGN & PRINT HOLDINGS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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### 2. Accounting policies (continued)

#### 2.11 Pensions

##### Defined contribution pension plan

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

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

#### 2.12 Current and deferred taxation

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

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

#### 2.13 Exceptional items

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

#### 2.14 Valuation of Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

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# REGENCY DESIGN & PRINT HOLDINGS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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### 2. Accounting policies (continued)

#### 2.15 Stocks

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

A provision is made for obsolete, slow moving or defective items where appropriate.

#### 2.16 Financial Instruments

Preference shares are treated as a financial liability as the rights and conditions applicable to them have the characteristics of a debt instrument. Accordingly, preference shares are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Preference share dividends are recognised in the statement of comprehensive income as an interest expense and any unpaid amounts are accrued at the period end.

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

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The main estimation areas are amortisation, impairment, valuation of work in progress, provisions for obsolete stock and provision for dilapidations.

Detailed below are the management considerations for making judgement in each of the specific areas:

- Amortisation - the benefit accruing over the useful life of the asset.
- Impairment - review of indicators of impairment, with recoverable amount being estimated where such indicators exist.
- Work in progress - valuation criteria and performance techniques are reviewed and agreed by the management based on past experience and expectations of future events.
- Provisions for obsolete stock - based on stock movement, past experience and expectation of future events.
- Provision for dilapidations - based on expectation of future events, terms of the lease and past assessment from surveyors.

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# REGENCY DESIGN & PRINT HOLDINGS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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### 4. Turnover

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

	2018 £
Sale of goods	6,034,982
	<u>6,034,982</u>

Analysis of turnover by country of destination:

	2018 £
United Kingdom	5,952,680
Rest of the world	82,302
	<u>6,034,982</u>

### 5. Operating (loss)/profit

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

	2018 £
Depreciation	123,028
Amortisation	588,230
	<u></u>

### 6. Auditors' remuneration

	2018 £
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	9,400
	<u></u>
Fees payable to the Group's auditor and its associates in respect of:	
Audit-related assurance services	28,105
Taxation compliance services	5,985
Accounts preparation	9,975
	<u>44,065</u>

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# REGENCY DESIGN & PRINT HOLDINGS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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### 7. Employees

The average monthly number of employees, including the directors, during the year was 39.

The total amount of pension contributions recognised as an expense during the period are £17,944.

### 8. Directors' remuneration

	2018 £
Directors' emoluments	342,274
	<u>342,274</u>

The highest paid director received remuneration of £196,219.

### 9. Taxation

	2018 £
Corporation tax	
Current tax on profits for the year	137,771
	<u>137,771</u>
Total current tax	<u>137,771</u>
Deferred tax	
Origination and reversal of timing differences	(24,925)
Total deferred tax	<u>(24,925)</u>
	<u>112,846</u>
Taxation on profit/(loss) on ordinary activities	

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# REGENCY DESIGN & PRINT HOLDINGS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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### 9. Taxation (continued)

#### Factors affecting tax charge for the period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	2018 £
(Loss)/profit on ordinary activities before tax	(574,716)
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%.	(109,196)
Effects of:	
Expenses not deductible for tax purposes	108,937
Capital allowances for period in excess of depreciation	9,065
Provisions tax adjustment	3,592
Non-trade loan relationships debits per accounts	94,421
Fixed asset profit on disposals	1,542
Unrelieved profit on foreign subsidiaries	15,301
Exceptional costs	14,109
Deferred tax charge to profit or loss	(24,925)
Total tax charge for the period	112,846

#### Factors that may affect future tax charges

There were no factors that may affect future tax charges.

### 10. Exceptional items

	2018 £
Borrowing costs relating to business combination	236,500
Contribution to Employment Benefit Trust	105,875
	342,375



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# REGENCY DESIGN & PRINT HOLDINGS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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### 11. Intangible assets

#### Group

	Goodwill £
Cost	
Additions	5,882,205
At 30 June 2018	<u>5,882,205</u>
Amortisation	
Charge for the year	588,230
At 30 June 2018	<u>588,230</u>
Net book value	
At 30 June 2018	<u><u>5,293,975</u></u>

The company had no intangible assets.

# REGENCY DESIGN & PRINT HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

### 12. Tangible fixed assets

#### Group

	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
<b>Cost or valuation</b>					
Acquired on acquisition	234,478	1,595,489	276,407	315,181	2,421,555
Additions	-	-	-	17,560	17,560
Disposals	-	-	(64,719)	-	(64,719)
At 30 June 2018	234,478	1,595,489	211,688	332,741	2,374,396
<b>Depreciation</b>					
Acquired on acquisition	234,472	1,309,578	64,745	310,213	1,919,008
Charge for the period on owned assets	-	84,998	36,788	1,242	123,028
Disposals	-	-	(43,114)	-	(43,114)
At 30 June 2018	234,472	1,394,576	58,419	311,455	1,998,922
<b>Net book value</b>					
At 30 June 2018	6	200,913	153,269	21,286	375,474

The Company had no tangible fixed assets.

# REGENCY DESIGN & PRINT HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

### 13. Fixed asset investments

Company

	Investments in subsidiaries £
Cost or valuation	
Additions	8,389,122
At 30 June 2018	<u>8,389,122</u>
Net book value	
At 30 June 2018	<u><u>8,389,122</u></u>

### 14. Stocks

	Group 2018 £	Company 2018 £
Raw materials and consumables	207,688	-
Work in progress	24,812	-
	<u>232,500</u>	<u>-</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stock recognised in cost of sales during the year as an expense was £2,676,083.

Included in the above stock balance is a provision of £18,907.

# REGENCY DESIGN & PRINT HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

### 15. Debtors

	Group 2018 £	Company 2018 £
Trade debtors	2,249,756	-
Other debtors	8,160	3,048
Prepayments and accrued income	51,702	-
	<u>2,309,618</u>	<u>3,048</u>

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

	Group 2018 £	Company 2018 £
Bank loans	500,000	500,000
Trade creditors	1,059,029	6,558
Amounts owed to group undertakings	-	1,662,131
Corporation tax	137,771	-
Other taxation and social security	306,848	-
Obligations under finance lease and hire purchase contracts	84,908	-
Accruals and deferred income	264,705	63,750
	<u>2,353,261</u>	<u>2,232,439</u>

Included within creditors is an amount of £500,000 which is secured against the trade debtors and other assets of the company by a fixed and floating charge.

### 17. Creditors: Amounts falling due after more than one year

	Group 2018 £	Company 2018 £
Bank loans	1,500,000	1,500,000
Other loans	3,298,000	3,298,000
Net obligations under finance leases and hire purchase contracts	25,655	-
Other creditors	349,900	349,900
Preference shares	1,588,000	1,588,000
	<u>6,761,555</u>	<u>6,735,900</u>

Included within creditors is an amount of £4,798,000 which is secured against the trade debtors and other assets of the company by a fixed and floating charge.

# REGENCY DESIGN & PRINT HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

### 18. Bank and other loans

	Group 2018 £	Company 2018 £
Amounts falling due within one year	500,000	500,000
Amounts falling between 1-5 years	1,500,000	1,500,000
Other loans falling between 1-5 years	3,298,000	3,298,000
	<u>5,298,000</u>	<u>5,298,000</u>

### 19. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2018 £
Within one year	84,908
Between 1-5 years	20,454
	<u>105,362</u>

### 20. Financial instruments

	Group 2018 £
<b>Financial assets</b>	
Financial assets that are debt instruments measured at amortised cost	<u>2,257,914</u>
<b>Financial liabilities</b>	
Financial liabilities measured at amortised cost	<u>(8,977,045)</u>

Financial assets are debt instruments measured at amortised costs comprise of trade debtors and loans receivable but exclude cash.

Financial liabilities are measured at amortised cost comprise of trade and other creditors, accruals, loans payable and bank overdrafts.

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# REGENCY DESIGN & PRINT HOLDINGS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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### 21. Deferred taxation

#### Group

	2018 £
Acquired on acquisition	31,188
Charged to profit or loss	(24,925)
At end of year	<u>6,263</u>

#### At end of year

	Group 2018 £
Accelerated capital allowances	<u>6,263</u>
	<u>6,263</u>

### 22. Provisions

#### Group

	Dilapidations £
Charged to profit or loss	<u>36,666</u>
At 30 June 2018	<u>36,666</u>

The company had no provisions.

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# REGENCY DESIGN & PRINT HOLDINGS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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### 23. Share based payments

Regency Design and Print Holdings Limited has on 8 August 2017 granted unapproved share options in relation to 55,925 C Ordinary shares of £1 each to D C Harkness and 49,950 C Ordinary share of £1 each to J C Simpson, the directors of the group.

The shares become exercisable on 8 February 2019. The exercise price at the date of the share option agreement was £1.

The directors believe that the exercise price of £1 continues to remain the market value of the transaction as the value was as the value was determined as part of a recent business combination. Therefore no fair value adjustments have been included in the accounts.

### 24. Business combinations

On 8 August 2017, the group acquired 100% of the issued share capital of Regency Design and Print Limited for a consideration price of £8,389,122 including legal and other direct costs of £289,165.

On 8 August 2017, the net assets of Regency Design and Print Limited was £2,506,817. The goodwill arising on acquisition was £5,882,205.

#### Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £	Fair value £
Tangible	505,286	505,286
	<u>505,286</u>	<u>505,286</u>
Stocks	242,874	242,874
Debtors	2,626,987	2,626,987
Cash at bank and in hand	1,257,699	1,257,699
<b>Total assets</b>	<b>4,632,846</b>	<b>4,632,846</b>
Due within one year	(2,094,741)	(2,094,741)
Deferred tax on differences between fair value and tax bases	(31,188)	(31,188)
<b>Total identifiable net assets</b>	<b>2,506,917</b>	<b>2,506,917</b>
	<u><u>2,506,917</u></u>	<u><u>2,506,917</u></u>
Goodwill		5,882,205
<b>Total purchase consideration</b>		<b>8,389,122</b>
		<u><u>8,389,122</u></u>

# REGENCY DESIGN & PRINT HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

### 24. Business combinations (continued) Consideration

	£
Cash	4,877,000
Equity instruments	47,000
Debt instruments	1,588,000
Loan Notes	1,588,000
Directly attributable costs	289,122
<b>Total purchase consideration</b>	<b>8,389,122</b>

### Cash outflow on acquisition

	£
Purchase consideration settled in cash, as above	4,877,000
Directly attributable costs	531,482
	<b>5,408,482</b>
<b>Net cash outflow on acquisition</b>	<b>5,408,482</b>

The goodwill arising on acquisition is primarily attributable to the customer base and the specialist skills and expertise required to design and manufacture the goods for sale.

The results of Regency Design and Print Limited since its acquisition are as follows:

	Current period since acquisition £
Turnover for the period from 8 August 2017 to 30 June 2018	6,034,980
Profit after taxation for the period	816,370

### 25. Contingent liabilities

The group has given The Royal Bank of Scotland an unlimited cross guarantee. At 30 June 2018 Regency Design & Print Holdings Limited had a business term loan with the Royal Bank of Scotland of £2,000,000.



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# REGENCY DESIGN & PRINT HOLDINGS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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### 26. Commitments under operating leases

At 30 June 2018 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £
Not later than 1 year	134,671
Later than 1 year and not later than 5 years	412,849
	<u>547,520</u>

### 27. Related party transactions

During the period, D C Harkness, a director of the group, received an interest free loan of £12,970 from Regency Design and Print Limited. At the year end, D C Harkness owed £1,701 to Regency Design and Print Limited. An amount of £57,940 was repaid during the year.

During the period, J C Simpson, a director of the group, received an interest free loan of £8,326 from Regency Design and Print Limited. At the year end, J C Simpson owed £1,434 to Regency Design and Print Limited. An amount of £6,892 was repaid during the year.

On 8 August 2017 Regency Design and Print Holdings Limited contributed £105,875 to Regency Design and Print Holdings Limited Employee Benefit Trust, a settlement established on the same date to acquire 105,875 C Ordinary Shares of £1 each in Regency Design and Print Holdings Limited. Regency EBT Limited a subsidiary of Regency Design and Print Holdings Limited completed this transaction in its capacity as the trustee of Regency Design and Print Holdings Limited Employee Benefit Trust.

Included in the cost of acquisition is an amount of £57,000 which was paid to Foresight NF GP Limited, a shareholder of the parent company Regency Design and Print Holdings Limited. Included in creditors greater than one year is an amount of £1,710,000 relating to Fixed Rate Secured 'A' Loan Notes held by Foresight NF GP Limited. Interest is accrued on this loan at 8% per annum. These loan notes and interest are redeemable in 2022.

Included in creditors greater than one year is an amount of £1,588,000 relating to Fixed Rate Secured "B" Loan Notes held by D C Harkness, a director of the group. Interest is accrued on this loan at 8% per annum. The loan notes and interest are redeemable in 2022.

The directors of the company D C Harkness and J C Simpson have given personal guarantees in favour of Regency Design and Print Holdings Limited in respect of the above outstanding business term loan.

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# REGENCY DESIGN & PRINT HOLDINGS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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### 28. Post balance sheet events

On 3 August 2018, a Deed of Amendment was executed in relation to the Loan Note Instrument for the Fixed Rate Secured "B" Loan Notes 2022 as the Financial Condition in relation to the instrument was not met in the Test Period 1 February 2018 - 31 March 2018. In connection with this amendment, the interest for that period is cancelled. As a result of this, interest of £21,173 has been waived following the end of the accounting period. No adjustment has been reflected in these financial statements.

In addition on 3 August 2018, a variation to the rights attached to the redeemable preference shares was approved such that the company shall pay to the holders of the preference shares a fixed dividend at the rate of 0% per annum for the period 8 August 2017 to 31 January 2018. Thereafter, a preference dividend at the rate of 8% per annum shall accrue for each Test Period that the EBITDA of the group is not less than the Target EBITDA. As a result of this, accrued dividends of £81,793 have been waived. No adjustment has been reflected in these financial statements.

### 29. Controlling party

There is no one ultimate controlling party.