

DIRECTORS' REPORT AND FINANCIAL
STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2020

REGENCY DESIGN & PRINT
HOLDINGS LIMITED

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REGENCY DESIGN & PRINT HOLDINGS LIMITED

COMPANY INFORMATION

Directors	D C Harkness S R Moate (resigned 31 July 2020) J C Simpson (resigned 31 July 2020) M J Smith (resigned 31 July 2020) E M Kenny H T F Minnock (appointed 31 July 2020) D Riley (appointed 31 July 2020)
Company secretary	S West
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

REGENCY DESIGN & PRINT HOLDINGS LIMITED

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REGENCY DESIGN & PRINT HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2020

The directors present their report and the financial statements for the Year ended 30 June 2020.

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 Year were:

D C Harkness
S R Moate (resigned 31 July 2020)
J C Simpson (resigned 31 July 2020)
M J Smith (resigned 31 July 2020)
E M Kenny

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.

Auditors

The auditors, Menzies LLP, will be proposed for reappointment in accordance with section 487(2) 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.

REGENCY DESIGN & PRINT HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

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

E M Kenny
Director

Date: 30 June 2021

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

Opinion

We have audited the financial statements of Regency Design & Print Holdings Limited (the 'parent Company') and its subsidiaries (the 'Group') for the Year ended 30 June 2020, which comprise the Group Statement of comprehensive income, the Group and Company Statements of financial position, 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 2020 and of the Group's loss for the Year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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, 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.

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

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 Year 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.

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

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. 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.

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

30 June 2021

REGENCY DESIGN & PRINT HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	2020 £	2019 £
Turnover	5,096,305	6,072,602
Cost of sales	(3,591,324)	(3,807,639)
Gross profit	1,504,981	2,264,963
Administrative expenses	(2,336,994)	(2,594,967)
Exceptional administrative expenses	(28,919)	(1,057,808)
Operating loss	(860,932)	(1,387,812)
Interest payable and expenses	(220,394)	(198,001)
Loss before taxation	(1,081,326)	(1,585,813)
Tax on loss	130,017	97,700
Loss for the financial Year	(951,309)	(1,488,113)
 Total comprehensive income for the Year	 (951,309)	 (1,488,113)
(Loss) for the Year attributable to:		
Owners of the parent Company	(951,309)	(1,488,113)
	<u>(951,309)</u>	<u>(1,488,113)</u>
 Total comprehensive income for the Year attributable to:		
Owners of the parent Company	(951,309)	(1,488,113)
	<u>(951,309)</u>	<u>(1,488,113)</u>

The notes on pages 12 to 23 form part of these financial statements.

REGENCY DESIGN & PRINT HOLDINGS LIMITED

REGISTERED NUMBER:10751849

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	5	3,185,704	3,732,261
Tangible assets	6	121,176	283,968
		<u>3,306,880</u>	<u>4,016,229</u>
Current assets			
Stocks		472,149	254,301
Debtors: amounts falling due within one year	8	1,243,052	1,579,220
Cash at bank and in hand		817,345	269,014
		<u>2,532,546</u>	<u>2,102,535</u>
Creditors: amounts falling due within one year	9	(2,487,248)	(1,543,949)
Net current assets		<u>45,298</u>	<u>558,586</u>
Total assets less current liabilities		<u>3,352,178</u>	<u>4,574,815</u>
Creditors: amounts falling due after more than one year	10	(4,281,026)	(6,330,354)
Provisions for liabilities			
Deferred taxation		(595)	(595)
Other provisions	12	(116,666)	(76,666)
		<u>(117,261)</u>	<u>(77,261)</u>
Net assets excluding pension asset		<u>(1,046,109)</u>	<u>(1,832,800)</u>
Net liabilities		<u>(1,046,109)</u>	<u>(1,832,800)</u>
Capital and reserves			
Called up, allotted and fully paid share capital		1,697,745	108,245
Share premium account		383,130	234,630
Profit and loss account		(3,126,984)	(2,175,675)
Equity attributable to owners of the parent Company		<u>(1,046,109)</u>	<u>(1,832,800)</u>
		<u>(1,046,109)</u>	<u>(1,832,800)</u>

REGENCY DESIGN & PRINT HOLDINGS LIMITED

REGISTERED NUMBER:10751849

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED) AS AT 30 JUNE 2020

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

E M Kenny

Director

Date: 30 June 2021

The notes on pages 12 to 23 form part of these financial statements.

REGENCY DESIGN & PRINT HOLDINGS LIMITED

REGISTERED NUMBER:10751849

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	2020 £	2019 £
Fixed assets			
Investments	7	3,685,579	3,685,579
		<u>3,685,579</u>	<u>3,685,579</u>
Current assets			
Debtors: amounts falling due within one year	8	10,308	1,120
Cash at bank and in hand		-	1,171
		<u>10,308</u>	<u>2,291</u>
Creditors: amounts falling due within one year	9	(3,455,144)	(2,866,738)
Net current liabilities		<u>(3,444,836)</u>	<u>(2,864,447)</u>
Total assets less current liabilities		<u>240,743</u>	<u>821,132</u>
Creditors: amounts falling due after more than one year	10	(4,281,026)	(6,330,354)
Net assets excluding pension asset		<u>(4,040,283)</u>	<u>(5,509,222)</u>
Net liabilities		<u>(4,040,283)</u>	<u>(5,509,222)</u>
Capital and reserves			
Called up, allotted and fully paid share capital		1,697,745	108,245
Share premium account		383,130	234,630
Profit and loss account brought forward	(5,852,097)	(915,706)	
Loss for the Year	(269,061)	(4,936,391)	
Profit and loss account carried forward		<u>(6,121,158)</u>	<u>(5,852,097)</u>
		<u>(4,040,283)</u>	<u>(5,509,222)</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:

E M Kenny
Director

Date: 30 June 2021

The notes on pages 12 to 23 form part of these financial statements.

REGENCY DESIGN & PRINT HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Called up share capital	Share premium account	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£	£	£	£	£
At 1 July 2018	108,245	234,630	(687,562)	(344,687)	(344,687)
Comprehensive income for the year					
	-	-	(1,488,113)	(1,488,113)	(1,488,113)
Loss for the year					
	-	-	-	-	-
Total transactions with owners					
	108,245	234,630	(2,175,675)	(1,832,800)	(1,832,800)
At 1 July 2019					
Comprehensive income for the Year					
	-	-	(951,309)	(951,309)	(951,309)
Loss for the Year					
Shares issued during the Year	1,589,500	148,500	-	1,738,000	1,738,000
	1,697,745	383,130	(3,126,984)	(1,046,109)	(1,046,109)
At 30 June 2020					

The notes on pages 12 to 23 form part of these financial statements.

REGENCY DESIGN & PRINT HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 July 2018	108,245	234,630	(915,706)	(572,831)
Comprehensive income for the year				
Loss for the period	-	-	(4,936,391)	(4,936,391)
Total comprehensive income for the year	-	-	(4,936,391)	(4,936,391)
Total transactions with owners	-	-	-	-
At 1 July 2019	108,245	234,630	(5,852,097)	(5,509,222)
Comprehensive income for the year				
Loss for the Year	-	-	(269,061)	(269,061)
Contributions by and distributions to owners				
Shares issued during the Year	1,589,500	148,500	-	1,738,000
At 30 June 2020	<u>1,697,745</u>	<u>383,130</u>	<u>(6,121,158)</u>	<u>(4,040,283)</u>

The notes on pages 12 to 23 form part of these financial statements.

REGENCY DESIGN & PRINT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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 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. Going concern

The group has made a loss before tax of £1,081,326 for the period ended 30 June 2020 (2019: £1,585,813) and had net liabilities of £1,046,109 at 30 June 2020 (2019: £1,832,800).

Included within the loss before tax were exceptional costs amounting to £28,919 (2019: £1,057,808).

Fixed Rate Secured 'A' loan notes amounting to £1,810,000 and Fixed Rate Secured 'B' loan notes amounting to £1,588,000 are not redeemable before 2024, therefore despite being in a net liabilities position as at the year end, the Group has net current assets of £45,298 (2019: £558,586).

During the year the Group restructured its debt, secured a receivables facility with Secure Trust, reduced its debt to RBS by £675,000 repayable over the period to June 2024 and in common with many other businesses deferred some payments to HMRC.

The Group is in contact with HMRC with a view to agreeing a repayment plan for those amounts deferred as a result of the pandemic.

The Group adapted quickly to the pandemic introducing several hygiene related products such as face visors, hand sanitiser stations and queuing stands to bolster the lower volumes from the traditional hospitality and consumer retail sector.

However, despite this, the Coronavirus pandemic is creating significant uncertainty globally and the group is not immune to this. The directors are working to ensure the safety of their employees and maintaining the continuity of their operations as far as they are able, whilst adhering to Government advice. However, the directors have taken all relevant measures to ensure they are able to safeguard cashflow, jobs, customers and supply chains to put them in the best possible position to be able to pick up on opportunities as they arise once business starts to return to normal.

Since the year end, the group has taken a Bounce Back Loan, furloughed some staff and had ongoing communication with its financiers to ensure continued support and availability of cash to meet debts as they fall due.

Although the Group breached its financial covenants with its financiers in the year and post year end, the banks have remained fully supportive of the group and consequently the directors have received confirmation that these breaches have been waived and the covenants renegotiated to achievable targets. This agreement was reached on 30 June 2021.

The group has prepared financial forecasts through to 30 June 2027 which show that the group has sufficient cashflow headroom until the forecasts show a return to profitability in 2024.

The Directors believe that the actions they have taken should enable them to continue in operational existence for the foreseeable future.

Accordingly, the financial statements continue to adopt the going concern basis.

REGENCY DESIGN & PRINT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

3. Accounting policies

3.1 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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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:

3.2 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.

3.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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.

3.4 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 01 July 2018 to continue to be charged over the period to the first market rent review rather than the term of the lease.

3.5 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.

REGENCY DESIGN & PRINT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

3. Accounting policies (continued)

3.6 Tangible fixed assets

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

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.

3.7 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.

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.

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

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

The estimated useful lives range as follows:

Website and software development costs - Straight line over 4 years

Goodwill - Straight line over 10 years

3.8 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.

REGENCY DESIGN & PRINT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

3. Accounting policies (continued)

3.9 Borrowing costs

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

3.10 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.

3.11 Current and deferred taxation

The tax expense for the Year 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.

3.12 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.

REGENCY DESIGN & PRINT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

3. Accounting policies (continued)

3.13 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

3.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

3.15 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.

3.16 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 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 from related parties and investments in ordinary shares.

4. Employees

The average monthly number of employees, including directors, during the year was 37 (2019 - 42).

REGENCY DESIGN & PRINT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

5. Intangible assets

Group

	Computer software	Goodwill	Total
	£	£	£
Cost			
At 1 July 2019	62,243	5,882,205	5,944,448
Additions	69,888	-	69,888
At 30 June 2020	<u>132,131</u>	<u>5,882,205</u>	<u>6,014,336</u>
Amortisation			
At 1 July 2019	15,561	2,196,626	2,212,187
Charge for the year	28,237	588,208	616,445
At 30 June 2020	<u>43,798</u>	<u>2,784,834</u>	<u>2,828,632</u>
Net book value			
At 30 June 2020	<u>88,333</u>	<u>3,097,371</u>	<u>3,185,704</u>
At 30 June 2019	<u>46,682</u>	<u>3,685,579</u>	<u>3,732,261</u>

The company has no intangible fixed assets.

REGENCY DESIGN & PRINT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

6. Tangible fixed assets

Group

	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
Cost or valuation					
At 1 July 2019	234,478	1,595,489	211,688	340,765	2,382,420
Additions	-	-	-	8,841	8,841
Disposals	-	-	(151,780)	-	(151,780)
At 30 June 2020	234,478	1,595,489	59,908	349,606	2,239,481
Depreciation					
At 1 July 2019	234,472	1,458,324	92,959	312,697	2,098,452
Charge for the Year on owned assets	-	36,746	16,070	20,800	73,616
Disposals	-	-	(53,763)	-	(53,763)
At 30 June 2020	234,472	1,495,070	55,266	333,497	2,118,305
Net book value					
At 30 June 2020	6	100,419	4,642	16,109	121,176
At 30 June 2019	6	137,165	118,729	28,068	283,968

The company has no tangible fixed assets.

REGENCY DESIGN & PRINT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

7. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 July 2019	3,685,579
At 30 June 2020	<u>3,685,579</u>
Net book value	
At 30 June 2020	<u>3,685,579</u>
<i>At 30 June 2019</i>	<u>3,685,579</u>

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Regency Design & Print Limited	Lamb's Business Park Terracotta Road, South Godstone, Godstone, Surrey, RH9 8LJ	Ordinary	100 %

8. Debtors

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade debtors	1,194,025	1,460,851	-	-
Other debtors	12,283	3,116	10,308	1,120
Prepayments and accrued income	36,744	47,641	-	-
Tax recoverable	-	67,612	-	-
	<u>1,243,052</u>	<u>1,579,220</u>	<u>10,308</u>	<u>1,120</u>

REGENCY DESIGN & PRINT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

9. Creditors: Amounts falling due within one year

	Group 2020 £	<i>Group</i> <i>2019</i> £	Company 2020 £	<i>Company</i> <i>2019</i> £
Bank overdrafts	53,964	-	53,964	-
Bank loans	191,667	500,000	191,667	500,000
Trade creditors	1,577,194	758,215	14,458	2,369
Amounts owed to group undertakings	-	-	3,127,640	2,353,543
Corporation tax	-	36,648	-	-
Other taxation and social security	411,273	107,513	-	-
Obligations under finance lease and hire purchase contracts	-	32,739	-	-
Other creditors	39,347	23,000	35,000	-
Accruals and deferred income	213,803	85,834	32,415	10,826
	<u>2,487,248</u>	<u>1,543,949</u>	<u>3,455,144</u>	<u>2,866,738</u>

The bank loans and overdrafts are secured by a debenture over the assets of the Company and by way of an unlimited intercompany guarantee within the Group.

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

	Group 2020 £	<i>Group</i> <i>2019</i> £	Company 2020 £	<i>Company</i> <i>2019</i> £
Bank loans	335,416	1,000,000	335,416	1,000,000
Other loans	3,398,000	3,298,000	3,398,000	3,298,000
Other creditors	547,610	444,354	547,610	444,354
Preference shares	-	1,588,000	-	1,588,000
	<u>4,281,026</u>	<u>6,330,354</u>	<u>4,281,026</u>	<u>6,330,354</u>

The bank loans are secured by a debenture over the assets of the Company and by way of an unlimited intercompany guarantee within the Group.

An amount of £1,810,000 (2019: £1,710,000) included within other loans is secured by way of a fixed and floating charge over the assets of the Group.

An amount of £362,514 (2019: £259,258) included within other creditors is secured by way of a fixed and floating charge over the assets of the Group.

REGENCY DESIGN & PRINT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

11. Bank and other loans

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Amounts falling due within one year	191,667	500,000	191,667	500,000
	<u>191,667</u>	<u>500,000</u>	<u>191,667</u>	<u>500,000</u>
Amounts falling between 1-5 years	335,416	1,000,000	335,416	1,000,000
Other loans falling between 1-5 years	3,398,000	3,298,000	3,398,000	3,298,000
	<u>3,733,416</u>	<u>4,298,000</u>	<u>3,733,416</u>	<u>4,298,000</u>
	<u><u>3,925,083</u></u>	<u><u>4,798,000</u></u>	<u><u>3,925,083</u></u>	<u><u>4,798,000</u></u>

12. Provisions

Group

	Dilapidations £
At 1 July 2019	76,666
Charged to profit or loss	40,000
At 30 June 2020	<u><u>116,666</u></u>

The Company had no provisions.

13. Share capital

	2020 £	2019 £
Shares classified as equity		
Allotted, called up and fully paid		
272,500 (2019 - 190,000) Ordinary A shares of £0.01 each	2,725	1,900
114,500 (2019 - 47,000) Ordinary B shares of £0.01 each	1,145	470
105,875 (2019 - 105,875) Ordinary C shares of £1.00 each	105,875	105,875
1,588,000 (2019 - Nil) £1 Deferred shares of £1.00 each	1,588,000	-
	<u><u>1,697,745</u></u>	<u><u>108,245</u></u>

2019

REGENCY DESIGN & PRINT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

13. Share capital (continued)

Shares classified as debt

£

Allotted, called up and fully paid

Nil (2019 - 1,588,000) Shares classified as liability shares of £1.00 each	-	<u>1,588,000</u>
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In March 2020, 82,500 £0.01 Ordinary A shares were issued for a total consideration of £82,500.

In March 2020, 67,500 £0.01 Ordinary B shares were issued for a total consideration of £67,500.

In March 2020, the 1,588,000 redeemable £1.00 Preference shares were exchanged for 1,588,000 £1.00 Deferred shares.

All ordinary shares participate equally in dividends and distributions after the preference shares are redeemed. The preference shares are not entitled to voting rights.

The deferred shares are not redeemable, carry no right to participate in a capital distribution and have no voting rights. They do have a right to a fixed dividend of 0.1% per annum.

14. Share based payments

On 8 August 2017, Regency Design and Print Holdings Limited granted unapproved share options comprising 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, directors of the group.

The shares became exercisable on 8 February 2019. The exercise price at the date of the share option agreement was £1. At 30 June 2020 no share options have become exercised.

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 transaction. Therefore no fair value adjustments have been included in the accounts.

15. Contingent liabilities

The Group has given The Royal Bank of Scotland PLC an unlimited cross guarantee in favour of Regency Design & Print Holdings Limited. At 30 June 2020, Regency Design & Print Holdings Limited had a business term loan and overdraft with the Royal Bank of Scotland totalling to an amount of £581,047 (2019: £1,500,000).

Although the Group was in breach of its financial covenants at the year end, in December 2020 the Royal Bank of Scotland plc formally agreed to waive the breaches and in June 2021 they waived further breaches together with the renegotiation of future financial covenants to achievable targets. Consequently, the bank have not called upon their guarantee and it is not considered probable that the group will be required to settle this liability. As a result no provision is made within these financial statements.

REGENCY DESIGN & PRINT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

16. Commitments under operating leases

At 30 June 2020 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2020 £	<i>Group 2019 £</i>
Not later than 1 year	136,267	140,566
Later than 1 year and not later than 5 years	145,055	281,322
	<u>281,322</u>	<u>421,888</u>

The Company had no commitments under operating leases.

17. Related party transactions

Included in creditors greater than one year is an amount of £1,810,000 (2019: £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 until March 2020, when the interest dropped to 2% per annum. These loan notes and interest are redeemable in 2024.

Included in creditors greater than one year is an amount £1,588,000 (2019: £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 as long as certain financial conditions are met. Loan interest accrued for the year ended 30 June 2020 amounted to £Nil (2019: write back of previous interest accrued of £21,173). The loan notes and interest are redeemable in 2024.

The director, D C Harkness, has given personal guarantees in favour of Regency Design and Print Holdings in respect of the outstanding business term loan.

At 30 June 2020, D C Harkness was owed £35,000 (2019: £Nil) by the Company. This loan has been repaid post year end.

During the year, a company car was sold to E M Kenny, a director of the company, at below market value.

18. Controlling party

There is no one ultimate controlling party.

19. Post balance sheet events

In December 2020, the group restructured its debt with its bank, as follows:

The repayment terms of the business term loan with The Royal Bank of Scotland plc was extended by 1 year so that it is now repayable in quarterly instalments by 31 March 2024. As part of this agreement, the bank refunded to the the Company £95,833 in relation to the June 2020 and September 2020 payment instalments. Further, the bank has formally waived the financial covenant breaches which existed under the loan agreement at the year end.

On 30 June 2021 the bank waived further post year end covenant breaches and renegotiated future financial covenants based on achievable targets.

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