

SIMPSON GROUP HOLDINGS LIMITED
Annual Report and Consolidated Financial Statements
for the Year Ended 31 December 2021

Simpson Group Holdings Limited

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Simpson Group Holdings Limited

Company Information

Directors	S Tishler D L Dowson M Jerrard
Registered office	Influence Park Rutherford Road Stephenson Industrial Estate Washington Tyne & Wear NE37 3HX
Auditor	Azets Audit Services Chartered Accountants & Statutory Auditor Bulman House Regent Centre Gosforth Newcastle upon Tyne NE3 3LS

Simpson Group Holdings Limited

Strategic Report for the Year Ended 31 December 2021

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

Principal activity

The principal activity of the company is that of a holding company. The Group's principal activity was the provision of Point of Sale (POS) and Point of Purchase (POP) materials and related services.

Fair review of the business

The group has done well to maintain a prominent level of sales, however, profitability has been negatively impacted by the effects of Covid-19 in the first half of the year and by unprecedented raw material price increases throughout the whole of the year. Certain sectors in which we operate have yet to recover to pre-pandemic levels which has an obvious impact on campaign management, with spend reduced generally and clients ever more willing to shop around for the lowest price. Paper and board prices increased monthly and it was not always possible to pass these increases on to retailers, this has seen margins squeezed and has resulted in the loss for the financial year.

The company's key financial and other performance indicators during the year were as follows:

	Unit	2021	2020
Turnover growth (annualised)	%	-	(2)
EBITDA growth (annualised)	%	(68)	62
Gross profit	%	24	32
EBITDA	£	484,549	1,492,938
Sales per employee (annualised)	£	80,541	88,544
Gross profit per employee (annualised)	£	19,270	27,887

In addition to these, the group closely monitors sales order intake, cash flow, value added margin and reworks on a daily basis.

Environment and sustainability

The directors remain committed to developing sustainable systems and processes across all operations. Our non-hazardous waste is now 100% recycled, with anything marked as general waste being diverted to a waste for fuel scheme. Certifications for ISO 14001, ISO 9001 along with FSC and PEFC CofC remain in place. We continue to meet our target for the BPIF Climate Change Levy umbrella agreement and continue to play an active part in the BPIF (British Printing Industries Federation) Environmental Forum Steering Group. Waste monitoring continues to comply with the recently introduced Plastic Packaging Tax and the 2024 planned Extended Producer Responsibility regulations. We are also beginning to develop our Net Zero / Carbon Neutral position with support from the BPIF. Our Web 2 Print and Shop 4 Pop options extend our sustainability programme to our clients, permitting them to order bespoke products and quantities, which can be tailored to their estate profiles, reducing their printed waste.

Simpson Group Holdings Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

Principal risks and uncertainties

Credit risk

One of the major risks to the business is incurring bad debts, particularly with the current volatility in the retail sector. We have credit insurance in place to mitigate this risk and have managed to maintain an acceptable level of cover on all major customers. We trade with some of our largest end users via print management companies and in these instances, the risk of significant bad debts sits with the print management companies.

Market risk

The directors expect the number of high street stores to continue to reduce in the face of the challenging environment however we are still seeing strong demand for in-store advertising displays from those retailers who take advantage of the opportunities that these changes bring. The directors have plans in place to build on recent successes and continue to develop products for new market places to mitigate against the risk of trading in the high street retail sector.

Legislative and regularity risk

The directors remain alert to the impact of regulatory and legislative changes on the group's operations. Factors such as 'Brexit' are of particular concern. The directors have developed plans for this scenario which it hopes will mitigate some of the impact of these developments on the group's operations.

Competitor actions

The directors continue to take appropriate steps to develop new products and markets and to protect the intellectual property of the group in all of the areas where it operates.

Approved and authorised for issue by the Board on 22 December 2022 and signed on its behalf by:

.....

M Jerrard

Director

Simpson Group Holdings Limited

Directors' Report for the Year Ended 31 December 2021

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

Directors of the group

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

S Tishler

D L Dowson

K R Wills (resigned 16 November 2022)

D D'Arcy (resigned 14 July 2022)

M Jerrard

Financial instruments

Objectives and policies

The group finances its activities with a combination of invoice financing facilities, finance leases and hire purchase contracts, cash and short term deposits. Overdrafts are used to satisfy short term cash flow requirements. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the Group's operating activities.

Price risk, credit risk, liquidity risk and cash flow risk

Price risk

Price risk is the risk that changes in raw material prices have the potential to impact on the profitability of the group. The group does not consider that it is materially exposed to price risk.

Credit risk

Credit risk is the risk that one party of a financial instrument will cause a financial loss for the other party by failing to discharge its obligation. Group policies are aimed at minimising such losses and require customers to satisfy credit worthiness procedures prior to acceptance of contracts. The group also utilises insurance policies to protect against non-payment of debt. The group does not consider that it is materially exposed to credit risk.

Cash flow and liquidity risk

Cash flow and liquidity risk is the risk that a group's available cash will not be sufficient to meet its financial obligations. The group actively manages its cash flow position including collection of debts and timely payment of creditors and the group ensures there is an adequate liquidity buffer to cover contingencies. The risk is further mitigated by managing cash generated by operations.

Future developments

See disclosures within the Strategic Report regarding future developments of the group.

Simpson Group Holdings Limited

Directors' Report for the Year Ended 31 December 2021 (continued)

Going concern

The group meets its day to day working capital requirements via cash generated from operations along with external bank and finance funding.

The group took the decision to settle the deferred consideration owed to previous shareholders during 2021 and replace with external bank borrowings.

The group has maintained a good level of sales throughout 2021, however, profitability was negatively impacted by the effects of Covid-19 in the first half of the year and by unplanned raw material price increases.

Following a weaker than forecast performance in late 2021 and early 2022, the group was in breach of the financial covenants agreed with its bankers. The bank have acknowledged the breaches and have subsequently, at the date of approval of these financial statements, set new financial covenants to which the group are required to adhere to. The new financial covenants have been agreed taking into account future forecasts. The group has been in regular communication with its bankers and this has been acknowledged by the issue of an amendment to the original Facility Letter dated 10 August 2021.

The amendment to the original Facility letter agrees to provide the facilities under the Facility letter in accordance with the amendments and confirmed no action will be taken as a result of the prior breach of the financial covenants. The bank has confirmed they are willing to waive the previous breaches on the basis that the revised covenant levels are legally binding.

In addition to the amendment to the bank facility, a new finance facility has been secured against a group asset. The bank willingly released the security on this asset and the funds were received in December 2022.

In their assessment of going concern the directors have taken into account the additional support from their bankers and the cash injection into the group.

At the time of approval of these financial statements, there is once again uncertainty due to the current economic situation with regard to inflation and the energy crisis. The directors have therefore considered the impact on trading performance but the directors are confident that there is sufficient cash flow and existing facilities to trade through and have had positive discussions with customers and successfully secured price increases, with index linked increases built in.

The directors have prepared cash flow forecasts which cover at least 12 months from the date of approval of these financial statements which indicate that the group should have sufficient funds, through its operating cash flows and existing cash balances, to meet its liabilities as they fall due for that period. Based on the above the financial statements have been prepared on a going concern basis.

Disclosure of information to the auditor

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

Simpson Group Holdings Limited

Directors' Report for the Year Ended 31 December 2021 (continued)

Reappointment of auditors

Azets Audit Services Limited, trading as Azets Audit Services, were appointed auditor to the company following their acquisition of the trade of Tait Walker LLP, trading as MHA Tait Walker, on 1 May 2022.

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Azets Audit Services as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved and authorised for issue by the Board on 22 December 2022 and signed on its behalf by:

.....
M Jerrard

Director

Simpson Group Holdings Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company 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 and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

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

Simpson Group Holdings Limited

Independent Auditor's Report to the Members of Simpson Group Holdings Limited

Opinion

We have audited the financial statements of Simpson Group Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021, which comprise the Consolidated Income Statement, Consolidated Statement of Financial Position, Statement of Financial Position, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes to the Financial Statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Simpson Group Holdings Limited

Independent Auditor's Report to the Members of Simpson Group Holdings Limited (continued)

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 7], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor Responsibilities for the audit of the financial statements

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

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

- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness;

Simpson Group Holdings Limited

Independent Auditor's Report to the Members of Simpson Group Holdings Limited (continued)

- enquiries of management about any known or suspected instances of non-compliance with laws and regulations and fraud;
- challenging assumptions and judgements made by management in their significant accounting estimates; and
- reviewing financial statement disclosures and testing to support documentation.

Because of the field in which the client operates, we identified the following areas as those most likely to have a material impact on the financial statements: Health and Safety; employment law (including the Working Time Directive); and compliance with the UK Companies Act.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

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

Use of our report

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

.....
Christopher Potter BA (Hons) (Senior Statutory Auditor)
For and on behalf of Azets Audit Services
Statutory Auditor
Chartered Accountants
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

23 December 2022

Azets Audit Services is a trading name of Azets Audit Services Limited

Simpson Group Holdings Limited

Consolidated Income Statement for the Year Ended 31 December 2021

		Year ended 31 December 2021 £	1 November 2019 to 31 December 2020 £
	Note		
Turnover	<u>3</u>	12,000,650	14,049,040
Cost of sales		<u>(9,129,463)</u>	<u>(9,624,228)</u>
Gross profit		2,871,187	4,424,812
Administrative expenses		(3,656,788)	(4,364,298)
Other operating income	<u>4</u>	<u>354,339</u>	<u>460,628</u>
Operating (loss)/profit	<u>5</u>	(431,262)	521,142
Other interest receivable and similar income	<u>6</u>	126	179
Interest payable and similar expenses	<u>7</u>	<u>(117,182)</u>	<u>(188,283)</u>
(Loss)/profit before tax		(548,318)	333,038
Taxation	<u>10</u>	<u>17,725</u>	<u>(106,728)</u>
(Loss)/profit for the financial year		<u><u>(530,593)</u></u>	<u><u>226,310</u></u>

The group has no recognised gains or losses for the year other than the results above.

The notes on pages 17 to 35 form an integral part of these financial statements.

Simpson Group Holdings Limited

(Registration number: 11299837)

Consolidated Statement of Financial Position as at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	<u>11</u>	1,928,909	2,049,123
Tangible assets	<u>12</u>	1,699,837	1,726,545
Investments	<u>13</u>	1	-
		<u>3,628,747</u>	<u>3,775,668</u>
Current assets			
Stocks	<u>14</u>	357,474	358,712
Debtors	<u>15</u>	2,584,496	2,882,755
Cash at bank and in hand		194,562	230,165
		<u>3,136,532</u>	<u>3,471,632</u>
Creditors: Amounts falling due within one year	<u>17</u>	(5,647,790)	(5,278,026)
Net current liabilities		<u>(2,511,258)</u>	<u>(1,806,394)</u>
Total assets less current liabilities		1,117,489	1,969,274
Creditors: Amounts falling due after more than one year	<u>17</u>	(975,175)	(1,422,459)
Provisions for liabilities	<u>19</u>	(300,595)	(174,503)
Net (liabilities)/assets		<u>(158,281)</u>	<u>372,312</u>
Capital and reserves			
Called up share capital	<u>21</u>	75,000	75,000
Capital redemption reserve	<u>22</u>	25,000	25,000
Profit and loss account	<u>22</u>	(258,281)	272,312
Total equity		<u>(158,281)</u>	<u>372,312</u>

Approved and authorised for issue by the Board on 22 December 2022 and signed on its behalf by:

.....
M Jerrard
Director

The notes on pages 17 to 35 form an integral part of these financial statements.

Simpson Group Holdings Limited

(Registration number: 11299837)

Statement of Financial Position as at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Investments	<u>13</u>	2,786,395	2,786,395
Creditors: Amounts falling due within one year	<u>17</u>	<u>(2,279,061)</u>	<u>(2,247,648)</u>
Total assets less current liabilities		507,334	538,747
Creditors: Amounts falling due after more than one year	<u>17</u>	<u>-</u>	<u>(358,627)</u>
Net assets		<u>507,334</u>	<u>180,120</u>
Capital and reserves			
Called up share capital		75,000	75,000
Capital redemption reserve		25,000	25,000
Profit and loss account		<u>407,334</u>	<u>80,120</u>
Total equity		<u>507,334</u>	<u>180,120</u>

The company made a profit after tax for the financial year of £327,214.

Approved and authorised for issue by the Board on 22 December 2022 and signed on its behalf by:

.....
M Jerrard
Director

The notes on pages 17 to 35 form an integral part of these financial statements.

Simpson Group Holdings Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2021

Equity attributable to the parent company

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £	Total equity £
At 1 November 2019	75,000	25,000	46,002	146,002	146,002
Profit for the period	-	-	226,310	226,310	226,310
Total comprehensive income	-	-	226,310	226,310	226,310
At 31 December 2020	75,000	25,000	272,312	372,312	372,312
	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £	Total equity £
At 1 January 2021	75,000	25,000	272,312	372,312	372,312
Loss for the year	-	-	(530,593)	(530,593)	(530,593)
Total comprehensive income	-	-	(530,593)	(530,593)	(530,593)
At 31 December 2021	75,000	25,000	(258,281)	(158,281)	(158,281)

The notes on pages 17 to 35 form an integral part of these financial statements.

Simpson Group Holdings Limited

Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital	Capital redemption reserve	Profit and loss account	Total
	£	£	£	£
At 1 November 2019	75,000	25,000	263,901	363,901
Loss for the period	-	-	(183,781)	(183,781)
Total comprehensive income	-	-	(183,781)	(183,781)
At 31 December 2020	75,000	25,000	80,120	180,120

	Share capital	Capital redemption reserve	Profit and loss account	Total
	£	£	£	£
At 1 January 2021	75,000	25,000	80,120	180,120
Profit for the year	-	-	327,214	327,214
Total comprehensive income	-	-	327,214	327,214
At 31 December 2021	75,000	25,000	407,334	507,334

The notes on pages 17 to 35 form an integral part of these financial statements.

Simpson Group Holdings Limited

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

		Year ended 31 December 2021 £	1 November 2019 to 31 December 2020 £
	Note		
Cash flows from operating activities			
(Loss)/profit for the year		(530,593)	226,310
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	920,410	1,079,991
Profit on disposal of tangible assets		(44,888)	-
Finance income	6	(126)	(179)
Finance costs	7	117,182	188,283
Income tax expense	10	(17,725)	106,728
		444,260	1,601,133
Working capital adjustments			
Decrease/(increase) in stocks	14	1,238	(16,970)
Decrease in trade debtors	15	442,042	394,147
Decrease in trade creditors	17	(1,016,202)	(577,925)
Cash generated from operations		(128,662)	1,400,385
Income taxes (paid)/received	10	(143,783)	39,463
Net cash flow from operating activities		(272,445)	1,439,848
Cash flows from investing activities			
Interest received		126	179
Acquisitions of tangible assets		(78,516)	(195,309)
Acquisition of intangible assets	11	(75,000)	-
Acquisition of subsidiary net of cash received		(1)	-
Net cash flows from investing activities		(153,391)	(195,130)
Cash flows from financing activities			
Interest paid	7	(117,182)	(188,283)
Proceeds from bank borrowing draw downs		854,000	-
Repayment of bank borrowing		(53,375)	-
Net movement on invoice finance advances		48,262	(807,253)
Payments to finance lease creditors		(341,472)	(247,250)
Net cash flows from financing activities		390,233	(1,242,786)
Net (decrease)/increase in cash and cash equivalents		(35,603)	1,932
Cash and cash equivalents at 1 January		230,165	228,233
Cash and cash equivalents at 31 December		194,562	230,165

The notes on pages 17 to 35 form an integral part of these financial statements.

Simpson Group Holdings Limited

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

1 General information

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

The address of its registered office is Influence Park, Rutherford Road, Stephenson Industrial Estate, Washington, Tyne & Wear, NE37 3HX.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Companies Act 2006'.

Basis of preparation

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

FRS 102 has been applied early as permitted by the standard.

These financial statements are prepared in sterling which is the functional currency of the entity.

Summary of disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

(a) Disclosures in respect of each class of share capital have not been presented.

(b) No cash flow statement has been presented for the company.

(c) Disclosures in respect of financial instruments have not been presented.

(d) No disclosure has been given for the aggregate remuneration of key management personnel.

The Company has taken advantage of the exemption available under paragraph 33.1A of FRS 102 and does not disclose related party transactions with members of the same group that are wholly owned.

Basis of consolidation

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

No Income Statement is presented for the company as permitted by section 408 of the Companies Act 2006. The company made a profit after tax for the financial year of £327,214 (2020 - loss of £183,781).

Simpson Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

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

The results of subsidiaries acquired or disposed of during the year are included in the Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

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

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

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

Simpson Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Judgements

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 judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Impairment of trade debtors - The group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

Taxation - Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Impairment of tangible assets - The group considers whether the tangible assets are impaired. When an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Useful economic lives of tangible assets - The annual depreciation charge is sensitive to changes in the estimated useful lives of the assets. The useful economic lives are re-assessed annually. They are amended when necessary to reflect current estimates, future investments and economic utilisation. The carrying amount is £1,699,837 (2020 - £1,726,545).

Impairment of debtors - The company makes an estimate of the recoverable value of the trade and other debtors. When assessing impairment of trade and other debtor, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

Revenue recognition

Turnover comprises the value of sales (excluding VAT and trade discounts) of goods and services to customers. Turnover is recognised on completion of projects.

Government grants

Government grants are recognised using the accrual model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Simpson Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Tax

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

The current 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 group operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the consolidated financial statements. Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold property	2% straight line
Short leasehold property	20% straight line
Plant and machinery	5 - 20% straight line / 15% reducing balance
Fixtures and fittings	33 - 50% straight line / 15% reducing balance
Motor vehicles	25% straight line
Equipment	20 - 50% straight line

Business combinations

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

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Simpson Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Intangible assets

Separately acquired trademarks and licences are shown at historical cost.

Trademarks, licences (including software) and customer-related intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

Trademarks, licences and customer-related intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation

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

Asset class	Amortisation method and rate
Goodwill	10 years straight line

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment. Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

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

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Simpson Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Trade creditors

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

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

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

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

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

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance costs in the income statement and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Simpson Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Defined contribution pension obligation

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

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

3 Revenue

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

	Year ended 31 December 2021 £	1 November 2019 to 31 December 2020 £
Sale of goods	11,796,350	13,717,053
Rendering of services	204,300	331,987
	<u>12,000,650</u>	<u>14,049,040</u>

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

	Year ended 31 December 2021 £	1 November 2019 to 31 December 2020 £
UK	11,968,570	13,982,801
Europe	32,080	66,239
	<u>12,000,650</u>	<u>14,049,040</u>

4 Other operating income

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

	Year ended 31 December 2021 £	1 November 2019 to 31 December 2020 £
Government grants	351,515	459,678
Other operating income	2,824	950
	<u>354,339</u>	<u>460,628</u>

Simpson Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

4 Other operating income (continued)

Included within government grants for the period is £340,715 (2020 - £447,078) receivable from the Coronavirus Job Retention Scheme.

5 Operating (loss)/profit

Arrived at after charging/(crediting)

	Year ended 31 December 2021 £	1 November 2019 to 31 December 2020 £
Depreciation expense	650,196	764,741
Amortisation expense	270,214	315,250
Operating lease expense - plant and machinery	57,714	45,753
Profit on disposal of property, plant and equipment	(44,888)	-

6 Other interest receivable and similar income

	Year ended 31 December 2021 £	1 November 2019 to 31 December 2020 £
Other finance income	126	179

7 Interest payable and similar expenses

	Year ended 31 December 2021 £	1 November 2019 to 31 December 2020 £
Interest on bank overdrafts and borrowings	36,618	40,349
Interest on obligations under finance leases and hire purchase contracts	67,480	74,212
Interest expense on other finance liabilities	13,084	68,593
Other finance costs	-	5,129
	117,182	188,283

Simpson Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

8 Staff costs

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

	Year ended 31 December 2021 £	1 November 2019 to 31 December 2020 £
Wages and salaries	3,585,403	3,691,271
Social security costs	231,406	269,404
Pension costs, defined contribution scheme	177,250	202,236
	<u>3,994,059</u>	<u>4,162,911</u>

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

	Year ended 31 December 2021 No.	1 November 2019 to 31 December 2020 No.
Production	39	42
Administration and support	110	94
	<u>149</u>	<u>136</u>

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	Year ended 31 December 2021 £	1 November 2019 to 31 December 2020 £
Remuneration	286,567	329,547
Contributions paid to money purchase schemes	41,577	46,387
	<u>328,144</u>	<u>375,934</u>

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

Simpson Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

9 Directors' remuneration (continued)

	Year ended 31 December 2021 No.	1 November 2019 to 31 December 2020 No.
Accruing benefits under money purchase pension scheme	4	4

In respect of the highest paid director:

	Year ended 31 December 2021 £	1 November 2019 to 31 December 2020 £
Remuneration	84,675	97,246
Company contributions to money purchase pension schemes	11,916	13,535

10 Taxation

Tax charged/(credited) in the consolidated income statement

	Year ended 31 December 2021 £	1 November 2019 to 31 December 2020 £
Current taxation		
UK corporation tax	-	143,783
UK corporation tax adjustment to prior periods	(143,817)	-
	(143,817)	143,783
Deferred taxation		
Arising from origination and reversal of timing differences	53,950	(59,390)
Arising from changes in tax rates and laws	72,142	22,335
Total deferred taxation	126,092	(37,055)
Tax (receipt)/expense in the income statement	(17,725)	106,728

Simpson Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

10 Taxation (continued)

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

The differences are reconciled below:

	Year ended 31 December 2021 £	1 November 2019 to 31 December 2020 £
(Loss)/profit before tax	(548,318)	333,038
Corporation tax at standard rate	(104,180)	63,277
Effect of revenues exempt from taxation	(2,052)	98,869
Effect of expense not deductible in determining taxable profit (tax loss)	60,222	38,299
Effect of tax losses	143,783	-
Deferred tax expense relating to changes in tax rates or laws	72,142	22,335
Decrease in UK and foreign current tax from unrecognised temporary difference from a prior period	(143,820)	(24,012)
Tax increase/(decrease) from other short-term timing differences	5,009	(5,317)
Tax decrease from effect of adjustment in research and development tax credit	-	(84,927)
Other tax effects for reconciliation between accounting profit and tax expense (income)	(48,829)	(1,796)
Total tax (credit)/charge	(17,725)	106,728

Simpson Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

10 Taxation (continued)

Deferred tax

Group

Deferred tax assets and liabilities

	Asset £	Liability £
2021		
Accelerated tax depreciation	-	322,036
Tax losses carry-forward	-	(21,441)
	-	300,595
2020		
Accelerated tax depreciation	-	174,503
	-	174,503

11 Intangible assets

Group

	Goodwill £	Trademarks, patents and licenses £	Total £
Cost or valuation			
At 1 January 2021	2,702,141	-	2,702,141
Additions acquired separately	-	150,000	150,000
At 31 December 2021	2,702,141	150,000	2,852,141
Amortisation			
At 1 January 2021	653,018	-	653,018
Amortisation charge	270,214	-	270,214
At 31 December 2021	923,232	-	923,232
Carrying amount			
At 31 December 2021	1,778,909	150,000	1,928,909
At 31 December 2020	2,049,123	-	2,049,123

Simpson Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

12 Tangible assets

Group

	Short leasehold land and buildings £	Fixtures and fittings £	Plant and machinery £	Office equipment £	Motor vehicles £	Total £
Cost or valuation						
At 1 January 2021	42,825	100,443	8,134,314	400,112	42,518	8,720,212
Additions	-	30,734	825,755	26,027	-	882,516
Disposals	-	-	(683,443)	-	-	(683,443)
At 31 December 2021	42,825	131,177	8,276,626	426,139	42,518	8,919,285
Depreciation						
At 1 January 2021	39,471	67,660	6,499,635	344,383	42,518	6,993,667
Charge for the year	455	9,653	612,215	27,873	-	650,196
Eliminated on disposal	-	-	(424,415)	-	-	(424,415)
At 31 December 2021	39,926	77,313	6,687,435	372,256	42,518	7,219,448
Carrying amount						
At 31 December 2021	2,899	53,864	1,589,191	53,883	-	1,699,837
At 31 December 2020	3,354	32,783	1,634,679	55,729	-	1,726,545

Included within the net book value of land and buildings above is £2,899 (2020 - £3,354) in respect of short leasehold land and buildings.

Assets held under finance leases and hire purchase contracts

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

		2021 £	2020 £
Plant and machinery	29	1,459,907	1,402,608
		<u><u> </u></u>	<u><u> </u></u>

Simpson Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

13 Investments

Company

	2021 £	2020 £
Investments in subsidiaries	<u>2,786,395</u>	<u>2,786,395</u>
Subsidiaries		£
Cost or valuation		
At 1 January 2021		<u>2,786,395</u>
At 31 December 2021		<u>2,786,395</u>
Provision		
At 1 January 2021		-
Provision		<u>-</u>
At 31 December 2021		<u>-</u>
Carrying amount		
At 31 December 2021		<u><u>2,786,395</u></u>
At 31 December 2020		<u><u>2,786,395</u></u>

Details of undertakings

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

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2021	2020
Subsidiary undertakings				
Simpson Group Limited	Influence Park, Rutherford Road, Stephenson Industrial Estate, Washington, NE37 3HX England and Wales	Ordinary	100%	100%
Simpson Print Limited	Influence Park, Rutherford Road, Stephenson Industrial Estate, Washington, NE37 3HX England and Wales	Ordinary	100%	100%
Lifeart Coffins North Limited	Influence Park Rutherford Road, Stephenson Industrial Estate, Washington, NE37 3HX England and Wales	Ordinary	100%	0%

Simpson Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

13 Investments (continued)

Subsidiary undertakings

Simpson Group Limited

The principal activity of Simpson Group Limited is an intermediate parent holding company.

Simpson Print Limited

The principal activity of Simpson Print Limited is that of the provision of point of sale and point of purchase display materials and related services.

Lifeart Coffins North Limited

The principal activity of Lifeart Coffins North Limited is to be the printing of artwork designs for the funeral trade.

14 Stocks

	2021 £	Group 2020 £	2021 £	Company 2020 £
Raw materials and consumables	231,907	195,897	-	-
Work in progress	125,567	162,815	-	-
	<u>357,474</u>	<u>358,712</u>	<u>-</u>	<u>-</u>

Group

Impairment of inventories

The amount of impairment loss included in profit or loss is £11,100 (2020 - £29,613).

15 Debtors

Current	Note	2021 £	Group 2020 £	2021 £	Company 2020 £
Trade debtors		2,171,112	2,672,816	-	-
Amounts owed by related parties		15,096	-	-	-
Prepayments		254,505	209,939	-	-
Corporation tax asset	10	143,783	-	-	-
		<u>2,584,496</u>	<u>2,882,755</u>	<u>-</u>	<u>-</u>

Simpson Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

16 Cash and cash equivalents

	2021 £	Group 2020 £	2021 £	Company 2020 £
Cash on hand	867	507	-	-
Cash at bank	43,658	61,623	-	-
Short-term deposits	150,037	168,035	-	-
	<u>194,562</u>	<u>230,165</u>	<u>-</u>	<u>-</u>

17 Creditors

	Note	2021 £	Group 2020 £	2021 £	Company 2020 £
Due within one year					
Loans and borrowings	<u>18</u>	2,719,125	1,924,173	-	-
Trade creditors		2,456,283	2,015,432	-	-
Amounts due to related parties		-	-	2,279,061	1,975,900
Social security and other taxes		162,142	457,253	-	-
Outstanding defined contribution pension costs		1,016	1,141	-	-
Other creditors		74,751	498,621	-	271,748
Accruals		232,673	226,789	-	-
Corporation tax liability	<u>10</u>	-	143,817	-	-
Deferred income		1,800	10,800	-	-
		<u>5,647,790</u>	<u>5,278,026</u>	<u>2,279,061</u>	<u>2,247,648</u>
Due after one year					
Loans and borrowings	<u>18</u>	906,724	694,177	-	-
Deferred income		68,451	70,251	-	-
Other creditors		-	658,031	-	358,627
		<u>975,175</u>	<u>1,422,459</u>	<u>-</u>	<u>358,627</u>

Other creditors related to deferred investment consideration which was payable in instalments with a maturity date of January 2023. This was settled at a discount during the year.

Simpson Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

18 Loans and borrowings

	2021 £	Group 2020 £	2021 £	Company 2020 £
Current loans and borrowings				
Bank borrowings	800,625	-	-	-
Hire purchase and finance lease liabilities	371,050	424,985	-	-
Invoice financing advances	1,547,450	1,499,188	-	-
	<u>2,719,125</u>	<u>1,924,173</u>	<u>-</u>	<u>-</u>
	2021 £	Group 2020 £	2021 £	Company 2020 £
Non-current loans and borrowings				
Hire purchase and finance lease liabilities	<u>906,724</u>	<u>694,177</u>	<u>-</u>	<u>-</u>

The invoice financing advances are secured against the trade debtors to which they relate.

Hire purchase and finance lease liabilities are secured against the assets to which they relate.

During the year the group entered into a new borrowing facility and settled the outstanding deferred consideration. The bank borrowing is due for monthly repayment due to expire in September 2025. The bank borrowing facility and settled the outstanding deferred consideration. The bank borrowings have been disclosed as a current liability as at the year end the group was in breach of the loan covenants and therefore technically could be due for repayment on demand.

19 Deferred tax and other provisions

Group

	Deferred tax £	Total £
At 1 January 2021	174,503	174,503
Increase (decrease) in existing provisions	<u>126,092</u>	<u>126,092</u>
At 31 December 2021	<u>300,595</u>	<u>300,595</u>

Simpson Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

20 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £177,250 (2020 - £202,236). Contributions totalling £1,016 (2020 - £1,141) were payable to the scheme at the end of the year and are included in creditors.

21 Share capital

Allotted, called up and fully paid shares

	No.	2021 £	No.	2020 £
Ordinary shares of £1 each	75,000	75,000	75,000	75,000

22 Reserves

Group

Profit and loss account

This reserve records retained earnings and accumulated losses.

Capital redemption

This reserve records the share capital repurchased by the company.

23 Obligations under leases and hire purchase contracts

Group

Finance leases

The total of future minimum lease payments is as follows:

	2021 £	2020 £
Not later than one year	371,050	424,985
Later than one year and not later than five years	906,724	694,177
	<u>1,277,774</u>	<u>1,119,162</u>

Simpson Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

23 Obligations under leases and hire purchase contracts (continued)

Operating leases

The total of future minimum lease payments is as follows:

	2021 £	2020 £
Not later than one year	445,502	385,518
Later than one year and not later than five years	1,791,091	1,584,094
Later than five years	4,547,331	4,842,293
	<u>6,783,924</u>	<u>6,811,905</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £421,149 (2020 - £470,650).

24 Analysis of changes in net debt

Group

	At 1 January 2021 £	Financing cash flows £	New finance leases £	At 31 December 2021 £
Cash and cash equivalents				
Cash	230,165	(35,603)	-	194,562
Borrowings				
Invoice finance creditor	(1,499,188)	(48,262)	-	(1,547,450)
Short term borrowings	-	(800,625)	-	(800,625)
Lease liabilities	(1,119,162)	341,472	(500,084)	(1,277,774)
	<u>(2,618,350)</u>	<u>(507,415)</u>	<u>(500,084)</u>	<u>(3,625,849)</u>
	<u>(2,388,185)</u>	<u>(543,018)</u>	<u>(500,084)</u>	<u>(3,431,287)</u>

25 Parent and ultimate parent undertaking

There is no ultimate controlling party.

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