

Audited Financial Statements for the Year Ended 31 December 2020

for

Paragon Inks (Holdings) Limited

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for the Year Ended 31 December 2020**

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Paragon Inks (Holdings) Limited

**Company Information
for the Year Ended 31 December 2020**

DIRECTORS:	G Merten S M Bennett A R Jones
SECRETARY:	H BJG Secretarial Ltd
REGISTERED OFFICE:	Starlaw Business Park Livingston West Lothian EH54 8SF
REGISTERED NUMBER:	SC177007 (Scotland)
SENIOR STATUTORY AUDITOR:	Robert Pollock BA, CA
AUDITORS:	Sharles Audit Limited 29 Brandon Street Hamilton Lanarkshire ML3 6DA
SOLICITORS:	Aldershaw Goddard Exchange Tower 19 Canning Street Edinburgh Midlothian EH3 8EH

Paragon Inks (Holdings) Limited (Registered number: SC177007)

Balance Sheet
31 December 2020

	Notes	31.12.20 £	£	31.12.19 £	£
FIXED ASSETS					
Tangible assets	5		2,914,118		2,839,009
Investments	6		<u>6</u>		<u>6</u>
			2,914,124		2,839,015
CURRENT ASSETS					
Stocks		2,843,886		2,633,447	
Debtors	7	2,893,207		2,686,046	
Cash at bank and in hand		<u>2,964,203</u>		<u>1,873,651</u>	
		8,701,296		7,193,144	
CREDITORS					
Amounts falling due within one year	8	<u>1,355,451</u>		<u>608,246</u>	
NET CURRENT ASSETS			<u>7,345,845</u>		<u>6,584,898</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			10,259,969		9,423,913
PROVISIONS FOR LIABILITIES			<u>193,716</u>		<u>166,700</u>
NET ASSETS			<u>10,066,253</u>		<u>9,257,213</u>
CAPITAL AND RESERVES					
Called up share capital			25,000		25,000
Retained earnings			<u>10,041,253</u>		<u>9,232,213</u>
SHAREHOLDERS' FUNDS			<u>10,066,253</u>		<u>9,257,213</u>

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

In accordance with Section 444 of the Companies Act 2006, the Statement of Comprehensive Income has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 19 April 2021 and were signed on its behalf by:

G Merten - Director

The notes form part of these financial statements

**Notes to the Financial Statements
for the Year Ended 31 December 2020**

1. STATUTORY INFORMATION

Paragon Inks (Holdings) Limited is a private company, limited by shares, registered in Scotland. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. There are no material departures from the Accounting Standard. The Financial Statements have been prepared under the historical cost convention.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Turnover

Turnover is derived from the sale of ink based products manufactured by the company.

Turnover is measured at the fair value of ink based products supplied, net of discounts and excluding value added tax, and is recognised at the point that the company obtains the right to consideration.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Land and buildings	- 2% on cost
Plant and machinery etc	- 33% on cost, 25% on cost and 20% on cost

Expenditure of £200 or more on individual tangible fixed assets is capitalised at cost. Expenditure on assets below this threshold is charged directly to the profit and loss account in the period it is incurred.

Investments in subsidiaries

Investment in subsidiary is recognised at fair value.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises direct production costs and where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Costs are based on the method appropriate to the type of inventory class, but usually on a first-in-first-out basis. Net realisable value is based on the estimated selling price less any estimated completion or selling costs.

When stocks are sold, the carrying amount of these stocks is recognised as an expense in the period in which the related revenue is recognised. The amount of any write down of stocks to net realisable value and all losses of stocks are recognised as an expense in the period in which the write down or loss occurs. The amount of any reversal of any write down of stocks is recognised as a reduction in the amounts of stocks recognised as an expense in the period in which the reversal occurs.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020**

3. ACCOUNTING POLICIES - continued

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Government grants

Revenue grants received are released to the Profit and Loss account in the period when the relevant expenditure is incurred.

Capital grants are amortised over the useful life of the assets to which they relate and recognised in the profit and loss account in line with the depreciation charges.

Share based payments

The company has issued share options to a director and employee. These must be measured at fair value and recognised as an expense in the profit and loss account with a corresponding increase in equity. The fair value of the options was estimated at the date of grant using the Black-Scholes option-pricing model as detailed in note 14.

4. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 48 (2019 - 49) .

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

5. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery etc £	Totals £
COST			
At 1 January 2020	2,832,429	2,611,793	5,444,222
Additions	-	380,627	380,627
Disposals	-	(265,173)	(265,173)
At 31 December 2020	<u>2,832,429</u>	<u>2,727,247</u>	<u>5,559,676</u>
DEPRECIATION			
At 1 January 2020	466,309	2,138,904	2,605,213
Charge for year	54,048	247,862	301,910
Eliminated on disposal	-	(261,565)	(261,565)
At 31 December 2020	<u>520,357</u>	<u>2,125,201</u>	<u>2,645,558</u>
NET BOOK VALUE			
At 31 December 2020	<u>2,312,072</u>	<u>602,046</u>	<u>2,914,118</u>
At 31 December 2019	<u>2,366,120</u>	<u>472,889</u>	<u>2,839,009</u>

Included in cost of land and buildings is freehold land of £ 130,000 (2019 - £ 130,000) which is not depreciated.

6. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2020 and 31 December 2020	<u>6</u>
NET BOOK VALUE	
At 31 December 2020	<u>6</u>
At 31 December 2019	<u>6</u>

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.20 £	31.12.19 £
Trade debtors	2,133,816	2,263,629
Amounts owed by group undertakings	59,470	150,496
Other debtors	<u>699,921</u>	<u>271,921</u>
	<u>2,893,207</u>	<u>2,686,046</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020**

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.20	31.12.19
	£	£
Trade creditors	977,013	384,828
Taxation and social security	336,738	190,344
Other creditors	41,700	33,074
	<u>1,355,451</u>	<u>608,246</u>

9. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006

The Report of the Auditors was unqualified.

Robert Pollock BA, CA (Senior Statutory Auditor)
for and on behalf of Sharles Audit Limited

10. CAPITAL COMMITMENTS

	31.12.20	31.12.19
	£	£
Contracted but not provided for in the financial statements	<u>68,684</u>	<u>24,534</u>

Capital Equipment contracted for but not provided amounts to £125,377 net of VAT. Payments on account have been made amounting to £56,693.

11. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to directors subsisted during the years ended 31 December 2020 and 31 December 2019:

	31.12.20	31.12.19
	£	£
S M Bennett		
Balance outstanding at start of year	69,600	63,600
Amounts advanced	126,000	6,000
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>195,600</u>	<u>69,600</u>
G Merten		
Balance outstanding at start of year	-	76,480
Amounts repaid	-	(76,480)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>-</u>	<u>-</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

11. **DIRECTORS' ADVANCES, CREDITS AND GUARANTEES - continued**

A R Jones

Balance outstanding at start of year	-	-
Amounts advanced	100,000	-
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>100,000</u>	<u>-</u>

The loans are interest free and there are no specific terms of repayment.

12. **ULTIMATE CONTROLLING PARTY**

The controlling party is G Merten.

13. **SHARE-BASED PAYMENT TRANSACTIONS**

A share based payment arrangement has been set up under the Enterprise Management Incentive with the following terms and conditions.

Grant date- 6 December 2011

Number of shares - 4,411

Class of share- Fully paid up non redeemable Ordinary Shares of £1

Number of employees - 2

Exercise Price per share - £30.09

Contractual life- 10 years

Vesting conditions - continued employment at the company

The estimated fair value of each share option at Date of grant is £6.01.

The estimated fair value was calculated by applying a Black-Scholes option pricing model.

The model inputs were:

Share price at grant date of £54.07

Exercise price of £30.09

Expected volatility of 30%

Expected dividend yield of 11%

Expected life of options 10 years: and

A risk-free interest rate of 2.23%

Details of the share options outstanding during the year are as follows:

Number of options 2020 Number of options 2019

At 1 January 2020 4,411 4,411

Outstanding at 31 December 2020 4,411 4,411

Exercisable at 31 December 2020 - -

All of the above options are exercisable anytime between 6 October 2021 and 6 December 2021 and have an exercise price of £30.09. At 31 December 2020 the options have a weighted average remaining contractual life of 1 year. As at 31 December 2020 there were 2 (2019 - 1) directors holding share options and 0 (2019 - 1) employee. The directors holding options at 31 December 2020 were S M Bennett with 2,941 options (2019 - 2,941 options and A R Jones with 1,470 options (2019 - 1,470 options.

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.