

Photocentric Limited
Financial Statements
For the year ended
31 December 2021



Photocentric Limited
Financial Statements
Year ended 31 December 2021

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Photocentric Limited
Officers and Professional Advisers

The board of directors

P Holt
J Mahoney
S Tipping

Company secretary

S Tipping

Registered office

Cambridge House
Oxney Road
Peterborough
Cambridgeshire
PE1 5YW

Auditor

Streets Audit LLP
Chartered accountants & statutory auditor
Enterprise House
38 Tyndall Court
Commerce Road
Lynch Wood
Peterborough
Cambridgeshire
PE2 6LR

Bankers

HSBC Bank plc
High Street
Rushden
Northamptonshire
NN10 0NP

Photocentric Limited
Strategic Report
Year ended 31 December 2021

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

Fair review of business

Revenue for the year of £16.6m declined 12% (£2.2 million) compared to 2020. The decline is mainly due to the impact of the end of a one-off mass manufacture order for the sale of 3D printed items. Excluding the non-recurring parts business from both years, 2021 revenue of £14.0m reflects a 4% (£0.6m) growth, compared to 2020.

The Group, which constitutes a UK parent and two US subsidiaries has two distinct revenue generating streams. The craft and business stamp category with 2021 revenues of £9.0m reflecting healthy growth of 24% (£1.8 million) over 2020. The remaining 3D and parts business, with 2021 revenues of £7.6m, declined 34% (£4.0 million) on prior year, with the majority of the decline, £2.8m, being the difference in the non-recurring parts orders.

Covid had a contrastingly material effect on the revenue streams, boosting the UK Craft business as people who were restricted to being at home spent money on stamps, and while 3D Printing sales were negatively impacted with reduced sales travel, scaled back trade shows and general business disruption.

The overall gross margin excluding distribution costs of 42.3%, reflected a 0.8% decrease over prior year. The implementation of price increases, cost saving initiatives and the de-emphasis of low margin sales activity being the primary contributors.

Brexit compounded global logistical challenges which elevated logistical costs from 4.8% to 6.3% of turnover.

Administrative expenses increased by £0.9m in 2021 in value terms and stood at 27.6% of turnover in comparison to the 2020 ratio of 19.7%. The increase during the year is largely explained by new highly qualified professionals in admin roles needed to prepare the company for future growth. Wages and salary costs make up the majority of the increase.

Investment in Research and Development increased materially to 10.6% of turnover, compared to 7.2% in 2020. During 2021 the company received £1.7m of grant related income compared to £1.1m in 2020.

The group reported a pre-tax profit of £1.1 million compared with a pre-tax profit of £3.2 million in 2020. The key explanatory factors are recorded above.

Year end position

Net assets improved during 2021 due to the groups' continued profitable trading with net assets valued at £5.7 million at 31 December 2021 (2020: £4.7 million).

The UK Ltd company made a substantial investment into land and the construction of an additional facility £5.3 million at the end of 2021. This is to support future growth in a new business stream, that leverages on our patented 3D printing technology.

The Directors have evaluated the situation carefully and draw attention to the following factors: The directors will continue to monitor the situation surrounding COVID-19, Brexit, energy price increases and the wider 2022 inflationary pressures.

Photocentric Limited

Strategic Report *(continued)*

Year ended 31 December 2021

Service and operational performance

The Directors place considerable importance on supplying high quality goods to its customers. The directors have ensured that they will always place importance on this in order to maintain and grow strong customer relations with the intention of repeat business which has been demonstrated clearly.

The principal risks and uncertainties faced by the business can be summarised as follows: - Market competition and market pricing pressure

- Brexit related regulations
- Economic activity in the UK market
- Reputation
- Extraordinary events such as infectious disease outbreaks
- The continuing impact from the COVID -19 pandemic and the wider economic uncertainty that it has created.
- The global supply chain challenges
- The wider impact of the war in Ukraine, especially on energy prices.

The group has a well developed risk management framework that is designed to identify, assess, monitor, manage and mitigate all of the above risks and the

This report was approved by the board of directors on 26th Oct 2022 and signed on behalf of the board by:



P Holt
Director

Registered office:
Cambridge House
Oxney Road
Peterborough
Cambridgeshire
PE1 5YW

Photocentric Limited

Directors' Report

Year ended 31 December 2021

The directors present their report and the financial statements of the group for the year ended 31 December 2021.

Directors

The directors who served the company during the year were as follows:

P Holt
J Mahoney
S Tipping

Dividends

Particulars of recommended dividends are detailed in note 13 to the financial statements.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and 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 then apply them consistently;
- make judgments 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 company 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

Photocentric Limited

Directors' Report *(continued)*

Year ended 31 December 2021

This report was approved by the board of directors on 26th Oct 2022 and signed on behalf of the board by:



P Holt
Director

Registered office:
Cambridge House
Oxney Road
Peterborough
Cambridgeshire
PE1 5YW

Photocentric Limited

Independent Auditor's Report to the Members of Photocentric Limited

Year ended 31 December 2021

Opinion

We have audited the financial statements of Photocentric Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows 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 FRS 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 the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' 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's or the 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.

Photocentric Limited

Independent Auditor's Report to the Members of Photocentric Limited *(continued)*

Year ended 31 December 2021

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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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 the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the 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 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 strategic report or 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 directors' responsibilities statement, 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.

Photocentric Limited

Independent Auditor's Report to the Members of Photocentric Limited *(continued)*

Year ended 31 December 2021

Auditor's responsibilities for the audit of the financial statements

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

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

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:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the company and sector in which it operates;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

Photocentric Limited

Independent Auditor's Report to the Members of Photocentric Limited *(continued)*

Year ended 31 December 2021

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 3 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- inquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to inquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

Photocentric Limited

Independent Auditor's Report to the Members of Photocentric Limited *(continued)*

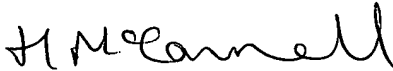
Year ended 31 December 2021

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.



Heather McConnell (Senior Statutory Auditor)

For and on behalf of
Streets Audit LLP
Chartered accountants & statutory auditor
Enterprise House
38 Tyndall Court
Commerce Road
Lynch Wood
Peterborough
Cambridgeshire
PE2 6LR

26 October 2022

Photocentric Limited
Consolidated Statement of Comprehensive Income
Year ended 31 December 2021

	Note	2021 £	2020 £
Turnover	4	16,584,807	18,793,891
Cost of sales		<u>10,609,084</u>	<u>11,594,860</u>
Gross profit		5,975,723	7,199,031
Administrative expenses		4,581,069	3,703,352
Other operating income	5	1,748,737	1,088,604
Research and development expenditure		<u>1,762,806</u>	<u>1,347,895</u>
Operating profit	6	1,380,585	3,236,388
Other interest receivable and similar income	10	1,387	891
Interest payable and similar expenses	11	<u>68,169</u>	<u>51,120</u>
Profit before taxation		1,313,803	3,186,159
Tax on profit	12	<u>229,016</u>	<u>40,999</u>
Profit for the financial year		<u>1,084,787</u>	<u>3,145,160</u>
Foreign currency retranslation		<u>(61,285)</u>	<u>(12,135)</u>
Total comprehensive income for the year		<u>1,023,502</u>	<u>3,133,025</u>

All the activities of the group are from continuing operations.

The notes on pages 17 to 32 form part of these financial statements.

Photocentric Limited
Consolidated Statement of Financial Position
31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	14	308,090	270,480
Tangible assets	15	6,702,526	1,296,094
Investments	16	199,470	8,000
		<u>7,210,086</u>	<u>1,574,574</u>
Current assets			
Stocks	17	2,277,709	2,806,292
Debtors	18	1,828,538	2,790,715
Cash at bank and in hand		4,763,987	2,916,749
		<u>8,870,234</u>	<u>8,513,756</u>
Creditors: amounts falling due within one year	19	<u>4,046,053</u>	<u>2,423,736</u>
Net current assets		<u>4,824,181</u>	<u>6,090,020</u>
Total assets less current liabilities		12,034,267	7,664,594
Creditors: amounts falling due after more than one year	20	5,844,819	2,691,472
Provisions	22	<u>552,600</u>	<u>319,776</u>
Net assets		<u>5,636,848</u>	<u>4,653,346</u>
Capital and reserves			
Called up share capital	26	50,000	50,000
Profit and loss account	27	<u>5,586,848</u>	<u>4,603,346</u>
Shareholders funds		<u>5,636,848</u>	<u>4,653,346</u>

These financial statements were approved by the board of directors and authorised for issue on 26th Oct 2022 and are signed on behalf of the board by:



P Holt
Director

Company registration number: 04476687

The notes on pages 17 to 32 form part of these financial statements.

Photocentric Limited
Company Statement of Financial Position
31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	14	296,390	255,853
Tangible assets	15	6,606,676	1,204,885
Investments	16	252,633	61,163
		<u>7,155,699</u>	<u>1,521,901</u>
Current assets			
Stocks	17	1,839,607	2,093,896
Debtors	18	4,424,047	3,874,616
Cash at bank and in hand		4,240,399	2,662,298
		<u>10,504,053</u>	<u>8,630,810</u>
Creditors: amounts falling due within one year	19	3,767,266	2,126,500
Net current assets		<u>6,736,787</u>	<u>6,504,310</u>
Total assets less current liabilities		13,892,486	8,026,211
Creditors: amounts falling due after more than one year	20	5,844,819	2,691,472
Provisions	22	552,600	319,776
Net assets		<u>7,495,067</u>	<u>5,014,963</u>
Capital and reserves			
Called up share capital	26	50,000	50,000
Profit and loss account	27	7,445,067	4,964,963
Shareholders funds		<u>7,495,067</u>	<u>5,014,963</u>

The profit for the financial year of the parent company was £2,520,104 (2020: £3,259,443).

These financial statements were approved by the board of directors and authorised for issue on 26th Oct 2022 and are signed on behalf of the board by:


P Holt
Director

Company registration number: 04476687

The notes on pages 17 to 32 form part of these financial statements.

Photocentric Limited
Consolidated Statement of Changes in Equity
Year ended 31 December 2021

	Called up share capital £	Profit and loss account £	Total £
At 1 January 2020	50,000	1,470,321	1,520,321
Profit for the year		3,145,160	3,145,160
Other comprehensive income for the year:			
Foreign currency retranslation	—	(12,135)	(12,135)
Total comprehensive income for the year	—	3,133,025	3,133,025
At 31 December 2020	50,000	4,603,346	4,653,346
Profit for the year		1,084,787	1,084,787
Other comprehensive income for the year:			
Foreign currency retranslation	—	(61,285)	(61,285)
Total comprehensive income for the year	—	1,023,502	1,023,502
Dividends paid and payable	13	—	(40,000)
Total investments by and distributions to owners		—	(40,000)
At 31 December 2021	<u>50,000</u>	<u>5,586,848</u>	<u>5,636,848</u>

The notes on pages 17 to 32 form part of these financial statements.

Photocentric Limited
Company Statement of Changes in Equity
Year ended 31 December 2021

	Called up share capital £	Profit and loss account £	Total £
At 1 January 2020	50,000	1,705,520	1,755,520
Profit for the year	<u> </u>	<u>3,259,443</u>	<u>3,259,443</u>
Total comprehensive income for the year	-	3,259,443	3,259,443
At 31 December 2020	50,000	4,964,963	5,014,963
Profit for the year	<u> </u>	<u>2,520,104</u>	<u>2,520,104</u>
Total comprehensive income for the year	-	2,520,104	2,520,104
Dividends paid and payable	13	<u>(40,000)</u>	<u>(40,000)</u>
Total investments by and distributions to owners	-	(40,000)	(40,000)
At 31 December 2021	<u>50,000</u>	<u>7,445,067</u>	<u>7,495,067</u>

The notes on pages 17 to 32 form part of these financial statements.

Photocentric Limited
Consolidated Statement of Cash Flows
Year ended 31 December 2021

	2021	2020
	£	£
Cash flows from operating activities		
Profit for the financial year	1,084,787	3,145,160
<i>Adjustments for:</i>		
Depreciation of tangible assets	322,003	248,525
Amortisation of intangible assets	33,585	13,319
Other interest receivable and similar income	(1,387)	(891)
Interest payable and similar expenses	68,169	51,120
Loss on disposal of tangible assets	13,533	2,308
Unrealised foreign currency gains	(61,283)	(12,237)
Tax on profit	229,016	40,999
Accrued (income)/expenses	(18,582)	220
Other gains and losses	1,762,806	1,343,620
<i>Changes in:</i>		
Stocks	528,583	(509,499)
Trade and other debtors	962,177	(2,300,245)
Trade and other creditors	1,329,825	1,075,683
Provisions and employee benefits	(1,564)	9,466
Cash generated from operations	<u>6,251,668</u>	<u>3,107,548</u>
Interest paid	(68,169)	(51,120)
Interest received	1,387	891
Tax (paid)/received	(16,236)	397,266
Net cash from operating activities	<u>6,168,650</u>	<u>3,454,585</u>
Cash flows from investing activities		
Purchase of tangible assets	(5,758,957)	(362,563)
Proceeds from sale of tangible assets	16,987	6,826
Purchase of intangible assets	(71,195)	(142,825)
Acquisition of interests in associates and joint ventures	(191,470)	-
R&D Expenditure	(1,762,806)	(1,347,895)
Net cash used in investing activities	<u>(7,767,441)</u>	<u>(1,846,457)</u>
Cash flows from financing activities		
Proceeds from borrowings	3,573,050	1,209,014
Payments of finance lease liabilities	(87,021)	(26,872)
Dividends paid	(40,000)	-
Net cash from financing activities	<u>3,446,029</u>	<u>1,182,142</u>
Net increase in cash and cash equivalents	1,847,238	2,790,270
Cash and cash equivalents at beginning of year	2,916,749	126,479
Cash and cash equivalents at end of year	<u>4,763,987</u>	<u>2,916,749</u>

The notes on pages 17 to 32 form part of these financial statements.

Photocentric Limited

Notes to the Financial Statements

Year ended 31 December 2021

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Cambridge House, Oxney Road, Peterborough, Cambridgeshire, PE1 5YW.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

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

Disclosure exemptions

The group is not entitled to reduced disclosures under FRS 102.

Consolidation

The financial statements consolidate the financial statements of Photocentric Limited and all of its subsidiary undertakings.

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account.

Judgements and key sources of estimation uncertainty

The directors make estimates and assumptions about the future. These estimates and assumptions impact recognised assets and liabilities, as well as revenue and expenses and other disclosures. These estimates are based on historical experience and on various assumptions considered reasonable under the prevailing conditions. The actual outcome may diverge from these estimates if other assumptions are made, or other conditions arise. The directors do not consider there are any estimates or assumptions that may have a significant effect on the accruing amounts of assets and liabilities within the financial year other than as disclosed within the accounting policies.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Photocentric Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

3. Accounting policies *(continued)*

Revenue recognition *(continued)*

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that 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 that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are only recognised separately from goodwill when they arise from contractual or other legal rights, are separable, the expected future economic benefits are probable and the cost or value can be measured reliably.

Photocentric Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

3. Accounting policies *(continued)*

Amortisation

Patents are amortised over their estimated useful life of 20 years from their original registration, subject to the renewal of patents being granted. In the event that the patent or the item patented becomes obsolete the patent is then impaired to reflect the loss occurred.

Goodwill	-	10% straight line
Development costs	-	20% straight line
Patents, trademarks and licences	-	5% straight line
Software	-	20% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Research and development

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

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Long leasehold property	-	10% straight line
Plant and machinery	-	20% and 33% on cost
Fixtures, fittings and equipment	-	25% reducing balance
Motor vehicles	-	15% reducing balance

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Photocentric Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

3. Accounting policies *(continued)*

Investments in joint ventures

Investments in joint ventures are accounted for using the equity method of accounting, whereby the investment is initially recognised at the transaction price and subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the joint venture.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received. 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.

Photocentric Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

3. Accounting policies *(continued)*

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

The group has elected to apply the provisions of section 11 "basic financial instruments" and section 12 "other financial instruments" of FRS102 to all of its financial instruments.

Financial instruments are recognised only when the group becomes a party to the contractual provisions of the instrument.

Basic financial assets which include debtors and cash and bank balances, and basic financial liabilities, including creditors, bank loans and group loans classified as debt, are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financial assets and liabilities classified as receivable within one year are not amortised.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Turnover

Turnover arises from:

	2021	2020
	£	£
Sale of goods	<u>16,584,807</u>	<u>18,793,891</u>

Photocentric Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

4. Turnover *(continued)*

The turnover is derived from classes of businesses and geographical markets that substantially differ from each other. An analysis of each is given below:

Geographical markets

	2021	2020
	£	£
United Kingdom	5,849,964	8,156,254
Overseas	10,734,843	10,637,637
	16,584,807	18,793,891

Business classes

	2021	2020
	£	£
Craft	9,002,864	7,243,536
3D hardware and resins	3,932,300	4,841,838
Printed parts	2,620,712	5,402,163
Other	1,028,931	1,306,354
	16,584,807	18,793,891

5. Other operating income

	2021	2020
	£	£
Government grant income	1,272,563	668,451
Other operating income	476,174	420,153
	1,748,737	1,088,604

The other operating income included above relates to Research and Development income.

6. Operating profit

Operating profit or loss is stated after charging:

	2021	2020
	£	£
Amortisation of intangible assets	33,585	13,319
Depreciation of tangible assets	322,003	248,174
Loss on disposal of tangible assets	13,535	46
Impairment of trade debtors	56,240	227,994
Foreign exchange differences	45,636	41,531
	456,999	531,064

7. Auditor's remuneration

	2021	2020
	£	£
Fees payable for the audit of the financial statements	18,500	14,000

Photocentric Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2021

8. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2021 No.	2020 No.
Production staff	158	100
Administrative staff	35	28
	<u>193</u>	<u>128</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2021 £	2020 £
Wages and salaries	3,753,013	5,667,244
Social security costs	215,456	94,201
Other pension costs	91,770	65,781
	<u>4,060,239</u>	<u>5,827,226</u>

9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2021 £	2020 £
Remuneration	<u>175,000</u>	<u>90,640</u>

10. Other interest receivable and similar income

	2021 £	2020 £
Interest on cash and cash equivalents	<u>1,387</u>	<u>891</u>

11. Interest payable and similar expenses

	2021 £	2020 £
Interest on banks loans and overdrafts	64,565	43,383
Interest on obligations under finance leases and hire purchase contracts	3,598	2,895
Other interest payable and similar charges	6	4,842
	<u>68,169</u>	<u>51,120</u>

Photocentric Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

12. Tax on profit

Major components of tax expense

	2021	2020
	£	£
Current tax:		
UK current tax expense	181	23,947
Adjustments in respect of prior periods	(5,553)	(15,869)
Total current tax	<u>(5,372)</u>	<u>8,078</u>
Deferred tax:		
Origination and reversal of timing differences	234,388	32,921
Tax on profit	<u>229,016</u>	<u>40,999</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%).

	2021	2020
	£	£
Profit on ordinary activities before taxation	1,313,803	3,186,159
Profit on ordinary activities by rate of tax	249,623	605,370
Adjustment to tax charge in respect of prior periods	(5,553)	(15,869)
Effect of expenses not deductible for tax purposes	3,583	3,816
Effect of capital allowances and depreciation	(180,015)	6,895
Effect of different UK tax rates on some earnings	63,931	-
Research and development tax credit	-	(504,445)
Other permanent differences	-	(76,195)
Unrealised group profit	(79,305)	19,990
Other group losses and adjustments	176,752	1,437
Tax on profit	<u>229,016</u>	<u>40,999</u>

13. Dividends

	2021	2020
	£	£
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	<u>40,000</u>	<u>-</u>

Photocentric Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

14. Intangible assets

Group	Goodwill £	Development costs £	Patents, trademarks and licences £	Computer software £	Total £
Cost					
At 1 January 2021	29,256	134,095	216,150	108,559	488,060
Additions	–	–	71,195	–	71,195
At 31 December 2021	<u>29,256</u>	<u>134,095</u>	<u>287,345</u>	<u>108,559</u>	<u>559,255</u>
Amortisation					
At 1 January 2021	14,629	134,094	68,857	–	217,580
Charge for the year	2,926	–	12,659	18,000	33,585
At 31 December 2021	<u>17,555</u>	<u>134,094</u>	<u>81,516</u>	<u>18,000</u>	<u>251,165</u>
Carrying amount					
At 31 December 2021	<u>11,701</u>	<u>1</u>	<u>205,829</u>	<u>90,559</u>	<u>308,090</u>
At 31 December 2020	<u>14,627</u>	<u>1</u>	<u>147,293</u>	<u>108,559</u>	<u>270,480</u>
 Company					
		Development costs £	Patents, trademarks and licences £	Computer software £	Total £
Cost					
At 1 January 2021		128,776	216,151	108,559	453,486
Additions		–	71,195	–	71,195
At 31 December 2021		<u>128,776</u>	<u>287,346</u>	<u>108,559</u>	<u>524,681</u>
Amortisation					
At 1 January 2021		128,775	68,857	–	197,632
Charge for the year		–	12,659	18,000	30,659
At 31 December 2021		<u>128,775</u>	<u>81,516</u>	<u>18,000</u>	<u>228,291</u>
Carrying amount					
At 31 December 2021		<u>1</u>	<u>205,830</u>	<u>90,559</u>	<u>296,390</u>
At 31 December 2020		<u>1</u>	<u>147,294</u>	<u>108,559</u>	<u>255,854</u>

Photocentric Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

15. Tangible assets

Group	Freehold property £	Long leasehold property £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost						
At 1 Jan 2021	168,185	378,121	1,518,885	234,093	209,608	2,508,892
Additions	5,279,736	78,565	291,042	109,614	–	5,758,957
Disposals	–	(37,821)	(53,429)	–	–	(91,250)
At 31 Dec 2021	<u>5,447,921</u>	<u>418,865</u>	<u>1,756,498</u>	<u>343,707</u>	<u>209,608</u>	<u>8,176,599</u>
Depreciation						
At 1 Jan 2021	–	150,013	902,116	107,505	53,164	1,212,798
Charge for the year	–	36,153	221,540	40,844	23,466	322,003
Disposals	–	(12,980)	(47,748)	–	–	(60,728)
At 31 Dec 2021	<u>–</u>	<u>173,186</u>	<u>1,075,908</u>	<u>148,349</u>	<u>76,630</u>	<u>1,474,073</u>
Carrying amount						
At 31 Dec 2021	<u>5,447,921</u>	<u>245,679</u>	<u>680,590</u>	<u>195,358</u>	<u>132,978</u>	<u>6,702,526</u>
At 31 Dec 2020	<u>168,185</u>	<u>228,108</u>	<u>616,769</u>	<u>126,588</u>	<u>156,444</u>	<u>1,296,094</u>
Company						
	Freehold property £	Long leasehold property £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost						
At 1 Jan 2021	168,185	339,080	1,215,152	188,956	209,608	2,120,981
Additions	5,279,736	35,460	279,156	96,148	–	5,690,500
Disposals	–	–	(53,429)	–	–	(53,429)
At 31 Dec 2021	<u>5,447,921</u>	<u>374,540</u>	<u>1,440,879</u>	<u>285,104</u>	<u>209,608</u>	<u>7,758,052</u>
Depreciation						
At 1 Jan 2021	–	136,841	646,907	79,185	53,164	916,097
Charge for the year	–	35,794	191,358	32,409	23,466	283,027
Disposals	–	–	(47,748)	–	–	(47,748)
At 31 Dec 2021	<u>–</u>	<u>172,635</u>	<u>790,517</u>	<u>111,594</u>	<u>76,630</u>	<u>1,151,376</u>
Carrying amount						
At 31 Dec 2021	<u>5,447,921</u>	<u>201,905</u>	<u>650,362</u>	<u>173,510</u>	<u>132,978</u>	<u>6,606,676</u>
At 31 Dec 2020	<u>168,185</u>	<u>202,239</u>	<u>568,245</u>	<u>109,771</u>	<u>156,444</u>	<u>1,204,884</u>

Photocentric Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2021

15. Tangible assets (continued)

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

Group and company	Motor vehicles £
At 31 December 2021	132,978
At 31 December 2020	<u>156,444</u>

16. Investments

Group	Shares in participating interests £	Other loans £	Total £	
Share of net assets/cost				
At 1 January 2021	–	8,000	8,000	
Additions	<u>191,470</u>	<u>–</u>	<u>191,470</u>	
At 31 December 2021	<u>191,470</u>	<u>8,000</u>	<u>199,470</u>	
Impairment				
At 1 January 2021 and 31 December 2021	<u>–</u>	<u>–</u>	<u>–</u>	
Carrying amount				
At 31 December 2021	<u>191,470</u>	<u>8,000</u>	<u>199,470</u>	
At 31 December 2020	<u>–</u>	<u>8,000</u>	<u>8,000</u>	
Company	Shares in group undertakings £	Shares in participating interests £	Other loans £	Total £
Cost				
At 1 January 2021	53,163	–	8,000	61,163
Additions	<u>–</u>	<u>191,470</u>	<u>–</u>	<u>191,470</u>
At 31 December 2021	<u>53,163</u>	<u>191,470</u>	<u>8,000</u>	<u>252,633</u>
Impairment				
At 1 January 2021 and 31 December 2021	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Carrying amount				
At 31 December 2021	<u>53,163</u>	<u>191,470</u>	<u>8,000</u>	<u>252,633</u>
At 31 December 2020	<u>53,163</u>	<u>–</u>	<u>8,000</u>	<u>61,163</u>

Photocentric Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

16. Investments *(continued)*

Subsidiaries, associates and other investments

Details of the investments in which the group and the parent company have an interest of 20% or more are as follows:

	Class of share	Percentage of shares held
Subsidiary undertakings		
Photocentric Inc - United States of America	Ordinary	100
Photocentric 3D Inc - United States of America	Ordinary	100
Other significant holdings		
Peterborough R&D Property Company Limited	B	14

Investments in associates and joint ventures

Summarised financial information of jointly controlled entities:

	2021 £	2020 £
Fixed assets	5,850,424	-
Current assets	4,242,824	-
Current liabilities	2,305,935	-
	<u> </u>	<u> </u>
Profit from continuing operations	(429,158)	-

The above balances are as at 31 March 2022 being Peterborough R&D Property Company Limited's accounting period.

17. Stocks

	Group		Company	
	2021 £	2020 £	2021 £	2020 £
Raw materials and consumables	<u>2,277,709</u>	<u>2,806,292</u>	<u>1,839,607</u>	<u>2,093,896</u>

18. Debtors

	Group		Company	
	2021 £	2020 £	2021 £	2020 £
Trade debtors	972,185	2,015,680	694,226	1,626,727
Amounts owed by group undertakings	-	-	2,932,220	1,503,101
Prepayments and accrued income	299,197	538,433	279,227	517,832
Other debtors	557,156	236,602	518,374	226,956
	<u>1,828,538</u>	<u>2,790,715</u>	<u>4,424,047</u>	<u>3,874,616</u>

Trade debtors are subject to an invoice discounting arrangement.

Photocentric Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

19. Creditors: amounts falling due within one year

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Bank loans and overdrafts	695,650	286,179	695,650	286,179
Trade creditors	1,707,362	1,575,436	1,521,062	1,371,877
Accruals and deferred income	1,285,795	206,187	1,237,575	168,209
Corporation tax	-	21,608	-	21,608
Social security and other taxes	116,702	104,807	104,414	90,190
Obligations under finance leases and hire purchase contracts	85,116	161,905	85,116	161,905
Other creditors	155,428	67,614	123,449	26,532
	<u>4,046,053</u>	<u>2,423,736</u>	<u>3,767,266</u>	<u>2,126,500</u>

The loan is secured by a fixed and floating charge over the undertaking and all property and assets of the business, present and future.

The finance lease obligation is secured against the assets to which it relates.

20. Creditors: amounts falling due after more than one year

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Bank loans and overdrafts	5,728,483	2,424,619	5,728,483	2,424,619
Obligations under finance leases and hire purchase contracts	115,904	126,136	115,904	126,136
Director loan accounts	432	140,717	432	140,717
	<u>5,844,819</u>	<u>2,691,472</u>	<u>5,844,819</u>	<u>2,691,472</u>

Included within creditors: amounts falling due after more than one year is an amount of £3,155,337 (2020: £Nil) for the group and £3,155,337 (2020: £Nil) for the company in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

The loan is repayable by instalments over a period of 20 years, with a interest rate of 2.15% per annum over the life of the loan.

The loan is secured by a fixed and floating charge over the undertaking and all property and assets of the business, present and future.

The finance lease obligation is secured against the assets to which it relates.

21. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Not later than 1 year	85,116	161,905	85,116	161,905
Later than 1 year and not later than 5 years	115,904	126,136	115,904	126,136
	<u>201,020</u>	<u>288,041</u>	<u>201,020</u>	<u>288,041</u>

Photocentric Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

21. Finance leases and hire purchase contracts *(continued)*

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

22. Provisions

Group and company	Warranties £	Deferred tax (note 23) £	Total £
At 1 January 2021	117,328	202,448	319,776
Additions	(1,564)	234,388	232,824
At 31 December 2021	115,764	436,836	552,600

23. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Group		Company	
	2021 £	2020 £	2021 £	2020 £
Included in provisions (note 22)	<u>436,836</u>	<u>202,448</u>	<u>436,836</u>	<u>202,448</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2021 £	2020 £	2021 £	2020 £
Accelerated capital allowances	517,400	202,448	517,400	202,448
Pension plan obligations	(1,258)	-	(1,258)	-
Deferred tax - intergroup profit on stock	(79,306)	-	(79,306)	-
	<u>436,836</u>	<u>202,448</u>	<u>436,836</u>	<u>202,448</u>

24. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £91,770 (2020: £65,781).

25. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	Group		Company	
	2021 £	2020 £	2021 £	2020 £
Recognised in other operating income: Government grants recognised directly in income	<u>1,272,563</u>	<u>668,451</u>	<u>1,272,563</u>	<u>426,682</u>

Photocentric Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2021

26. Called up share capital

Issued, called up and fully paid

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

27. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

28. Analysis of changes in net debt

	At 1 Jan 2021	Cash flows	At 31 Dec 2021
	£	£	£
Cash at bank and in hand	2,916,749	1,847,238	4,763,987
Debt due within one year	(448,084)	(332,682)	(780,766)
Debt due after one year	<u>(2,691,472)</u>	<u>(3,153,347)</u>	<u>(5,844,819)</u>
	<u>(222,807)</u>	<u>(1,638,791)</u>	<u>(1,861,598)</u>

29. Capital commitments

Capital expenditure contracted for but not provided for in the financial statements is as follows:

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Tangible assets	<u>140,600</u>	<u>124,154</u>	<u>140,600</u>	<u>124,154</u>

30. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Not later than 1 year	380,449	162,541	77,205	88,735
Later than 1 year and not later than 5 years	1,840,357	155,822	235,033	155,822
Later than 5 years	705,788	—	—	—
	<u>2,926,594</u>	<u>318,363</u>	<u>312,238</u>	<u>244,557</u>

31. Related party transactions

Group

The group has taken advantage of the exemption available under section 33 of FRS 102, from disclosing transactions entered into between two or more wholly-owned members of the group.

Key Management Personnel

Key Management personnel are deemed to be the directors of the group and the company. The total combined remuneration paid to key management personnel for the year was £367,811 (2020 - £375,637).

Photocentric Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

31. Related party transactions *(continued)*

Company

The company paid rent to one director during the year, which amounted to £55,000 (2020 - £55,000).

32. Controlling party

The group and company are ultimately controlled by P Holt, a director with the majority shareholding.