

**PUREPRINT GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

Hazlewoods LLP
Windsor House
Bayshill Road
Cheltenham
GL50 3AT

PUREPRINT GROUP LIMITED

Contents

Company Information	<u>1</u>
Directors' Report	<u>2</u>
Strategic Report	<u>3 to 4</u>
Statement of Directors' Responsibilities	<u>5</u>
Independent Auditor's Report	<u>6 to 8</u>
Profit and Loss Account	<u>9</u>
Balance Sheet	<u>10</u>
Statement of Changes in Equity	<u>11</u>
Notes to the Financial Statements	<u>12 to 24</u>

PUREPRINT GROUP LIMITED

Company Information

Directors M W Handford
R Osborne
R W Owers
B D Smith
B M Tucker

Company secretary B D Smith

Registered office Beacon House
Brambleside
Bellbrook Park
Uckfield
East Sussex
TN22 1PL

Banker Barclays Bank PLC
Churchill Place
Canary Wharf
London
E14 5RB

Auditors Hazlewoods LLP
Windsor House
Bayshill Road
Cheltenham
GL50 3AT

PUREPRINT GROUP LIMITED

Directors' Report for the Year Ended 31 December 2023

The directors present their report and the financial statements for the year ended 31 December 2023.

Directors of the company

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

M W Handford

R Osborne

R W Owers

B D Smith

B M Tucker

Employment of disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

Future developments

The external commercial environment is expected to remain competitive going forwards, however, the directors remain confident that the company will continue to improve its current level of performance in the future and will continue to trade as a going concern.

Disclosure of information to the auditors

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 auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors

Hazlewoods LLP have expressed their willingness to continue in office.

Approved by the Board on 18 September 2024 and signed on its behalf by:

B D Smith
Director

PUREPRINT GROUP LIMITED

Strategic Report for the Year Ended 31 December 2023

The directors present their strategic report for the year ended 31 December 2023.

Principal activity

The principal activity of the company is the creation, management and supply of marketing and print services.

Fair review of the business

The results for the year, which are set out in the profit and loss account, show turnover of £56,878,608 (2022 - £54,826,494). Operating profit before exceptional items was £3,117,210 (2022 - £3,302,806).

	2023	2022
	£ 000	£ 000
Turnover	56,879	54,826
Gross profit	19,315	18,131
<i>Gross profit % (of Turnover)</i>	34%	33%
Overheads	16,197	14,828
Operating profit (pre exceptional/goodwill)	3,117	3,303
EBITDA	5,117	5,257
<i>EBITDA % (of Turnover)</i>	<u>10%</u>	<u>10%</u>

The business was agile in managing the numerous risks (such as price inflation, supply chain issues, recession risk, Brexit transition, Covid) to focus on providing excellent customer service, protecting our staff, and delivering results to put the business in a position of strength for the future.

During the year, the business continued to invest in both technology and manufacturing capability to unlock significant efficiencies and contribute to the improvement in gross profit %.

Given this was another excellent trading year after a sustained period of success over many years, the Directors declared a final dividend of £9.2m up to the holding company in the Group, East Sussex Press Limited. This included Dividend income received from the Large Format subsidiary, Imprint Creative Print Solutions Limited.

At 31 December 2023, the Company had total assets less current liabilities of £7,042,623 (2022 - £11,281,501). The directors consider the performance for the year and the financial position at the year-end to be satisfactory.

Business development

Prior acquisitions have been integrated into the business and performed well in the year. This includes growth in the expanded luxury box and creative packaging unit which justified investment in semi-automated equipment to increase capacity and meet customer demand. The Direct Mail business has also grown well with significant new client wins supplementing the strong existing business.

Other material investments include improved upgrading the folding capacity and capability as well as significant investment in case binding. In September 2024, a new Heidelberg Speedmaster XL 106-8-P&L offset press was installed to replace the previous '4 colour', offering superior quality, speed, and a wider range of products to our customers from the increased capacity and capability.

Continued investments have been made throughout the business in both physical machinery and technological solutions which have helped deliver significant underlying improvements to the Gross Profit margin of the Group. Competitors continued to exit the market in 2023 resulting in some significant new business wins. This has allowed the business to both diversify further per the long-term strategy, and also strengthen our leading positions in several marketplaces.

The business has continued to develop its technology products with the aim of delivering efficiencies for our clients and within our own business.

PUREPRINT GROUP LIMITED

Strategic Report for the Year Ended 31 December 2023

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are considered to relate to competition from both national and local providers of the creation, management and supply of marketing and print services.

To mitigate this risk, the Company has continued to focus on clients and markets where the Company can add value, as well as improved procurement, productivity and product development. Staff welfare, safety and satisfaction remain core principles.

The Company's Brexit team continues to assess the potential risks that may be caused by the outcome of the trade negotiations both directly to itself and its clients and how it may best manage these.

Section 172 Statement

The Directors believe that they have effectively implemented their duties under section 172 of the Companies Act 2006. The Company has considered the long-term strategy of the business in the strategic report and consider that this strategy will continue to deliver long term success to the business and its stakeholders.

The Group is committed to maintaining an excellent reputation and strives to achieve high standards across all areas. We are highly selective about which suppliers are used to deliver best value while maintaining an awareness of the environmental impact of the work that they do and strive to reduce their carbon footprint.

The Directors recognise the importance of wider stakeholders in delivering their strategy and achieving sustainability within the business. The main stakeholders in the Company are considered to be the employees, suppliers and customers. The Group's anti-slavery and gender pay information can be found on our website.

In ensuring that all our stakeholders are considered as part of every decision process we believe we act fairly between all members of the Company.

Sustainability

We have reported on the emissions sources required under The Companies (Directors Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 in the immediate parent Company financial statements, East Sussex Press Limited.

Objectives and policies

The Group does not actively use financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures.

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

In accordance with the Financial Reporting Council's 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009' the directors of all companies are now required to provide disclosures regarding the adoption of the going concern basis of accounting.

The Company has considerable financial resources available and continues to trade profitably generating cash from operating activities. The Group continues to have the full financial support from its controlling Shareholder and the Business Growth Fund. The directors have prepared forecasts for the next 12 months that indicate that these trends will continue. The directors therefore have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and has continued to adopt the going concern basis in preparing the financial statements.

Approved by the Board on 18 September 2024 and signed on its behalf by:

B D Smith
Director

PUREPRINT GROUP LIMITED

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report, Strategic 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 company and of the profit or loss of the company 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 has 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 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.

PUREPRINT GROUP LIMITED

Independent Auditor's Report to the Members of Pureprint Group Limited

Opinion

We have audited the financial statements of Pureprint Group Limited (the 'company') for the year ended 31 December 2023, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its profit 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 company 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 company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were 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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matter 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 company and its 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 where the Companies Act 2006 requires us to report to you if, in our opinion:

PUREPRINT GROUP LIMITED

Independent Auditor's Report to the Members of Pureprint Group Limited

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 5, the directors are responsible for the preparation of the financial statements and for being satisfied 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 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.

Extent to which the audit was capable of detecting irregularities, including fraud

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:

We considered the nature of the company's industry and its control environment and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in and identified the key laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements, including the UK Companies Act and tax legislation, and, those that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgments made in accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatements due to fraud;
- enquiring of management concerning actual and potential litigation and claims and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

PUREPRINT GROUP LIMITED

Independent Auditor's Report to the Members of Pureprint Group Limited

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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.

Martin Howard (Senior Statutory Auditor)

For and on behalf of Hazlewoods LLP, Statutory Auditor

Windsor House

Bayshill Road

Cheltenham

GL50 3AT

18 September 2024

PUREPRINT GROUP LIMITED**Profit and Loss Account for the Year Ended 31 December 2023**

	Note	2023 £	2022 £
Turnover	<u>3</u>	56,878,608	54,826,494
Other operating income		-	-
Cost of sales		<u>(37,563,976)</u>	<u>(36,694,920)</u>
Gross profit		19,314,632	18,131,574
Distribution costs		(3,551,259)	(3,603,130)
Administrative expenses		<u>(12,646,163)</u>	<u>(11,225,638)</u>
Operating profit before exceptional expenses	<u>4</u>	3,117,210	3,302,806
Other interest receivable and similar income	<u>6</u>	5,105,483	-
Exceptional expenses	<u>5</u>	(105,704)	104,441
Interest payable and similar charges	<u>7</u>	<u>(468,916)</u>	<u>(582,129)</u>
Profit before tax		7,648,073	2,825,118
Taxation	<u>10</u>	<u>(649,362)</u>	<u>(277,521)</u>
Profit for the financial year		<u>6,998,711</u>	<u>2,547,597</u>
EBITDA		<u>5,117,098</u>	<u>5,256,769</u>

The above results were derived from continuing operations.

The company has no other comprehensive income for the year.

The notes on pages 12 to 24 form an integral part of these financial statements.

PUREPRINT GROUP LIMITED**(Registration number: 01493898)****Balance Sheet as at 31 December 2023**

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	<u>11</u>	131,934	81,385
Tangible assets	<u>12</u>	6,873,069	8,326,150
Investments	<u>13</u>	2,595,922	2,595,922
		<u>9,600,925</u>	<u>11,003,457</u>
Current assets			
Stocks	<u>14</u>	1,459,640	1,491,809
Debtors	<u>15</u>	16,288,517	18,455,660
Cash at bank and in hand		783,113	589,308
		<u>18,531,270</u>	<u>20,536,777</u>
Creditors: Amounts falling due within one year	<u>16</u>	<u>(21,089,572)</u>	<u>(20,258,733)</u>
Net current (liabilities)/assets		<u>(2,558,302)</u>	<u>278,044</u>
Total assets less current liabilities		<u>7,042,623</u>	<u>11,281,501</u>
	<u>16</u>		
Creditors: Amounts falling due after more than one year		<u>4,614,087</u>	<u>6,571,781</u>
Provisions for liabilities	<u>10</u>	567,156	646,636
Capital and reserves			
Called up share capital	<u>19</u>	100,000	100,000
Profit and loss account		<u>1,761,380</u>	<u>3,963,084</u>
Total equity		<u>1,861,380</u>	<u>4,063,084</u>
Total capital, reserves and long term liabilities		<u>7,042,623</u>	<u>11,281,501</u>

Approved and authorised by the Board on 18 September 2024 and signed on its behalf by:

B D Smith
DirectorThe notes on pages 12 to 24 form an integral part of these financial statements.

PUREPRINT GROUP LIMITED**Statement of Changes in Equity for the Year Ended 31 December 2023**

	Share capital	Profit and loss	Total
	£	account	£
		£	
At 1 January 2023	100,000	3,963,084	4,063,084
Profit for the year	-	6,998,711	6,998,711
Dividends	-	(9,200,415)	(9,200,415)
At 31 December 2023	<u>100,000</u>	<u>1,761,380</u>	<u>1,861,380</u>

	Share capital	Profit and loss	Total
	£	account	£
		£	
At 1 January 2022	100,000	1,415,487	1,515,487
Profit for the year	-	2,547,597	2,547,597
At 31 December 2022	<u>100,000</u>	<u>3,963,084</u>	<u>4,063,084</u>

The notes on pages 12 to 24 form an integral part of these financial statements.

PUREPRINT GROUP LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2023

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:

Beacon House
Brambleside
Bellbrook Park
Uckfield
East Sussex
TN22 1PL

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 for, where disclosed in these accounting policies, certain items that are shown at fair value.

The presentational currency of the financial statements is Pounds Sterling, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest Pound.

Summary of disclosure exemptions

The company has not presented a cash flow statement on the grounds that the company is a wholly owned subsidiary and a group cash flow statement is included in the financial statements of the parent company.

Name of parent of group

These financial statements are consolidated in the financial statements of East Sussex Press Limited.

The financial statements of East Sussex Press Limited may be obtained from the company's registered office..

Group accounts not prepared

The company has taken advantage of the exemption from the requirement to prepare consolidated financial statements on the basis that it is a wholly-owned subsidiary and is included in the consolidated accounts of its parent, as set out in section 400(1) of the Companies Act 2006.

Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

PUREPRINT GROUP LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2023

Significant judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Significant judgements and estimations included in the accounts relate to depreciation and a bad debt provision.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company. The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities.

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income. Government grants are accounted for using the revenue basis.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, 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 tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Tangible assets are stated in the balance sheet 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.

PUREPRINT GROUP LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2023

Depreciation

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Land and buildings leasehold	Straight line over the life of the lease
Plant & machinery	10-50% straight line
Furniture, fittings and equipment	10-33% straight line
Motor vehicles	25% straight line and 10% reducing balance

Intangible assets

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company'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.

Development costs are initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and 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	Straight line over 5 years
Internally generated software development costs	Straight line over 5 years

Investments

Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

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. All trade debtors are repayable within one year and hence are included at the undiscounted cost of cash expected to be received. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtors.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measure at cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

PUREPRINT GROUP LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2023

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 company 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 all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

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 profit and loss account 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 company 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 Balance Sheet as a finance lease obligation. Lease payments are apportioned between finance costs in the Profit and Loss Account 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.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company 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.

PUREPRINT GROUP LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2023

Financial instruments

Classification

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Impairment

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

A non financial asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units ('CGUs') of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

PUREPRINT GROUP LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2023

3 Revenue

The analysis of the company's turnover for the year is as follows:

	2023	2022
	£	£
Turnover derived from the company's principal activity	56,878,608	54,826,494

The analysis of the company's turnover for the year by market is as follows:

	2023	2022
	£	£
UK	49,413,094	54,294,601
Europe	1,735,937	420,588
United States of America	5,310,146	104,718
Rest of world	419,431	6,587
	<u>56,878,608</u>	<u>54,826,494</u>

4 Operating profit

Arrived at after charging/(crediting):

	2023	2022
	£	£
Depreciation expense	1,950,437	1,889,249
Amortisation expense	49,451	64,715
Foreign exchange gains	(12,750)	(44,434)
Operating lease expense - property	860,703	731,751
Profit on disposal of property, plant and equipment	-	(182,217)
Auditor's remuneration - The audit of the company's annual accounts	21,000	20,090
Auditors' remuneration - non audit work	5,000	4,550

5 Exceptional items

	2023	2022
	£	£
Exceptional expenses	105,704	(104,441)
	<u>105,704</u>	<u>(104,441)</u>

Exceptional items in the current year relate to one off legal and professional fees and payments in lieu of notice. Exceptional income in the prior year related to Covid credits and Energy rate compensation.

6 Other interest receivable and similar income

	2023	2022
	£	£
Dividend income	5,105,483	-

7 Interest payable and similar expenses

	2023	2022
	£	£

Interest on bank overdrafts and borrowings	43,764	66,416
Interest on obligations under finance leases and hire purchase contracts	<u>425,152</u>	<u>515,713</u>
- 17 -	<u>468,916</u>	<u>582,129</u>

PUREPRINT GROUP LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2023

8 Staff costs

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

	2023	2022
	£	£
Wages and salaries	13,162,939	11,167,165
Social security costs	1,364,160	1,250,715
Pension costs, defined contribution scheme	289,714	259,526
	<u>14,816,813</u>	<u>12,677,406</u>

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

	2023	2022
	No.	No.
Production	109	100
Administration	176	160
	<u>285</u>	<u>260</u>

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2023	2022
	£	£
Remuneration	246,589	260,657
Contributions paid to money purchase schemes	33,268	34,839
	<u>279,857</u>	<u>295,496</u>

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

	2023	2022
	No.	No.
Accruing benefits under money purchase pension scheme	<u>3</u>	<u>3</u>

In respect of the highest paid director:

	2023	2022
	£	£
Remuneration	133,399	133,399
Company contributions to money purchase pension schemes	<u>4,867</u>	<u>6,250</u>

PUREPRINT GROUP LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2023

10 Taxation

Tax charged/(credited) in the profit and loss account

	2023 £	2022 £
Current taxation		
UK corporation tax	728,842	71,250
Deferred taxation		
Arising from origination and reversal of timing differences	(74,776)	240,734
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	(4,704)	(34,463)
Total deferred taxation	<u>(79,480)</u>	<u>206,271</u>
Tax expense in the income statement	<u><u>649,362</u></u>	<u><u>277,521</u></u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2022 - higher than the standard rate of corporation tax in the UK) of 23.5% (2022 - 19%).

The differences are reconciled below:

	2023 £	2022 £
Profit before tax	<u>7,648,073</u>	<u>2,825,118</u>
Corporation tax at standard rate	1,797,297	536,772
Effect of expense not deductible in determining taxable profit (tax loss)	(1,150,263)	43,458
Deferred tax credit from unrecognised temporary difference from a prior period	-	(34,463)
Tax increase/(decrease) from effect of capital allowances and depreciation	7,032	(30,017)
Tax decrease arising from group relief	-	(296,006)
Other timing differences	(4,704)	57,777
Total tax charge	<u><u>649,362</u></u>	<u><u>277,521</u></u>

Deferred tax

Deferred tax assets and liabilities

	Liability £
2023	
Accelerated capital allowances	685,435
Short term timing differences	<u>(118,279)</u>
	<u><u>567,156</u></u>
2022	
Accelerated capital allowances	782,318
Short term timing differences	<u>(135,682)</u>
	<u><u>646,636</u></u>

PUREPRINT GROUP LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2023

11 Intangible assets

	Goodwill £	Internally generated software development costs £	Total £
Cost			
At 1 January 2023	191,749	449,616	641,365
Additions	100,000	-	100,000
At 31 December 2023	291,749	449,616	741,365
Amortisation			
At 1 January 2023	191,749	368,231	559,980
Amortisation charge	-	49,451	49,451
At 31 December 2023	191,749	417,682	609,431
Carrying amount			
At 31 December 2023	100,000	31,934	131,934
At 31 December 2022	-	81,385	81,385

12 Tangible assets

	Land and buildings leasehold £	Plant and machinery £	Furniture, fittings and equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2023	845,094	14,291,698	2,060,582	19,995	17,217,369
Additions	22,148	220,759	254,449	-	497,356
At 31 December 2023	867,242	14,512,457	2,315,031	19,995	17,714,725
Depreciation					
At 1 January 2023	584,994	6,596,170	1,706,723	3,332	8,891,219
Charge for the year	67,532	1,720,128	157,778	4,999	1,950,437
At 31 December 2023	652,526	8,316,298	1,864,501	8,331	10,841,656
Carrying amount					
At 31 December 2023	214,716	6,196,159	450,530	11,664	6,873,069
At 31 December 2022	260,100	7,695,528	353,859	16,663	8,326,150

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:

	2023 £	2022 £
Plant and machinery	4,411,521	5,704,394
Fixtures, fittings and equipment	131,685	167,599

<u>4,543,206</u>	<u>5,871,993</u>
------------------	------------------

PUREPRINT GROUP LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2023

13 Investments in subsidiaries

	2023 £	2022 £
Investments in subsidiaries	2,595,922	2,595,922
Subsidiaries		£
Cost and carrying amount		
At 1 January 2023 and at 31 December 2023		2,595,922

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	
			2023	2022
Subsidiary undertakings				
Screaming Colour Limited	England and Wales	Ordinary	100%	100%
Imprint Creative Print Solutions Limited	England and Wales	Ordinary	100%	100%
Perfect Screen Print Limited	England and Wales	Ordinary	100%	100%
Headford Digital Limited	England and Wales	Ordinary	51%	51%

Subsidiary undertakings

Screaming Colour Limited

The principal activity of Screaming Colour Limited is that of a dormant company..

Imprint Creative Print Solutions Limited

The principal activity of Imprint Creative Print Solutions Limited is the provision of a fully managed service specialising in retail point of sale from concept creation and design, campaign management, production, storage and distribution to retailers, manufacturers and agencies.

Perfect Screen Print Limited

The principal activity of Perfect Screen Print Limited is that of a dormant company. The investment is held indirectly via Imprint Creative Print Solutions Limited.

Headford Digital Limited

The principal activity of Headford Digital Limited is online printing for high quality brochures, magazines, booklets, leaflets and posters.

All group subsidiaries have the same registered office to that of the company.

14 Stocks

	2023 £	2022 £
Raw materials and consumables	567,900	502,509
Work in progress	869,740	949,300
Finished goods and goods for resale	22,000	40,000

PUREPRINT GROUP LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2023

15 Debtors

	2023	2022
	£	£
Trade debtors	10,419,910	9,586,829
Amounts owed by group undertakings	4,225,073	7,474,396
Other debtors	1,242,131	1,106,736
Prepayments	401,403	287,699
	<u>16,288,517</u>	<u>18,455,660</u>

16 Creditors

	Note	2023	2022
		£	£
Due within one year			
Loans and borrowings	<u>17</u>	3,412,446	4,155,438
Trade creditors		7,265,151	6,717,250
Amounts due to group undertakings		7,355,001	6,543,830
Social security and other taxes		403,594	351,700
Other creditors		604,139	268,345
Accrued expenses		1,838,399	2,150,920
Corporation tax	<u>10</u>	210,842	71,250
		<u>21,089,572</u>	<u>20,258,733</u>
Due after one year			
Loans and borrowings	<u>17</u>	<u>4,614,087</u>	<u>6,571,781</u>

17 Loans and borrowings

	2023	2022
	£	£
Current loans and borrowings		
Bank borrowings	1,365,449	2,300,674
HP and finance lease liabilities	2,046,997	1,854,764
	<u>3,412,446</u>	<u>4,155,438</u>

	2023	2022
	£	£
Non-current loans and borrowings		
HP and finance lease liabilities	<u>4,614,087</u>	<u>6,571,781</u>

Included within bank borrowings is £1,365,449 (2022 - £2,300,674) due to the bank in respect of invoice discounting. This amount is secured by a fixed and floating charge over the assets of the company in favour of Barclays Bank PLC.

PUREPRINT GROUP LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2023

18 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £289,714 (2022 - £259,526). Contributions totalling £45,076 (2022 - £32,658) were payable to the scheme at the end of the year and are included in creditors.

19 Share capital

Allotted, called up and fully paid shares

	2023		2022	
	No.	£	No.	£
Ordinary shares of £1 each	100,000	100,000	100,000	100,000

20 Obligations under leases and hire purchase contracts

Finance leases

The total of future minimum lease payments is as follows:

	2023	2022
	£	£
Not later than one year	2,046,997	1,854,764
Later than one year and not later than five years	4,614,087	6,571,781
	<u>6,661,084</u>	<u>8,426,545</u>

Operating leases

The total of future minimum lease payments is as follows:

	2023	2022
	£	£
Not later than one year	276,313	223,752
Later than one year and not later than five years	764,493	663,075
Later than five years	2,112,500	2,262,500
	<u>3,153,306</u>	<u>3,149,327</u>

21 Related party transactions

Fielden Properties Limited

During the year, the company incurred costs of £150,000 (2022 - £150,000) in relation to the lease of Beacon House from Fielden Properties Limited, a company under common control of Mark Handford. At the balance sheet date, the company owed £nil (2022 - £37,500) to Fielden Properties Limited.

Summary of transactions with key management

Key management personnel are considered to be the directors of the company and key management personnel compensation is disclosed in note 8 to the financial statements.

During the year the company paid rent of £31,000 (2022 - £31,000) to the parents of one of the directors.

Headford Digital Limited

During the year, the company made sales of £864,857 (2022 - £418,301) to and incurred costs of £nil (2022 - £88,597) from Headford Digital Limited, a company under common control.

PUREPRINT GROUP LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2023

22 Parent and ultimate parent undertaking

The directors consider the ultimate controlling party to be Mr M Handford by virtue of his controlling shareholding in East Sussex Press Limited.

The company's immediate parent is East Sussex Press Limited, incorporated in England and Wales.

The most senior parent entity producing publicly available financial statements is East Sussex Press Limited. These financial statements are available upon request from Companies House.

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.