

THAMES CARD TECHNOLOGY LIMITED

**Strategic Report, Report of the Directors and
Financial Statements**

For the period ended 2 April 2019

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Company No. 02952822

THAMES CARD TECHNOLOGY LIMITED

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THAMES CARD TECHNOLOGY LIMITED

Company Information

For the period ended 2 April 2019

DIRECTORS:

A Caffyn
M Bryant
M Williams
P Underwood
R Hilton
C Colford

REGISTERED OFFICE

Thames House
Arterial Road
Rayleigh
Essex
SS6 7UQ

REGISTERED NUMBER:

02952822

AUDITOR:

Grant Thornton UK LLP
Priory Place
New London Road
Chelmsford
Essex
CM2 0PP

BANKERS:

National Westminster Bank Plc
4-5 High Street
Chelmsford
Essex
CM1 1FZ

THAMES CARD TECHNOLOGY LIMITED

Strategic Report

For the period ended 2 April 2019

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The Company is principally engaged in the manufacture and personalisation of payment, loyalty and gift cards and the provision of fulfilment services for retailers and financial institutions.

The period covered by the financial statements has been extremely challenging. Early in the period there was a steep decline in sales over a short period. This was caused by a combination of factors: merger activity amongst the customer base, some service issues with specific customers and unexpected adverse market movements. The Company was confident that revenue could be rebuilt. The support of shareholders and refinancing allowed the Company to continue to commit to the necessary level of costs to service customers and to drive business growth in pursuit of future profitability.

The Company returned to break even EBITDA by the end of Q3 2018 and has continued to grow. In the six months to September 2019, sales are 39% higher than the comparable period to September 2018 and EBITDA has improved by £1.6m from a loss of £0.8m to a profit of £0.8m. The Company refinanced in February 2019, which has provided a strong foundation for the continued growth of the Company through 2019.

The improvements in performance and service since early 2018 have transformed the Company's reputation.

On 31st October 2019, the entire share capital of the Company was acquired by Bemrose Booth Paragon Limited. The acquisition was unanimously supported by the Directors who believe that being part of the Paragon group of companies offers an exciting opportunity for the Company to thrive and prosper.

KEY PERFORMANCE INDICATORS

The Company reports on a number of key performance indicators (KPIs) in the monthly management accounts. The main focus is on turnover, gross margin and EBITDA.

In 2019 financial KPIs for the 16 month period were as follows.

Turnover	2019 : £14.6m	2017 : £19.5m
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Sales in 2017 were flattered by a large one-off contract. Underlying sales fell considerably during the early part of the financial statement period as discussed above.

Gross margin	2019 : £1.4m	2017 : £5.7m
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The Company continued to maintain an effective workforce and facilities that were capable of supporting the existing business and responding to growth opportunities. The costs of these at a time of lower sales suppressed gross margin.

EBITDA (loss) / Profit before one-off costs	2019 : £(2.4)m	2017 : £2.8m
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The EBITDA result reflects the lower sales during the period while costs were minimised where possible, but sustained at a level to provide ongoing service and growth opportunities. The Company is delivering a good positive EBITDA performance in the financial year ending 31 March 2020.

THAMES CARD TECHNOLOGY LIMITED

Strategic Report (continued) For the period ended 2 April 2019

GOING CONCERN

The Directors have reviewed the cash flows for the period of 12 months from the date of these financial statements and have concluded that there are sufficient resources to continue as a going concern for this period.

Taking the above into account, the Directors consider that it is appropriate for the Company to adopt the going concern basis for these financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

Principal risks and uncertainties relate to fluctuations in raw material prices and foreign currency exchange rates which the Company seeks to mitigate through appropriate foreign exchange hedging.

FINANCIAL RISK MANAGEMENT

The Company uses various financial instruments including short and long term loans, cash and various items, such as trade debtors and trade creditors, that arise directly from its operations. The main purpose of these financial instruments is to provide working capital for the Company's operations.

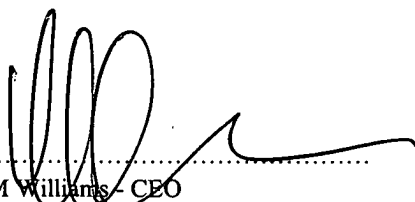
The existence of these financial instruments exposes the Company to a number of financial risks, primarily interest rate risk, bad debt risk and currency risk.

The Company finances its operations through borrowings. The Company's exposure to interest rate fluctuations on its borrowings is managed by the use of floating facilities.

The Company is exposed to bad debt risk by offering credit terms to customers. The risk is mitigated by initial assessment and subsequent regular review of creditworthiness of customers.

The Company is exposed to transaction foreign currency risk. Transactions exposures, where possible, are hedged through the use of foreign currency bank accounts.

ON BEHALF OF THE BOARD:



M Williams - CEO

31st October 2019

THAMES CARD TECHNOLOGY LIMITED

Report of the Directors For the period ended 2 April 2019

The directors present their report with the financial statements of the Company for the period ended 2 April 2019.

DIVIDENDS

No dividends will be paid in respect of the current year (2017: £nil).

A dividend of £100,000 (2017: £nil) has been accrued in accordance with shareholder rights.

DIRECTORS

The directors shown below have held office during the period from 1 December 2017 to the date of this report.

A Caffyn

M Bryant (resigned 25 May 2018, reappointed 29 August 2018)

J Vinson (appointed 25 May 2018, resigned 29 August 2018)

J Watkins (resigned 17 January 2019)

G Short (resigned 17 January 2019)

M Williams

P Underwood

R Hilton

C Colford

FINANCIAL INSTRUMENTS

Information about the recognition of financial instruments by the Company is given in note 23 to the financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 laws, including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the status 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 then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

THAMES CARD TECHNOLOGY LIMITED

Report of the Directors (continued) For the period ended 2 April 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES (continued)

The directors are responsible for keeping 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

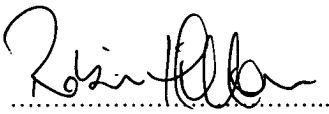
Each of the persons who are directors at the time when this Director's report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as director in order to be aware of any relevant audit information and to establish that the Company's auditors is aware of that information.

AUDITOR

Grant Thornton UK LLP will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

ON BEHALF OF THE BOARD:



R Hilton FCA

31st October 2019

THAMES CARD TECHNOLOGY LIMITED

Independent Auditor's Report to the Members of Thames Card Technology Limited For the period ended 2 April 2019

Opinion

We have audited the financial statements of Thames Card Technology Limited (the 'company') for the period ended 2 April 2019, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows 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 2 April 2019 and of its loss for the period 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's 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our 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.

THAMES CARD TECHNOLOGY LIMITED

Independent Auditor's Report to the Members of Thames Card Technology Limited (continued) For the period ended 2 April 2019

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.

Matter on which we are required to report under the Companies Act 2006

In the light of the 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 or the directors' report.

Matters on which we are required to report by exception

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, 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 for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor'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.

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


THAMES CARD TECHNOLOGY LIMITED

**Independent Auditor's Report to the Members of Thames Card Technology Limited
(continued)**

For the period ended 2 April 2019

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.



Graham Mummery

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Chelmsford

Date: 31 October 2019

THAMES CARD TECHNOLOGY LIMITED

Statement of Comprehensive Income For the period ended 2 April 2019

	Notes	16 months 2019 £	12 months 2017 £
TURNOVER	3	14,555,014	19,497,592
Cost of Sales		<u>(13,167,673)</u>	<u>(13,829,128)</u>
Gross margin		1,387,341	5,668,464
Administrative expenses		<u>(4,747,970)</u>	<u>(3,404,527)</u>
OPERATING (LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAX	4	(3,360,629)	2,263,937
Interest payable and similar charges	8	(465,669)	(332,228)
Interest payable	8	(593,300)	-
(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(4,419,598)	1,931,709
Tax on (loss) / profit	9	702,262	(364,885)
(LOSS) / PROFIT FOR THE FINANCIAL PERIOD		<u>(3,717,336)</u>	<u>1,566,824</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>(3,717,336)</u>	<u>1,566,824</u>

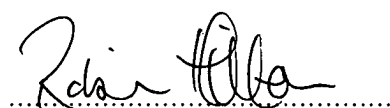
The notes on pages 13 to 28 form part of these financial statements.

THAMES CARD TECHNOLOGY LIMITED

Balance Sheet As at 2 April 2019

	Notes	£	2019 £	£	2017 £
FIXED ASSETS					
Intangible assets	10		329,193		132,514
Tangible assets	11		<u>3,137,892</u>		<u>3,642,680</u>
			<u>3,467,085</u>		<u>3,775,194</u>
CURRENT ASSETS					
Stocks	12	525,194		787,640	
Debtors: amounts falling due after more than one year	13	717,643		15,381	
Debtors: amounts falling due within one year	13	2,921,283		3,044,703	
Cash at Bank		<u>937,620</u>		<u>1,176,833</u>	
		5,101,740		5,024,557	
CREDITORS					
Amounts falling due within one year	14	<u>(5,382,835)</u>		<u>(4,556,530)</u>	
NET CURRENT (LIABILITIES) / ASSETS			<u>(281,095)</u>		<u>468,027</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,185,990		4,243,221
CREDITORS	15		<u>(4,804,382)</u>		<u>(2,047,489)</u>
Amounts falling due after more than one year					
NET (LIABILITIES) / ASSETS			<u>(1,618,392)</u>		<u>2,195,732</u>
CAPITAL AND RESERVES					
Called up share capital	21		149,820		149,506
Share premium	22		768,850		768,850
Capital redemption reserve	22		85		85
Share-based payments reserve	22		6,939		4,041
Profit and loss account	22		<u>(2,544,086)</u>		<u>1,273,250</u>
SHAREHOLDERS' FUNDS			<u>(1,618,392)</u>		<u>2,195,732</u>

The financial statements were approved by the Board of Directors on 31st October 2019 and were signed on its behalf by



R Hilton FCA – Director

The notes on pages 13 to 28 form part of these financial statements.

THAMES CARD TECHNOLOGY LIMITED

Statement of Changes in Equity As at 2 April 2019

	Share capital	Share premium	Capital redemption reserve	Share- based payments reserve	Retained earnings	Total Equity
	£	£	£	£	£	£
At 1 December 2017	149,506	768,850	85	4,041	1,273,250	2,195,732
Loss and comprehensive income for the period	-	-	-	-	(3,717,336)	(3,717,336)
Issue of shares	314	-	-	-	-	314
Recognition of share-based payments	-	-	-	2,898	-	2,898
Dividends	-	-	-	-	(100,000)	(100,000)
At 2 April 2019	149,820	768,850	85	6,939	(2,544,086)	(1,618,392)

	Share capital	Share premium	Capital redemption reserve	Share- based payments reserve	Retained earnings	Total Equity
	£	£	£	£	£	£
At 1 December 2016	144,601	722,849	-	-	(276,601)	590,849
Profit and comprehensive income for the year	-	-	-	-	1,566,824	1,566,824
Issue of shares	4,990	46,001	-	-	-	50,991
Purchase of own shares	(85)	-	85	-	(16,973)	(16,973)
Recognition of share-based payments	-	-	-	4,041	-	4,041
At 30 November 2017	149,506	768,850	85	4,041	1,273,250	2,195,732

The notes on pages 13 to 28 form part of these financial statements.

THAMES CARD TECHNOLOGY LIMITED

Statement of Cash Flows For the period ended 2 April 2019

	Notes	16 months 2019 £	12 months 2017 £
Net cash (used in) / generated from operating activities	1	(2,377,221)	712,516
Net cash from investing activities	2	(580,955)	(2,704,859)
Net cash from / (used in) financing activities	2	2,718,963	(864,142)
Net increase in cash and cash equivalents		(239,213)	(2,856,485)
Cash and cash equivalents at the beginning of the period		1,176,833	4,033,318
Cash and cash equivalents at the end of the period		<u>937,620</u>	<u>1,176,833</u>

The notes on pages 13 to 28 form part of these financial statements.

THAMES CARD TECHNOLOGY LIMITED

Notes to the Statement of Cash Flows For the period ended 2 April 2019

1. RECONCILIATION OF OPERATING (LOSS) / PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	16 months 2019 £	12 months 2017 £
(Loss) / Profit for the financial period	(3,717,336)	1,566,824
Adjustments for:		
Depreciation charges	790,405	498,631
Amortisation charges	98,660	42,656
Share-based payment charge	2,898	4,041
Decrease in stocks	262,446	170,344
Decrease in debtors	123,420	420,553
Increase in creditors	(294,423)	(2,687,646)
Interest payable	1,058,971	332,228
Taxation	(702,262)	364,885
Net cash generated from operating activities	(2,377,221)	712,516

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	16 months 2019 £	12 months 2017 £
Cash flows from investing activities		
Purchases of intangible assets	(328,977)	(89,702)
Purchases of tangible assets	(251,978)	(2,615,157)
Net cash used in investing activities	(580,955)	(2,704,859)
Cash flows from financing activities		
Issue of bank loans	3,740,341	-
Repayment of bank loans & overdraft	(354,005)	(468,669)
Repayment of finance lease obligations	(140,004)	(78,189)
Interest paid	(527,683)	(305,301)
Issue of shares	314	4,990
Purchase of own shares	-	(16,973)
Net cash from / (used in) financing activities	2,718,963	(864,142)

THAMES CARD TECHNOLOGY LIMITED

Notes to the Financial Statements For the period ended 2 April 2019

1. ACCOUNTING POLICIES

General information

Thames Card Technology Limited is a private company limited by shares incorporated in England & Wales. The registered office address is Thames House, Arterial Road, Rayleigh, Essex SS6 7UQ.

Basis of preparing the financial statements

The financial statements have been prepared under historic cost convention, in accordance with applicable UK accounting standards, including Financial Reporting Standard 102 - The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102) and with the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

The Company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Company for the period ended 2 April 2019.

Going Concern

The Directors have reviewed the cash flows for the period of 12 months from the date of these financial statements and have concluded that there are sufficient resources to continue as a going concern for this period.

Taking the above into account, the Directors consider that it is appropriate for the Company to adopt the going concern basis for these financial statements.

Turnover

Turnover comprises revenue recognised by the Company for the manufacture and personalisation of plastic cards and for fulfilment services. Revenue is recognised based on the period in which goods are manufactured for customers and services provided to customers.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Improvements to property	- over 10 years
Plant and machinery	- over 3 - 10 years

Intangible fixed assets

Amortisation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Software	- over 3 years
Website	- over 10 years

THAMES CARD TECHNOLOGY LIMITED

Notes to the Financial Statements (continued) **For the period ended 2 April 2019**

1. ACCOUNTING POLICIES (continued)

Stocks

Stocks are valued on a 'first in-first out' basis and at the lower of cost and net realisable value after making the allowance for obsolete and slow moving stocks. In the case of work in progress and finished goods, cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Financial instruments

The Company enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Where the Company enters into financial instrument transactions meeting the definition of 'other' under Section 12 of FRS 102, the financial liability is recognised and recorded at fair value through profit and loss. Changes in the fair value of the financial instrument are recognised in profit or loss in finance costs or income as appropriate.

Financial assets that are measured at cost and amortised costs are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, and impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised costs, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

THAMES CARD TECHNOLOGY LIMITED

Notes to the Financial Statements (continued) For the period ended 2 April 2019

1. ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Financial assets and liabilities are offset and the net amount reporting in the balance sheet when there is an enforceable right to set off the recognised amount and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax

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

Foreign currencies

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

Hire purchase and leasing commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet at their fair value and depreciated over their useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

Pension costs and other post-retirement benefits

For certain employees, the Company contributes to their personal or stakeholder pension plans. The costs of these contributions are charged to the Income Statement in the year in which they become payable.

Compound Instruments

Compound instruments are split into their debt and equity components at the date of issue and are measured at fair value.

Share-based payments

For certain employees, the Company issues share-based payments. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the shares that will eventually vest and adjusted for the effect of non market-based vesting conditions, with a corresponding adjustment to the equity-settled share options reserve.

Fair value is measured using the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

THAMES CARD TECHNOLOGY LIMITED

Notes to the Financial Statements (continued) For the period ended 2 April 2019

2. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Preparation of the financial statements requires management to make significant judgments and estimates. The items in the financial statements where these judgements and estimates have been made include:

- The recognition of a deferred tax asset in relation to historic losses
- The discount rate, forecasts and expected life of dividends used to calculate the net present value of the contractual dividend for the A Ordinary shares and redemption premia
- Determining the value of share-based payments

3. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the Company

An analysis of turnover by geographical market is given below:

	16 months 2019 £	12 months 2017 £
UK and Ireland	11,087,681	16,605,104
Europe	2,639,308	1,716,589
Americas	637,382	280,008
Rest of World	190,643	895,891
	<hr/> 14,555,014	<hr/> 19,497,592

4. OPERATING (LOSS) / PROFIT

The operating profit is stated after charging

	16 months 2019 £	12 months 2017 £
Depreciation – owned assets	790,405	448,867
Depreciation – assets on hire purchase contracts	-	49,764
Amortisation	98,660	42,656
	<hr/>	<hr/>

5. AUDITORS REMUNERATION

	16 months 2019 £	12 months 2017 £
Auditors remuneration	33,000	23,000
Auditors remuneration – non-audit services	3,100	2,950
	<hr/>	<hr/>

Non-audit services relate to tax advice provided to the Company.

THAMES CARD TECHNOLOGY LIMITED

Notes to the Financial Statements (continued) For the period ended 2 April 2019

6. STAFF COSTS

	16 months 2019 £	12 months 2017 £
Wages and salaries	6,603,959	5,461,191
Social security costs	694,765	481,407
Other pension costs	173,692	115,731
	<u>7,472,416</u>	<u>6,058,329</u>

The average monthly number of employees during the period was as follows

	2019	2017
Selling and distribution	16	17
Administration	20	16
Production	119	142
	<u>155</u>	<u>175</u>

7. DIRECTORS

Remuneration in respect of directors was as follows:

	16 months 2019 £	12 months 2017 £
Directors' emoluments	779,480	717,885
Company contributions to defined contribution pension schemes	73,612	66,967
Compensation for loss of office	-	148,533
	<u>853,092</u>	<u>933,385</u>

During the period retirement benefits were accruing to 4 directors (2017: 4) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £241,289 (2017: £248,533)

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £26,250 (2017: £17,500)

THAMES CARD TECHNOLOGY LIMITED

Notes to the Financial Statements (continued) For the period ended 2 April 2019

8. INTEREST PAYABLE AND SIMILAR CHARGES

	16 months 2019	12 months 2017
	£	£
Interest and charges payable on loans	343,624	199,956
Bank interest	134,975	71,319
Bank charges	25,988	18,623
On hire purchase and finance leases	23,096	15,403
Interest on financial liability component of share issue	(62,014)	26,927
	<hr/>	<hr/>
	465,669	332,228
Interest on financial liability component of redemption premia	593,300	-
	<hr/>	<hr/>
	1,058,969	332,228

Under FRS 102 section 12 interest on the financial liability component of the share issue & redemption premia of £531,286 (2017: £26,927) has been calculated on the fair value of the Company's obligation to pay dividends on the A Ordinary shares and redemption premia on loan notes, discounted at what is estimated to be the market rate of interest for a similar debt instrument. Refer to note 16 for details of changes after the balance sheet date.

9. TAXATION

Analysis of the tax charge

The tax charge / (credit) on the (loss) / profit on ordinary activities for the period are as follows

	16 months 2019	12 months 2017
	£	£
Current tax:		
UK corporation tax	-	-
Deferred tax	(702,262)	364,885
Tax on (loss) / profit on ordinary activities	(702,262)	364,885

THAMES CARD TECHNOLOGY LIMITED

Notes to the Financial Statements (continued) For the period ended 2 April 2019

9. TAXATION (Continued)

Factors affecting the tax charge

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The difference is explained below

	16 months 2019 £	12 months 2017 £
(Loss) / Profit on ordinary activities before tax	(4,419,598)	1,931,709
(Loss) / Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2017: 19%)	<u>(839,724)</u>	<u>367,025</u>
Effects of		
Expenses not deductible for tax purposes	154,183	1,338
Interest on liability component of share issue	(47,750)	4,750
Adjust to deferred tax to average	-	(8,228)
Deferred tax on losses (recognised)/not recognised	31,029	-
	<u>(702,262)</u>	<u>364,885</u>
Current tax (credit) / charge		

10. INTANGIBLE FIXED ASSETS

	Software £	Website £	Total £
COST			
At 1 December 2017	262,894	-	262,894
Additions	94,017	10,378	104,395
Reclassified from tangible assets	162,721	28,223	190,944
	<u>519,632</u>	<u>38,601</u>	<u>558,233</u>
At 2 April 2019			
DEPRECIATION			
At 1 December 2017	130,380	-	130,380
Charge for the period	93,513	5,147	98,660
	<u>223,893</u>	<u>5,147</u>	<u>229,040</u>
At 2 April 2019			
NET BOOK VALUE			
At 2 April 2019	<u>295,739</u>	<u>33,454</u>	<u>329,193</u>
At 30 November 2017	<u>132,514</u>	<u>-</u>	<u>132,514</u>

THAMES CARD TECHNOLOGY LIMITED

Notes to the Financial Statements (continued) For the period ended 2 April 2019

11. TANGIBLE FIXED ASSETS

	Improvements to property £	Plant and machinery £	Asset under construction £	Totals £
COST				
At 1 December 2017	883,325	16,063,404	224,582	17,171,311
Additions	94,011	382,550	-	476,561
Reclassified as intangible	-	-	(190,944)	(190,944)
Reclassified	-	33,638	(33,638)	-
	<u>977,336</u>	<u>16,479,592</u>	<u>-</u>	<u>17,456,928</u>
At 2 April 2019				
DEPRECIATION				
At 1 December 2017	753,639	12,774,992	-	13,528,631
Charge for the period	39,638	750,767	-	790,405
	<u>793,277</u>	<u>13,525,759</u>	<u>-</u>	<u>14,319,036</u>
At 2 April 2019				
NET BOOK VALUE				
At 2 April 2019	<u>184,059</u>	<u>2,953,833</u>	<u>-</u>	<u>3,137,892</u>
	Improvements to property £	Plant and machinery £	Asset under construction £	Totals £
COST				
At 1 December 2016	876,516	13,658,567	21,071	14,556,154
Additions	6,809	2,383,766	224,582	2,615,157
Reclassified	-	21,071	(21,071)	-
At 30 November 2017	<u>883,325</u>	<u>16,063,404</u>	<u>224,582</u>	<u>17,171,311</u>
DEPRECIATION				
At 1 December 2016	727,990	12,302,010	-	13,030,000
Charge for the year	25,649	472,982	-	498,631
At 30 November 2017	<u>753,639</u>	<u>12,774,992</u>	<u>-</u>	<u>13,528,631</u>
NET BOOK VALUE				
At 30 November 2017	<u>129,686</u>	<u>3,288,412</u>	<u>224,582</u>	<u>3,642,680</u>

THAMES CARD TECHNOLOGY LIMITED**Notes to the Financial Statements (continued)**
For the period ended 2 April 2019**12. STOCKS**

	2019 £	2017 £
Raw Material	408,344	684,338
Work in progress	116,850	103,302
Stocks	525,194	787,640

Stocks recognised in cost of sales during the period as an expense was £6,000,018 (2017: £7,860,864)

An Impairment loss of £95,287 (2017: £124,645) was recognised in costs of sales against stock during the period due to slow-moving and obsolete stock.

13. DEBTORS

	2019 £	2017 £
Amounts falling due within one year:		
Trade debtors	2,358,952	2,775,539
Prepayments and accrued income	516,330	223,163
Unpaid share capital	46,001	46,001
	2,921,283	3,044,703
Amounts falling due after more than one year:		
Deferred tax asset	717,643	15,381
Aggregate amount	3,638,926	3,060,084

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2017 £
Bank loans and overdrafts (see note 16)	2,045,841	946,926
Other loans (see note 16)	400,000	400,000
Hire purchase contracts (see note 17)	-	78,190
Trade creditors	1,679,231	2,157,337
Social security and other taxes	405,940	369,046
Other creditors	102,889	261,844
Accruals and deferred income	748,934	343,187
	5,382,835	4,556,530

The bank overdrafts are secured by a fixed and floating charge over all of the Company's assets.

THAMES CARD TECHNOLOGY LIMITED

Notes to the Financial Statements (continued) For the period ended 2 April 2019

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019 £	2017 £
Bank loans	921,782	134,361
Other loans (see note 16)	3,882,600	1,851,314
Hire purchase contracts (see note 17)	-	61,814
	<u>4,804,382</u>	<u>2,047,489</u>

In accordance with FRS 102 section 12: Other Financial Instruments, a contractual dividend which is contingent on future levels of profit meets the definition of a financial liability. The A Ordinary shares which contain this obligation also contain equity components (such as the right to receive discretionary dividends). The directors therefore consider that the A Ordinary shares are a compound instrument consisting of both a debt and equity element.

Additionally, during the period redemption premia were agreed on loan notes.

Under FRS 102 section 12 the debt's carrying value has been recognised at £782,600 (2017: £251,314) and represents the fair value of the Company's obligation to pay dividends on the A Ordinary shares and the redemption premia, discounted at what is estimated to be the market rate of interest for similar debt instruments.

16. LOANS

Analysis of the maturity of loans is given below

	2019 £	2017 £
Amounts falling due within one year or on demand		
Bank loans	2,045,841	946,926
Other loans	<u>400,000</u>	<u>400,000</u>
	<u>2,445,841</u>	<u>1,346,926</u>
	2019 £	2017 £
Amounts falling due between two and five years		
Bank loans – 2-5 years	921,782	134,361
Other loans	3,100,000	1,600,000
Financial liability element of share capital & redemption premia	<u>782,600</u>	<u>251,314</u>
	<u>4,804,382</u>	<u>1,985,675</u>

Bank loans comprise invoice discount facilities and a bank loan. The bank loan is repayable in monthly instalments of £19,613 until February 2022. The interest rate is 3.25% plus the Bank of England base rate. The loan is secured by a fixed charge over the Company's tangible assets.

THAMES CARD TECHNOLOGY LIMITED

Notes to the Financial Statements (continued) For the period ended 2 April 2019

16. LOANS (continued)

Other loans comprise:

- £2m unsecured loan notes repayable in 6 monthly instalments of £400,000 from December 2019. The interest rate is 10% per annum.
- £1m unsecured loan notes repayable in 6 monthly instalments of £250,000 from June 2022. The interest rate is 10% per annum.
- £0.5m unsecured loan notes repayable in 1 instalment in February 2023. There is no interest payable.
- £0.783m net present value of redemption premia and accrued dividends

On 31st October 2019 the entire share capital of the Company was acquired by Bemrose Booth Paragon Limited. As part of the transaction, £2,800,000 of the unsecured loan notes were satisfied by repayment and the issue of A Ordinary shares. The redemption premia and accrued dividends were written off, leaving unsecured loan notes outstanding of £700,000. A proportion of these will be written off, with the amount determined by completion accounts to be finalised after the balance sheet date.

17. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	2019 £	2017 £
Net obligations payable		
Within one year	-	78,190
Between one and five years	-	61,814
	-	140,004

18. COMMITMENTS UNDER OPERATING LEASES

The Company's future minimum operating lease payments are as follows:

	Land and Buildings	
	2019 £	2017 £
Within one year	200,000	200,000
Between one and five years	150,000	416,667

19. SECURED DEBTS

The following secured debts are included within creditors:

	2019 £	2017 £
Bank loans	2,967,623	1,081,287
Hire purchase contracts	-	140,003
	2,967,623	1,221,290

The bank loans are secured by a fixed and floating charge over all of the Company's assets.

THAMES CARD TECHNOLOGY LIMITED

Notes to the Financial Statements (continued) For the period ended 2 April 2019

20. DEFERRED TAX

	£
Balance at 1 December 2017	15,381
Movement in the year	702,262
	<hr/>
Balance at 2 April 2019	717,643
	<hr/>

The deferred tax asset at 2 April 2019 is presented in debtors within the financial statements.

The deferred tax balance is made up as follows.

	£
Unutilised trade losses carried forward	898,511
Fixed asset timing differences	(180,868)
	<hr/>
	717,643
	<hr/>

21. CALLED UP SHARE CAPITAL

Class	Nominal Value	Number	2019 £	Number	2017 £
Ordinary shares	£1	-	-	100,780	100,780
A Ordinary shares	£1	53,583	53,583	48,583	48,583
B Ordinary shares	£0.01	-	-	14,280	143
C Ordinary shares	£1	67,843	67,843	-	-
D Ordinary shares	£1	7,937	7,937	-	-
E Ordinary shares	£1	20,000	20,000	-	-
G Ordinary shares	£1	229	229	-	-
Deferred shares	£0.01	22,766	228	-	-
			<hr/>		<hr/>
			149,820		149,506

On 13th January 2017 4,762 Ordinary shares of £1 each were issued. The amount paid per share was £1. There is £9.66 per share to be paid.

On 10th April 2017 22,766 B Ordinary shares of £0.01 each were issued. The amount paid per share was £0.01.

On 15th September 2017 8,486 B Ordinary shares of £0.01 each were purchased by the Company for consideration of £16,972.

On 12th April 2018 8,486 B Ordinary shares of £0.01 each were issued. The amount paid per share was £0.01.

On 25th September 2018 229 G Ordinary shares of £1 each were issued. The amount paid per share was £1.

THAMES CARD TECHNOLOGY LIMITED

Notes to the Financial Statements (continued) For the period ended 2 April 2019

21. CALLED UP SHARE CAPITAL (continued)

During the period there was a share restructure that split the existing ordinary shares into different classes of ordinary shares, except for the B Ordinary shares that were converted into Deferred shares

The rights attached to the classes of shares are as follows:-

A Ordinary shareholders are entitled to full voting rights and enhanced voting rights in the case of an enhanced voting event. The voting rights are as set out in the Articles of Association. The shareholders are entitled to income and capital as set out in the Articles of Association. The shareholders are also entitled to receive a cumulative preferential net cash dividend with effect from 1st December 2018 in priority to any distribution to the other shareholders. Additionally, upon exit or winding down, the A Ordinary shares take priority over the other shares.

C Ordinary shareholders are entitled to full voting rights and enhanced voting rights in the case of an enhanced voting event. The voting rights are as set out in the Articles of Association. The shareholders are entitled to income and capital as set out in the Articles of Association.

D Ordinary shareholders are entitled to full voting rights and enhanced voting rights in the case of an enhanced voting event. The voting rights are as set out in the Articles of Association. The shareholders are entitled to income and capital as set out in the Articles of Association.

E Ordinary shareholders are entitled to full voting rights and enhanced voting rights in the case of an enhanced voting event. The voting rights are as set out in the Articles of Association. The shareholders are entitled to income and capital as set out in the Articles of Association.

G Ordinary shareholders are entitled to full voting rights and enhanced voting rights in the case of an enhanced voting event. The voting rights are as set out in the Articles of Association. The shareholders are entitled to income and capital as set out in the Articles of Association.

Deferred shares shareholders do not have any voting rights or entitlement to dividends, and have limited rights to capital.

22. RESERVES

Share Premium

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Capital redemption reserve

This reserve records the nominal value of shares redeemed by the company.

Share-based payment reserve

This reserve records the fair value of share-based payments.

Profit and loss account

This reserve comprises all current and prior years' retained profits and losses.

THAMES CARD TECHNOLOGY LIMITED

Notes to the Financial Statements (continued) For the period ended 2 April 2019

23. FINANCIAL INSTRUMENTS

	2019 £	2017 £
Financial assets measured at amortised cost	3,296,572	3,952,372
	<u>3,296,572</u>	<u>3,952,372</u>
Financial liabilities measured at amortised cost	6,498,677	5,983,659
Financial liabilities measured at fair value through profit or loss	3,282,600	251,314
	<u>9,781,277</u>	<u>6,234,973</u>

Financial assets measured at amortised cost comprises cash and trade debtors.

Financial liabilities measured at amortised cost comprises bank loans, other loans, overdrafts, hire purchase contracts, trade creditors, other creditors, and accruals.

Financial liabilities measured at fair value through profit or loss comprises the fair value of contractual dividends recognised as compound interest under FRS102 section 12.

24. SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Company has a share option scheme for certain employees. Options are exercisable at a price equal to the market value of the shares on the date of grant. The options vest on a change of control of the Company or at the expiry of a vesting period ranging from 30 days to 2 years. If the options remain unexercised after a period from 6 months to 10 years from the date of grant, the options expire. Options may be forfeited if the employee leaves the Company before the options vest.

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

	2019 Number of share options	Weighted average exercise price (£)	2017 Number of share options	Weighted average exercise price (£)
Outstanding at the start of the year	5,875	1.00	-	-
Granted during the year	12,207	1.69	32,133	0.30
Forfeited during the year	(9,367)	2.80	(3,492)	1.00
Exercised during the year	(8,715)	0.04	(22,766)	0.01
Outstanding at the end of the year	<u>-</u>	<u>-</u>	<u>5,875</u>	<u>1.00</u>
Exercisable at the end of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

THAMES CARD TECHNOLOGY LIMITED

Notes to the Financial Statements (continued) For the period ended 2 April 2019

25. RELATED PARTY DISCLOSURES

Ms J Watkins and Mr G Short who were directors of the Company during the period were directors of Thames Loose Leaf Limited during the year. Ms J Watkins is the 100% shareholder of Thames Loose Leaf Limited.

Included in creditors is £1,200 (*2017: £9,680*) due to Thames Loose Leaf Limited. Included in debtors is £1,179 (*2017: £1,923*) due from Thames Loose Leaf Limited.

Ms J Watkins and Mr G Short who were directors of the Company during the period are directors of Thames Estuary Plastics Limited. Ms J Watkins is the 100% shareholder of Thames Estuary Plastics Limited.

During the period the Company paid rent of £266,667 (*2017: £200,000*) to Thames Estuary Plastics Limited. During the period the Company issued £100,000 of loan notes to Thames Estuary Plastics Limited. At the end of the period £100,000 was due to Thames Estuary Plastics Limited (*2017: £nil*).

Key management personnel compensation for the period amounts to £955,452 (*2017: £1,040,999*)

26. POST BALANCE SHEET EVENTS

On 31st October 2019 the entire share capital of the Company was acquired by Bemrose Booth Paragon Limited. As part of the acquisition, redemption premia on loan notes and accrued but unpaid dividends were waived. £2,800,000 of loan notes were satisfied by the allotment and issue of new A ordinary shares and by repayment. The remaining £700,000 of loan notes will be written off in part, with the amount determined by adjustments from Completion accounts after the date of acquisition.