

Company Registration No. 04476687 (England and Wales)

**PHOTOCENTRIC LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

**PHOTOCENTRIC LIMITED**

**COMPANY INFORMATION**

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**Directors** P Holt  
S Tipping  
J Mahoney (Appointed 11 November 2020)

**Secretary** S Tipping

**Company number** 04476687

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

**Auditor** UHY Hacker Young  
14 Park Row  
Nottingham  
NG1 6GR

**Business address** Cambridge House  
Oxney Road  
Peterborough  
Cambridgeshire  
PE1 5YW

**Bankers** HSBC Bank plc  
High Street  
Rushden  
Northamptonshire  
NN10 0NP

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**PHOTOCENTRIC LIMITED**

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**PHOTOCENTRIC LIMITED**

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## **PHOTOCENTRIC LIMITED**

### **STRATEGIC REPORT**

#### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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The directors present the strategic report for the year ended 31 December 2020.

#### **Fair review of the business**

Revenue for the year was up 85% (£8.64 million) compared to 2019. This is mainly due to the sale of 3D printed items. The gross margin was higher at 38% compared with 34% in 2019 as the industry was largely unaffected by COVID-19 the business has managed to operate within its current margins on existing products whilst continuing to grow its profit margins on new contracts.

Administrative expenses were increased in 2020 in value terms and stood at 19.7% of turnover which compares with the 2019 ratio of 30.65%. The increase during the year is largely explained by administrative costs to help with the support of the new contract obtained. Wages and salary costs make up the majority of the increase. The costs were also naturally reduced by the COVID-19 pandemic and the company implementing major cost and cash saving strategies.

During the period March 2020 – December 2020, the group implemented a major cost and cash saving strategy which included the following key areas:

- Use of the UK Government Jobs Retention Scheme (furlough) for short term protection of employment.
- Deferral of tax liabilities as permitted by HMRC.
- Wide range of internal cost saving initiatives including rationalisation of the company property portfolio, rent savings, reduced labour costs and controlled discretionary and capital expenditure.

The above programme contributed significantly to the delivery of a significant level of profitability in the months from June – December along with a pick-up in sales levels during this period as COVID restrictions were relaxed and new restrictions were more easily managed through the benefit of experience gained during the first lockdown period.

The group reported a pre-tax profit of £3.186 million compared with a loss before tax of £829k in 2019. The key explanatory factors are recorded above.

#### **Year End Position**

The net assets position has improved during 2020 due to the groups's continued profitable trading with net assets valued at £4,653 million at 31 December 2020 (2019: £1.520 million).

The Directors have evaluated the situation carefully and draw attention to the following factors:

- The directors will continue to monitor the situation surrounding COVID-19 and Brexit related issues.
- The directors will continue to look to secure additional large contract supplying 3D printed goods.

#### **Service and Operational Performance**

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

## **PHOTOCENTRIC LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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##### **Principal risks and uncertainties**

The principal risks and uncertainties faced by the business can be summarised as follows:

Market competition and market pricing pressure

Brexit related regulations

Economic activity in the UK market

Reputation

Extraordinary events such as infectious disease outbreaks

The continuing impact from the COVID-19 pandemic and the wider economic uncertainty that it has created.

The group has a well developed risk management framework that is designed to identify, assess, monitor, manage and mitigate all of the above risks and the Directors expect that this approach will continue to manage these risks effectively along with any other risk factors that exist or may emerge in the future.

##### **COVID -19**

During 2020 we have seen the COVID-19 virus pandemic take hold globally and this has clearly had a material impact on the world economy as well as individual businesses. The spread of the virus and the resulting government responses across the world has been very disruptive to many, indeed most, business sectors often meaning that individual businesses have been forced to curtail or cease operational activities for sustained periods of time. This group has taken all necessary steps to comply with UK government guidelines and has experienced some downturn in activity during 2020.

The experience of 2020 was of a very difficult April and May as the UK entered the first lockdown but from June 2020 sales responded very positively as the economy opened up again. Throughout the period from March through to December, there has been very tight cost control and judicious use of the various UK Government Support Schemes. The combined impact of the above factors is the delivery of a significant level of profitability during 2020.

The ongoing impact of COVID-19 remains uncertain but the directors are prepared for the next 12 months and current year results indicate that the group will be profitable and cash generative even allowing for a cautious sales outlook as the COVID-19 restrictions are gradually relaxed. The Directors forecast that they will continue to have access to sufficient cash headroom to support their expected scale of operations during this period. The specific matter of going concern is addressed in the Directors' Report presented immediately after this Strategic Report.

On behalf of the board

P Holt

**Director**

30 September 2021

**PHOTOCENTRIC LIMITED**

**DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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The directors present their annual report and financial statements for the year ended 31 December 2020.

**Principal activities**

The principal activity of the company and group continued to be that of the manufacture of products for the crafting and 3D printing industries along with research and development of related products.

**Results and dividends**

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

**Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

P Holt

S Tipping

J Mahoney

(Appointed 11 November 2020)

**Auditor**

**Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

P Holt

**Director**

30 September 2021

## **PHOTOCENTRIC LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020**

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The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF PHOTOCENTRIC LIMITED**

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**Opinion**

We have audited the financial statements of Photocentric Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2020 and of the group's 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'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**

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

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

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

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**INDEPENDENT AUDITOR'S REPORT (CONTINUED)  
TO THE MEMBERS OF PHOTOCENTRIC LIMITED**

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**Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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 our audit:

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

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report 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:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**  
**TO THE MEMBERS OF PHOTOCENTRIC LIMITED**

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**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the 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.

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.

Based on our understanding of the group and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the group, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which noncompliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inflated revenue and profit.

Audit procedures performed included: review of correspondence with legal advisors, enquiries of management and testing of journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed noncompliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, 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 or intentional misrepresentations, or through collusion.

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**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**  
**TO THE MEMBERS OF PHOTOCENTRIC LIMITED**

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A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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.

**James Simmonds (Senior Statutory Auditor)**  
**For and on behalf of UHY Hacker Young**

30 September 2021

**Chartered Accountants**  
**Statutory Auditor**

**PHOTOCENTRIC LIMITED**

**GROUP PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

|   |              | <b>2020</b>             | <b>2019</b>              |
|---|--------------|-------------------------|--------------------------|
|   | <b>Notes</b> | <b>£</b>                | <b>as restated<br/>£</b> |
| <b>Turnover</b>                             | <b>2</b>     | 18,793,891              | 10,154,752               |
| Cost of sales                               |              | (11,594,860)            | (6,716,784)              |
| <b>Gross profit</b>                         |              | <u>7,199,031</u>        | <u>3,437,968</u>         |
| Administrative expenses                     |              | (3,703,352)             | (3,113,319)              |
| Other operating income                      |              | 1,088,604               | 368,761                  |
| <b>Operating profit</b>                     | <b>3</b>     | <u>4,584,283</u>        | <u>693,410</u>           |
| Interest receivable and similar income      | <b>7</b>     | 891                     | 809                      |
| Interest payable and similar expenses       | <b>8</b>     | (51,120)                | (32,053)                 |
| Research and development expenditure        |              | (1,347,895)             | (1,491,507)              |
| <b>Profit/(loss) before taxation</b>        |              | <u>3,186,159</u>        | <u>(829,341)</u>         |
| Tax on profit/(loss)                        | <b>9</b>     | (40,999)                | 295,777                  |
| <b>Profit/(loss) for the financial year</b> |              | <u><u>3,145,160</u></u> | <u><u>(533,564)</u></u>  |

Profit/(loss) for the financial year is all attributable to the owner of the parent company.

The profit and loss account has been prepared on the basis that all operations are continuing operations.

**PHOTOCENTRIC LIMITED**

**GROUP STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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|  | 2020             | 2019             |
|--|------------------|------------------|
|  | £                | as restated<br>£ |
| <b>Profit/(loss) for the year</b>              | 3,145,160        | (533,564)        |
| <b>Other comprehensive income</b>              |                  |                  |
| Currency translation differences               | (12,135)         | (6,818)          |
| <b>Total comprehensive income for the year</b> | <u>3,133,025</u> | <u>(540,382)</u> |

Total comprehensive income for the year is all attributable to the owners of the parent company.

**PHOTOCENTRIC LIMITED**

**GROUP BALANCE SHEET**

**AS AT 31 DECEMBER 2020**

|  |       | 2020               |                    | 2019<br>as restated |                    |
|--|-------|--------------------|--------------------|---------------------|--------------------|
|  | Notes | £                  | £                  | £                   | £                  |
| <b>Fixed assets</b>  |       |                    |                    |                     |                    |
| Goodwill   | 10    |                    | 14,627             |                     | 17,553             |
| Other intangible assets  | 10    |                    | 255,853            |                     | 123,421            |
|  |       |                    | <u>270,480</u>     |                     | <u>140,974</u>     |
| Total intangible assets  |       |                    | 270,480            |                     | 140,974            |
| Tangible assets  | 11    |                    | 1,296,094          |                     | 964,114            |
| Investments  | 12    |                    | 8,000              |                     | 8,000              |
|  |       |                    | <u>1,574,574</u>   |                     | <u>1,113,088</u>   |
| <b>Current assets</b>  |       |                    |                    |                     |                    |
| Stocks   | 15    | 2,806,292          |                    | 2,296,793           |                    |
| Debtors  | 16    | 2,790,715          |                    | 2,123,598           |                    |
| Cash at bank and in hand                                       |       | 2,916,749          |                    | 126,479             |                    |
|  |       |                    | <u>8,513,756</u>   | <u>4,546,870</u>    |                    |
| <b>Creditors: amounts falling due within one year</b>          | 17    | <u>(2,423,736)</u> |                    | <u>(2,477,885)</u>  |                    |
| <b>Net current assets</b>                                      |       |                    | 6,090,020          |                     | 2,068,985          |
| <b>Total assets less current liabilities</b>                   |       |                    | <u>7,664,594</u>   |                     | <u>3,182,073</u>   |
| <b>Creditors: amounts falling due after more than one year</b> | 18    |                    | <u>(2,691,472)</u> |                     | <u>(1,384,363)</u> |
| <b>Provisions for liabilities</b>                              |       |                    |                    |                     |                    |
| Provisions   | 21    | 117,328            |                    | 107,862             |                    |
| Deferred tax liability   | 22    | 202,448            |                    | 169,527             |                    |
|  |       |                    | <u>(319,776)</u>   | <u>(277,389)</u>    |                    |
| <b>Net assets</b>  |       |                    | <u>4,653,346</u>   |                     | <u>1,520,321</u>   |
| <b>Capital and reserves</b>                                    |       |                    |                    |                     |                    |
| Called up share capital  | 24    |                    | 50,000             |                     | 50,000             |
| Profit and loss reserves                                       |       |                    | 4,603,346          |                     | 1,470,321          |
| <b>Total equity</b>  |       |                    | <u>4,653,346</u>   |                     | <u>1,520,321</u>   |

**PHOTOCENTRIC LIMITED**

**GROUP BALANCE SHEET (CONTINUED)**

**AS AT 31 DECEMBER 2020**

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The financial statements were approved by the board of directors and authorised for issue on 30 September 2021 and are signed on its behalf by:

P Holt  
**Director**

**PHOTOCENTRIC LIMITED**  
**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2020**

|  |       | 2020        |                  | 2019<br>as restated |                  |
|--|-------|-------------|------------------|---------------------|------------------|
|  | Notes | £           | £                | £                   | £                |
| <b>Fixed assets</b>  |       |             |                  |                     |                  |
| Intangible assets  | 10    |             | 255,853          |                     | 123,421          |
| Tangible assets  | 11    |             | 1,204,885        |                     | 840,760          |
| Investments  | 12    |             | 61,163           |                     | 61,163           |
|  |       |             | <u>1,521,901</u> |                     | <u>1,025,344</u> |
| <b>Current assets</b>  |       |             |                  |                     |                  |
| Stocks   | 15    | 2,093,896   |                  | 1,850,277           |                  |
| Debtors  | 16    | 3,874,616   |                  | 2,843,744           |                  |
| Cash at bank and in hand                                       |       | 2,662,298   |                  | 46,492              |                  |
|  |       |             | <u>8,630,810</u> | <u>4,740,513</u>    |                  |
| <b>Creditors: amounts falling due within one year</b>          | 17    | (2,126,500) |                  | (2,348,585)         |                  |
| <b>Net current assets</b>                                      |       |             | <u>6,504,310</u> |                     | <u>2,391,928</u> |
| <b>Total assets less current liabilities</b>                   |       |             | <u>8,026,211</u> |                     | <u>3,417,272</u> |
| <b>Creditors: amounts falling due after more than one year</b> | 18    |             | (2,691,472)      |                     | (1,384,363)      |
| <b>Provisions for liabilities</b>                              |       |             |                  |                     |                  |
| Provisions   | 21    | 117,328     |                  | 107,862             |                  |
| Deferred tax liability   | 22    | 202,448     |                  | 169,527             |                  |
|  |       |             | <u>(319,776)</u> | <u>(277,389)</u>    |                  |
| <b>Net assets</b>  |       |             | <u>5,014,963</u> |                     | <u>1,755,520</u> |
| <b>Capital and reserves</b>                                    |       |             |                  |                     |                  |
| Called up share capital  | 24    |             | 50,000           |                     | 50,000           |
| Profit and loss reserves                                       |       |             | 4,964,963        |                     | 1,705,520        |
| <b>Total equity</b>  |       |             | <u>5,014,963</u> |                     | <u>1,755,520</u> |

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £3,259,443 (2019 - £41,309 loss).

**PHOTOCENTRIC LIMITED**

**COMPANY BALANCE SHEET (CONTINUED)**

**AS AT 31 DECEMBER 2020**

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The financial statements were approved by the board of directors and authorised for issue on 30 September 2021 and are signed on its behalf by:

P Holt  
Director

Company Registration No. 04476687

**PHOTOCENTRIC LIMITED**

**GROUP STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**

|   | <b>Share capital</b> | <b>Profit and<br/>loss reserves</b> | <b>Total</b> |
|---|----------------------|-------------------------------------|--------------|
|   | <b>£</b>             | <b>£</b>                            | <b>£</b>     |
| <b>As restated for the period ended 31 December 2019:</b> |                      |                                     |              |
| <b>Balance at 1 January 2019</b>                          | 50,000               | 2,010,703                           | 2,060,703    |
| <b>Year ended 31 December 2019:</b>                       |                      |                                     |              |
| Loss for the year   | -                    | (533,564)                           | (533,564)    |
| Other comprehensive income:                               |                      |                                     |              |
| Currency translation differences                          | -                    | (6,818)                             | (6,818)      |
| Total comprehensive income for the year                   | -                    | (540,382)                           | (540,382)    |
| <b>Balance at 31 December 2019</b>                        | 50,000               | 1,470,321                           | 1,520,321    |
| <b>Year ended 31 December 2020:</b>                       |                      |                                     |              |
| Profit for the year                                       | -                    | 3,145,160                           | 3,145,160    |
| Other comprehensive income:                               |                      |                                     |              |
| Currency translation differences                          | -                    | (12,135)                            | (12,135)     |
| Total comprehensive income for the year                   | -                    | 3,133,025                           | 3,133,025    |
| <b>Balance at 31 December 2020</b>                        | 50,000               | 4,603,346                           | 4,653,346    |

**PHOTOCENTRIC LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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|   | <b>Share capital</b> | <b>Profit and<br/>loss reserves</b> | <b>Total</b> |
|---|----------------------|-------------------------------------|--------------|
|   | <b>£</b>             | <b>£</b>                            | <b>£</b>     |
| <b>As restated for the period ended 31 December 2019:</b> |                      |                                     |              |
| <b>Balance at 1 January 2019</b>                          | 50,000               | 1,746,829                           | 1,796,829    |
|   | <hr/>                | <hr/>                               | <hr/>        |
| <b>Year ended 31 December 2019:</b>                       |                      |                                     |              |
| Loss and total comprehensive income for the year          | -                    | (41,309)                            | (41,309)     |
|   | <hr/>                | <hr/>                               | <hr/>        |
| <b>Balance at 31 December 2019</b>                        | 50,000               | 1,705,520                           | 1,755,520    |
|   | <hr/>                | <hr/>                               | <hr/>        |
| <b>Year ended 31 December 2020:</b>                       |                      |                                     |              |
| Profit and total comprehensive income for the year        | -                    | 3,259,443                           | 3,259,443    |
|   | <hr/>                | <hr/>                               | <hr/>        |
| <b>Balance at 31 December 2020</b>                        | 50,000               | 4,964,963                           | 5,014,963    |
|   | <hr/> <hr/>          | <hr/> <hr/>                         | <hr/> <hr/>  |

**PHOTOCENTRIC LIMITED****GROUP STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

|   |       | 2020               |                  | 2019<br>as restated |                  |
|---|-------|--------------------|------------------|---------------------|------------------|
|   | Notes | £                  | £                | £                   | £                |
| <b>Cash flows from operating activities</b>                 |       |                    |                  |                     |                  |
| Cash generated from operations                              | 29    |                    | 3,141,393        |                     | 1,040,462        |
| Interest paid   |       |                    | (51,120)         |                     | (32,053)         |
| Income taxes refunded                                       |       |                    | 375,658          |                     | 103,176          |
|   |       |                    | <u>3,465,931</u> |                     | <u>1,111,585</u> |
| <b>Investing activities</b>                                 |       |                    |                  |                     |                  |
| Purchase of intangible assets                               |       | (142,825)          |                  | (45,914)            |                  |
| Purchase of tangible fixed assets                           |       | (362,563)          |                  | (170,806)           |                  |
| Proceeds on disposal of tangible fixed assets               |       | 6,826              |                  | 2,465               |                  |
| Fixed asset investments                                     |       | -                  |                  | (8,000)             |                  |
| R&D expenditure   |       | (1,347,895)        |                  | (1,491,507)         |                  |
| Interest received   |       | 891                |                  | 809                 |                  |
|   |       | <u>(1,845,566)</u> |                  | <u>(1,712,953)</u>  |                  |
| <b>Financing activities</b>                                 |       |                    |                  |                     |                  |
| Movement on loans with directors                            |       | (151,338)          |                  | (126,752)           |                  |
| Movement on bank loans                                      |       | 1,360,352          |                  | 659,642             |                  |
| Payment of finance leases obligations                       |       | (26,872)           |                  | (30,793)            |                  |
|   |       | <u>1,182,142</u>   |                  | <u>502,097</u>      |                  |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |       |                    |                  |                     |                  |
|   |       |                    | 2,802,507        |                     | (99,271)         |
| Cash and cash equivalents at beginning of year              |       |                    | 126,479          |                     | 225,750          |
| Effect of foreign exchange rates                            |       |                    | (12,237)         |                     | -                |
|   |       |                    | <u>2,916,749</u> |                     | <u>126,479</u>   |

**PHOTOCENTRIC LIMITED**

**COMPANY STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

|   |       | 2020        |                         | 2019<br>as restated |                      |
|---|-------|-------------|-------------------------|---------------------|----------------------|
|   | Notes | £           | £                       | £                   | £                    |
| <b>Cash flows from operating activities</b>                 |       |             |                         |                     |                      |
| Cash generated from operations                              | 30    |             | 2,941,815               |                     | 912,640              |
| Interest paid   |       |             | (51,120)                |                     | (32,053)             |
| Income taxes refunded                                       |       |             | 377,997                 |                     | 233,859              |
| <b>Net cash inflow from operating activities</b>            |       |             | <u>3,268,692</u>        |                     | <u>1,114,446</u>     |
| <b>Investing activities</b>                                 |       |             |                         |                     |                      |
| Purchase of intangible assets                               |       | (142,825)   |                         | (45,914)            |                      |
| Purchase of tangible fixed assets                           |       | (356,219)   |                         | (170,194)           |                      |
| Proceeds on disposal of tangible fixed assets               |       | 6,826       |                         | 2,465               |                      |
| Purchase of subsidiaries                                    |       | -           |                         | (4,163)             |                      |
| Fixed asset investments                                     |       | -           |                         | (8,000)             |                      |
| R&D expenditure   |       | (1,343,620) |                         | (1,471,681)         |                      |
| Interest received   |       | 810         |                         | 772                 |                      |
| <b>Net cash used in investing activities</b>                |       |             | <u>(1,835,028)</u>      |                     | <u>(1,696,715)</u>   |
| <b>Financing activities</b>                                 |       |             |                         |                     |                      |
| Repayment of borrowings                                     |       | (151,338)   |                         | (126,752)           |                      |
| Repayment of bank loans                                     |       | 1,360,352   |                         | 659,642             |                      |
| Payment of finance leases obligations                       |       | (26,872)    |                         | (30,793)            |                      |
| <b>Net cash generated from financing activities</b>         |       |             | <u>1,182,142</u>        |                     | <u>502,097</u>       |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |       |             | <u>2,615,806</u>        |                     | <u>(80,172)</u>      |
| Cash and cash equivalents at beginning of year              |       |             | <u>46,492</u>           |                     | <u>126,664</u>       |
| <b>Cash and cash equivalents at end of year</b>             |       |             | <u><u>2,662,298</u></u> |                     | <u><u>46,492</u></u> |

## **PHOTOCENTRIC LIMITED**

### **NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **1 Accounting policies**

##### **Company information**

Photocentric Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Cambridge House, Oxney Road, Peterborough, Cambridgeshire, PE1 5YW.

The group consists of Photocentric Limited and all of its subsidiaries.

##### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, The principal accounting policies adopted are set out below.

##### **1.2 Basis of consolidation**

The consolidated group financial statements consist of the financial statements of the parent company Photocentric Limited together with all entities controlled by the parent company (its subsidiaries).

All financial statements are made up to 31 December 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

On 15th October 2019 Photocentric Limited acquired 100% of the Ordinary share capital of Photocentric 3D Inc for total consideration of £759. The full consideration was paid in cash and represented the fair value of the net assets acquired.

##### **1.3 Going concern**

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

##### **1.4 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

## PHOTOCENTRIC LIMITED

### NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1 Accounting policies

(Continued)

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

#### 1.5 Research and development expenditure

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

#### 1.6 Intangible fixed assets - goodwill

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

#### 1.7 Intangible fixed assets other than goodwill

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

|                    |                   |
|--------------------|-------------------|
| Software           | 20% Straight line |
| Patents & licences | 5% Straight line  |
| Development costs  | 20% Straight line |

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

#### 1.8 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

|                        |                                      |
|------------------------|--------------------------------------|
| Leaschold improvements | 10% on cost                          |
| Plant and equipment    | 20% and 33% on cost                  |
| Fixtures and fittings  | 25% reducing balance                 |
| IT equipment           | 33% on cost and 25% Reducing balance |
| Motor vehicles         | 15% reducing balance                 |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

## PHOTOCENTRIC LIMITED

### NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1 Accounting policies (Continued)

##### 1.9 Fixed asset investments

In the parent company financial statements, investments in subsidiaries, are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

##### 1.10 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

##### 1.11 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.

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.

##### 1.12 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### 1.13 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

##### *Basic financial assets*

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs. Financial assets classified as receivable within one year are not amortised.

**PHOTOCENTRIC LIMITED**

**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**1 Accounting policies**

**(Continued)**

***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

***Classification of financial liabilities***

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

***Basic financial liabilities***

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies that are classified as debt, are initially recognised at transaction price. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price.

**1.14 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

**PHOTOCENTRIC LIMITED**

**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**1 Accounting policies**

**(Continued)**

***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

**1.15 Provisions**

Warranty provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

**1.16 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

**1.17 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

**1.18 Leases**

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

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

## PHOTOCENTRIC LIMITED

### NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

#### 1 Accounting policies (Continued)

##### 1.19 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

##### 1.20 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

##### 1.21 Prior year adjustment

The comparatives have been restated to incorporate the impact of an additional £161,000 warranty provision omitted in the year ending 31 December 2019. The change has resulted in profits available for distribution at 31 December 2019 reducing by £161,000.

#### 2 Turnover and other revenue

|   | 2020              | 2019              |
|---|-------------------|-------------------|
|   | £                 | £                 |
| <b>Turnover analysed by class of business</b> |                   |                   |
| Craft   | 7,243,536         | 5,900,141         |
| 3D hardware and resins                        | 4,841,838         | 2,193,507         |
| Printed parts                                 | 5,402,163         | -                 |
| Other   | 1,306,354         | 2,061,104         |
|   | <u>18,793,891</u> | <u>10,154,752</u> |
|   | 2020              | 2019              |
|   | £                 | £                 |
| <b>Other significant revenue</b>              |                   |                   |
| Interest income                               | 891               | 809               |
| Grants received                               | 1,088,604         | 368,761           |
|   | <u>1,089,495</u>  | <u>369,570</u>    |

**PHOTOCENTRIC LIMITED**

**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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| <b>2 Turnover and other revenue</b>                                 | <b>(Continued)</b>          |                             |
|---|-----------------------------|-----------------------------|
|   | <b>2020</b>                 | <b>2019</b>                 |
|   | <b>£</b>                    | <b>£</b>                    |
| <b>Turnover analysed by geographical market</b>                     |                             |                             |
| United Kingdom  | 8,156,254                   | 2,491,861                   |
| Europe  | 4,732,944                   | 3,122,733                   |
| North America   | 4,870,228                   | 3,787,124                   |
| Rest of the World   | 1,034,465                   | 753,034                     |
|   | <u>18,793,891</u>           | <u>10,154,752</u>           |
| <br>  |                             |                             |
| <b>3 Operating profit</b>   | <b>2020</b>                 | <b>2019</b>                 |
|   | <b>£</b>                    | <b>£</b>                    |
| Operating profit for the year is stated after charging/(crediting): |                             |                             |
| Exchange losses   | 39,269                      | 64,228                      |
| Government grants   | (1,088,604)                 | (368,761)                   |
| Depreciation of owned tangible fixed assets                         | 236,984                     | 225,190                     |
| Depreciation of tangible fixed assets held under finance leases     | 11,571                      | 12,583                      |
| Loss on disposal of tangible fixed assets                           | 2,308                       | 5,590                       |
| Amortisation of intangible assets                                   | 13,319                      | 36,859                      |
| Operating lease charges   | 93,743                      | 56,984                      |
|   | <u>                    </u> | <u>                    </u> |
| <br>  |                             |                             |
| <b>4 Auditor's remuneration</b>                                     | <b>2020</b>                 | <b>2019</b>                 |
|   | <b>£</b>                    | <b>£</b>                    |
| Fees payable to the company's auditor and associates:               |                             |                             |
| <b>For audit services</b>   |                             |                             |
| Audit of the financial statements of the group and company          | 14,000                      | -                           |
|   | <u>                    </u> | <u>                    </u> |

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**PHOTOCENTRIC LIMITED**

**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

**5 Employees**

The average monthly number of persons (including directors) employed by the group and company during the year was:

|            | <b>Group<br/>2020<br/>Number</b> | <b>2019<br/>Number</b> | <b>Company<br/>2020<br/>Number</b> | <b>2019<br/>Number</b> |
|------------|----------------------------------|------------------------|------------------------------------|------------------------|
| Admin      | 37                               | 29                     | 28                                 | 23                     |
| Production | 110                              | 89                     | 72                                 | 52                     |
| R&D        | 28                               | 36                     | 28                                 | 36                     |
| Total      | <u>175</u>                       | <u>154</u>             | <u>128</u>                         | <u>111</u>             |

Their aggregate remuneration comprised:

|                       | <b>Group<br/>2020<br/>£</b> | <b>2019<br/>£</b> | <b>Company<br/>2020<br/>£</b> | <b>2019<br/>£</b> |
|-----------------------|-----------------------------|-------------------|-------------------------------|-------------------|
| Wages and salaries    | 6,598,938                   | 4,730,034         | 4,674,185                     | 3,431,239         |
| Social security costs | 94,201                      | 72,376            | 94,201                        | 72,376            |
| Pension costs         | 65,781                      | 49,869            | 65,781                        | 49,869            |
|                       | <u>6,758,920</u>            | <u>4,852,279</u>  | <u>4,834,167</u>              | <u>3,553,484</u>  |

**6 Directors' remuneration**

|                                      | <b>2020<br/>£</b> | <b>2019<br/>£</b> |
|--------------------------------------|-------------------|-------------------|
| Remuneration for qualifying services | <u>90,640</u>     | <u>88,000</u>     |

**7 Interest receivable and similar income**

|                           | <b>2020<br/>£</b> | <b>2019<br/>£</b> |
|---------------------------|-------------------|-------------------|
| <b>Interest income</b>    |                   |                   |
| Interest on bank deposits | 10                | 102               |
| Other interest income     | 881               | 707               |
| Total income              | <u>891</u>        | <u>809</u>        |

**PHOTOCENTRIC LIMITED**

**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

**8 Interest payable and similar expenses**

|  | <b>2020</b>   | <b>2019</b>   |
|--|---------------|---------------|
|  | £             | £             |
| <b>Interest on financial liabilities measured at amortised cost:</b> |               |               |
| Other interest on financial liabilities                              | 45,891        | 28,012        |
| <b>Other finance costs:</b>  |               |               |
| Interest on finance leases and hire purchase contracts               | 2,895         | 1,360         |
| Other interest   | 2,334         | 2,681         |
| Total finance costs  | <u>51,120</u> | <u>32,053</u> |

**9 Taxation**

|  | <b>2020</b>   | <b>2019</b>      |
|--|---------------|------------------|
|  | £             | £                |
| <b>Current tax</b>                                   |               |                  |
| UK corporation tax on profits for the current period | 23,947        | (362,128)        |
| Adjustments in respect of prior periods              | (15,869)      | (12,995)         |
| Total current tax                                    | <u>8,078</u>  | <u>(375,123)</u> |
| <b>Deferred tax</b>                                  |               |                  |
| Origination and reversal of timing differences       | <u>32,921</u> | <u>79,346</u>    |
| Total tax charge/(credit)                            | <u>40,999</u> | <u>(295,777)</u> |

**PHOTOCENTRIC LIMITED**

**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

**9 Taxation**

**(Continued)**

The actual charge/(credit) for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

|   | <b>2020</b> | <b>2019</b> |
|---|-------------|-------------|
|   | <b>£</b>    | <b>£</b>    |
| Profit/(loss) before taxation   | 3,186,159   | (829,341)   |
| Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%) | 605,370     | (157,575)   |
| Tax effect of expenses that are not deductible in determining taxable profit                                  | 3,816       | 3,307       |
| Adjustments in respect of prior years   | (15,869)    | 140         |
| Effect of change in corporation tax rate  | -           | 14,729      |
| Depreciation on assets not qualifying for tax allowances  | 6,339       | 6,153       |
| Amortisation on assets not qualifying for tax allowances  | 556         | 556         |
| Research and development tax credit   | (504,445)   | (325,920)   |
| Other permanent differences   | (76,195)    | 27,490      |
| Under/(over) provided in prior years  | -           | 7,354       |
| Deferred tax adjustments in respect of prior years  | -           | (52)        |
| Unrealised group profit   | 19,990      | 38,174      |
| Other group losses and adjustments  | 1,437       | 89,867      |
| Taxation charge/(credit)  | 40,999      | (295,777)   |

**10 Intangible fixed assets**

| <b>Group</b>                       | <b>Goodwill</b> | <b>Software</b> | <b>Patents &amp; licences</b> | <b>Development costs</b> | <b>Total</b> |
|------------------------------------|-----------------|-----------------|-------------------------------|--------------------------|--------------|
|                                    | <b>£</b>        | <b>£</b>        | <b>£</b>                      | <b>£</b>                 | <b>£</b>     |
| <b>Cost</b>                        |                 |                 |                               |                          |              |
| At 1 January 2020                  | 29,256          | -               | 181,884                       | 134,095                  | 345,235      |
| Additions                          | -               | 108,559         | 34,266                        | -                        | 142,825      |
| At 31 December 2020                | 29,256          | 108,559         | 216,150                       | 134,095                  | 488,060      |
| <b>Amortisation and impairment</b> |                 |                 |                               |                          |              |
| At 1 January 2020                  | 11,703          | -               | 58,464                        | 134,094                  | 204,261      |
| Amortisation charged for the year  | 2,926           | -               | 10,393                        | -                        | 13,319       |
| At 31 December 2020                | 14,629          | -               | 68,857                        | 134,094                  | 217,580      |

**PHOTOCENTRIC LIMITED**

**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

**10 Intangible fixed assets (Continued)**

| <b>Carrying amount</b>             |  |          |          |              |         |
|------------------------------------|--|----------|----------|--------------|---------|
| At 31 December 2020                | 14,627   | 108,559  | 147,293  | 1            | 270,480 |
| At 31 December 2019                | 17,553   | -        | 123,420  | 1            | 140,974 |
| <b>Company</b>                     |  |          |          |              |         |
|                                    | <b>Software Patents &amp; licences Development costs</b> |          |          | <b>Total</b> |         |
|                                    | <b>£</b>   | <b>£</b> | <b>£</b> | <b>£</b>     |         |
| <b>Cost</b>                        |  |          |          |              |         |
| At 1 January 2020                  | -  | 181,884  | 128,776  | 310,660      |         |
| Additions                          | 108,559  | 34,266   | -        | 142,825      |         |
| At 31 December 2020                | 108,559  | 216,150  | 128,776  | 453,485      |         |
| <b>Amortisation and impairment</b> |  |          |          |              |         |
| At 1 January 2020                  | -  | 58,464   | 128,775  | 187,239      |         |
| Amortisation charged for the year  | -  | 10,393   | -        | 10,393       |         |
| At 31 December 2020                | -  | 68,857   | 128,775  | 197,632      |         |
| <b>Carrying amount</b>             |  |          |          |              |         |
| At 31 December 2020                | 108,559  | 147,293  | 1        | 255,853      |         |
| At 31 December 2019                | -  | 123,420  | 1        | 123,421      |         |

PHOTOCENTRIC LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020

11 Tangible fixed assets

| Group                              | Freehold land and buildings |         | Leasehold land and buildings |         | Plant and equipment |         | Fixtures and fittings |   | IT equipment |   | Motor vehicles |  | Total |
|------------------------------------|-----------------------------|---------|------------------------------|---------|---------------------|---------|-----------------------|---|--------------|---|----------------|--|-------|
|                                    | £                           | £       | £                            | £       | £                   | £       | £                     | £ | £            | £ | £              |  |       |
| <b>Cost</b>                        |                             |         |                              |         |                     |         |                       |   |              |   |                |  |       |
| At 1 January 2020                  | 168,185                     | 367,847 | 1,070,986                    | 116,799 | 55,136              | 159,168 | 1,938,121             |   |              |   |                |  |       |
| Additions                          | -                           | 10,274  | 466,797                      | 3,760   | 58,398              | 50,440  | 589,669               |   |              |   |                |  |       |
| Disposals                          | -                           | -       | (18,898)                     | -       | -                   | -       | (18,898)              |   |              |   |                |  |       |
| At 31 December 2020                | 168,185                     | 378,121 | 1,518,885                    | 120,559 | 113,534             | 209,608 | 2,508,892             |   |              |   |                |  |       |
| <b>Depreciation and impairment</b> |                             |         |                              |         |                     |         |                       |   |              |   |                |  |       |
| At 1 January 2020                  | -                           | 113,234 | 745,342                      | 54,823  | 26,893              | 33,715  | 974,007               |   |              |   |                |  |       |
| Depreciation charged in the year   | -                           | 36,779  | 166,538                      | 15,403  | 10,386              | 19,449  | 248,555               |   |              |   |                |  |       |
| Eliminated in respect of disposals | -                           | -       | (9,764)                      | -       | -                   | -       | (9,764)               |   |              |   |                |  |       |
| At 31 December 2020                | -                           | 150,013 | 902,116                      | 70,226  | 37,279              | 53,164  | 1,212,798             |   |              |   |                |  |       |
| <b>Carrying amount</b>             |                             |         |                              |         |                     |         |                       |   |              |   |                |  |       |
| At 31 December 2020                | 168,185                     | 228,108 | 616,769                      | 50,333  | 76,255              | 156,444 | 1,296,094             |   |              |   |                |  |       |
| At 31 December 2019                | 168,185                     | 254,613 | 325,644                      | 61,976  | 28,243              | 125,453 | 964,114               |   |              |   |                |  |       |

PHOTOCENTRIC LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020

11 Tangible fixed assets

(Continued)

| Company                            | Freehold land and buildings | Leasehold land and buildings | Plant and equipment | Fixtures and fittings | IT equipment | Motor vehicles | Total     |
|------------------------------------|-----------------------------|------------------------------|---------------------|-----------------------|--------------|----------------|-----------|
|                                    | £                           | £                            | £                   | £                     | £            | £              | £         |
| <b>Cost</b>                        |                             |                              |                     |                       |              |                |           |
| At 1 January 2020                  | 168,185                     | 328,806                      | 770,687             | 74,573                | 55,136       | 159,168        | 1,556,555 |
| Additions                          | -                           | 10,274                       | 463,363             | 850                   | 58,398       | 50,440         | 583,325   |
| Disposals                          | -                           | -                            | (18,898)            | -                     | -            | -              | (18,898)  |
| At 31 December 2020                | 168,185                     | 339,080                      | 1,215,152           | 75,423                | 113,534      | 209,608        | 2,120,982 |
| <b>Depreciation and impairment</b> |                             |                              |                     |                       |              |                |           |
| At 1 January 2020                  | -                           | 103,478                      | 520,840             | 30,869                | 26,893       | 33,715         | 715,795   |
| Depreciation charged in the year   | -                           | 33,363                       | 135,831             | 11,037                | 10,386       | 19,449         | 210,066   |
| Eliminated in respect of disposals | -                           | -                            | (9,764)             | -                     | -            | -              | (9,764)   |
| At 31 December 2020                | -                           | 136,841                      | 646,907             | 41,906                | 37,279       | 53,164         | 916,097   |
| <b>Carrying amount</b>             |                             |                              |                     |                       |              |                |           |
| At 31 December 2020                | 168,185                     | 202,239                      | 568,245             | 33,517                | 76,255       | 156,444        | 1,204,885 |
| At 31 December 2019                | 168,185                     | 225,328                      | 249,847             | 43,704                | 28,243       | 125,453        | 840,760   |

**PHOTOCENTRIC LIMITED**

**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**12 Fixed asset investments**

|                             | Notes | Group<br>2020<br>£ | 2019<br>£    | Company<br>2020<br>£ | 2019<br>£     |
|-----------------------------|-------|--------------------|--------------|----------------------|---------------|
| Investments in subsidiaries | 13    | -                  | -            | 53,163               | 53,163        |
| Loans                       |       | 8,000              | 8,000        | 8,000                | 8,000         |
|                             |       | <u>8,000</u>       | <u>8,000</u> | <u>61,163</u>        | <u>61,163</u> |

**Movements in fixed asset investments**

| Group                                  | Loans<br>£   |
|--|--------------|
| <b>Cost or valuation</b>               |              |
| At 1 January 2020 and 31 December 2020 | <u>8,000</u> |
| <b>Carrying amount</b>                 |              |
| At 31 December 2020                    | <u>8,000</u> |
| At 31 December 2019                    | <u>8,000</u> |

**Movements in fixed asset investments**

| Company                                | Shares in<br>subsidiaries<br>£ | Loans<br>£   | Total<br>£    |
|--|--------------------------------|--------------|---------------|
| <b>Cost or valuation</b>               |                                |              |               |
| At 1 January 2020 and 31 December 2020 | <u>53,163</u>                  | <u>8,000</u> | <u>61,163</u> |
| <b>Carrying amount</b>                 |                                |              |               |
| At 31 December 2020                    | <u>53,163</u>                  | <u>8,000</u> | <u>61,163</u> |
| At 31 December 2019                    | <u>53,163</u>                  | <u>8,000</u> | <u>61,163</u> |

**13 Subsidiaries**

Details of the company's subsidiaries at 31 December 2020 are as follows:

| Name of undertaking | Registered office        | Class of<br>shares held | % Held<br>Direct |
|---------------------|--------------------------|-------------------------|------------------|
| Photocentric Inc.   | United States of America | Ordinary                | 100.00           |
| Photocentric 3D Inc | United States of America | Ordinary                | 100.00           |

**PHOTOCENTRIC LIMITED**

**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

**14 Financial instruments**

|   | <b>Group<br/>2020</b> | <b>2019</b>      | <b>Company<br/>2020</b> | <b>2019</b>      |
|---|-----------------------|------------------|-------------------------|------------------|
|   | £                     | £                | £                       | £                |
| <b>Carrying amount of financial assets</b>      |                       |                  |                         |                  |
| Debt instruments measured at amortised cost     | 2,048,143             | 1,470,537        | 3,152,645               | 2,217,964        |
|   | <u>2,048,143</u>      | <u>1,470,537</u> | <u>3,152,645</u>        | <u>2,217,964</u> |
| <b>Carrying amount of financial liabilities</b> |                       |                  |                         |                  |
| Measured at amortised cost                      | 4,988,603             | 3,783,501        | 4,706,174               | 3,663,230        |
|   | <u>4,988,603</u>      | <u>3,783,501</u> | <u>4,706,174</u>        | <u>3,663,230</u> |

**15 Stocks**

|  | <b>Group<br/>2020</b> | <b>2019</b>      | <b>Company<br/>2020</b> | <b>2019</b>      |
|--|-----------------------|------------------|-------------------------|------------------|
|  | £                     | £                | £                       | £                |
| Stock (including raw materials and finished goods) | 2,806,292             | 2,296,793        | 2,093,896               | 1,850,277        |
|  | <u>2,806,292</u>      | <u>2,296,793</u> | <u>2,093,896</u>        | <u>1,850,277</u> |

**16 Debtors**

|   | <b>Group<br/>2020</b> | <b>2019</b>      | <b>Company<br/>2020</b> | <b>2019</b>      |
|---|-----------------------|------------------|-------------------------|------------------|
|   | £                     | £                | £                       | £                |
| <b>Amounts falling due within one year:</b> |                       |                  |                         |                  |
| Trade debtors                               | 2,015,680             | 1,015,154        | 1,626,727               | 800,768          |
| Corporation tax recoverable                 | -                     | 362,128          | -                       | 362,128          |
| Other debtors                               | 236,602               | 581,620          | 1,730,057               | 1,543,433        |
| Prepayments and accrued income              | 538,433               | 164,696          | 517,832                 | 137,415          |
|   | <u>2,790,715</u>      | <u>2,123,598</u> | <u>3,874,616</u>        | <u>2,843,744</u> |

**PHOTOCENTRIC LIMITED**

**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**17 Creditors: amounts falling due within one year**

|                                    | Notes | Group<br>2020<br>£ | 2019<br>£        | Company<br>2020<br>£ | 2019<br>£        |
|------------------------------------|-------|--------------------|------------------|----------------------|------------------|
| Bank loans                         | 19    | 286,179            | 319,072          | 286,179              | 319,072          |
| Obligations under finance leases   | 20    | 161,905            | 26,873           | 161,905              | 26,873           |
| Trade creditors                    |       | 1,575,436          | 1,684,497        | 1,371,877            | 1,642,246        |
| Corporation tax payable            |       | 21,608             | -                | 21,608               | -                |
| Other taxation and social security |       | 104,997            | 78,747           | 90,190               | 69,718           |
| Other creditors                    |       | 67,614             | 241,373          | 26,532               | 223,894          |
| Accruals and deferred income       |       | 205,997            | 127,323          | 168,209              | 66,782           |
|                                    |       | <u>2,423,736</u>   | <u>2,477,885</u> | <u>2,126,500</u>     | <u>2,348,585</u> |

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

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

**18 Creditors: amounts falling due after more than one year**

|                                  | Notes | Group<br>2020<br>£ | 2019<br>£        | Company<br>2020<br>£ | 2019<br>£        |
|----------------------------------|-------|--------------------|------------------|----------------------|------------------|
| Bank loans and overdrafts        | 19    | 2,424,619          | 1,031,374        | 2,424,619            | 1,031,374        |
| Obligations under finance leases | 20    | 126,136            | 60,934           | 126,136              | 60,934           |
| Other borrowings                 | 19    | 140,717            | 292,055          | 140,717              | 292,055          |
|                                  |       | <u>2,691,472</u>   | <u>1,384,363</u> | <u>2,691,472</u>     | <u>1,384,363</u> |

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

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

**PHOTOCENTRIC LIMITED**

**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

**19 Loans and overdrafts**

|                         | <b>Group</b>     |                  | <b>Company</b>   |                  |
|-------------------------|------------------|------------------|------------------|------------------|
|                         | <b>2020</b>      | <b>2019</b>      | <b>2020</b>      | <b>2019</b>      |
|                         | <b>£</b>         | <b>£</b>         | <b>£</b>         | <b>£</b>         |
| Bank loans              | 2,710,798        | 1,350,446        | 2,710,798        | 1,350,446        |
| Other loans             | 140,717          | 292,055          | 140,717          | 292,055          |
|                         | <u>2,851,515</u> | <u>1,642,501</u> | <u>2,851,515</u> | <u>1,642,501</u> |
| Payable within one year | 286,179          | 319,072          | 286,179          | 319,072          |
| Payable after one year  | <u>2,565,336</u> | <u>1,323,429</u> | <u>2,565,336</u> | <u>1,323,429</u> |

**20 Finance lease obligations**

|   | <b>Group</b>   |               | <b>Company</b> |               |
|---|----------------|---------------|----------------|---------------|
|   | <b>2020</b>    | <b>2019</b>   | <b>2020</b>    | <b>2019</b>   |
|   | <b>£</b>       | <b>£</b>      | <b>£</b>       | <b>£</b>      |
| Future minimum lease payments due under finance leases: |                |               |                |               |
| Within one year   | 161,905        | 26,873        | 161,905        | 26,873        |
| In two to five years                                    | 126,136        | 60,934        | 126,136        | 60,934        |
|   | <u>288,041</u> | <u>87,807</u> | <u>288,041</u> | <u>87,807</u> |

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

**21 Provisions for liabilities**

|                    | <b>Group</b>   |                | <b>Company</b> |                |
|--------------------|----------------|----------------|----------------|----------------|
|                    | <b>2020</b>    | <b>2019</b>    | <b>2020</b>    | <b>2019</b>    |
|                    | <b>£</b>       | <b>£</b>       | <b>£</b>       | <b>£</b>       |
| Warranty provision | <u>117,328</u> | <u>107,862</u> | <u>117,328</u> | <u>107,862</u> |

**PHOTOCENTRIC LIMITED**

**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

**21 Provisions for liabilities** **(Continued)**

Movements on provisions:

| <b>Group and Company</b>          | <b>£</b>       |
|-----------------------------------|----------------|
| At 1 January 2020                 | 107,862        |
| Additional provisions in the year | 9,466          |
| At 31 December 2020               | <u>117,328</u> |

**22 Deferred taxation**

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

|                                | <b>Liabilities<br/>2020<br/>£</b> | <b>Liabilities<br/>2019<br/>£</b> |
|--------------------------------|-----------------------------------|-----------------------------------|
| <b>Group</b>                   |                                   |                                   |
| Accelerated capital allowances | 202,448                           | 169,527                           |
|                                | <u>202,448</u>                    | <u>169,527</u>                    |
|                                | <b>Liabilities<br/>2020<br/>£</b> | <b>Liabilities<br/>2019<br/>£</b> |
| <b>Company</b>                 |                                   |                                   |
| Accelerated capital allowances | 202,448                           | 169,527                           |
|                                | <u>202,448</u>                    | <u>169,527</u>                    |
|                                | <b>Group<br/>2020<br/>£</b>       | <b>Company<br/>2020<br/>£</b>     |
| <b>Movements in the year:</b>  |                                   |                                   |
| Liability at 1 January 2020    | 169,527                           | 169,527                           |
| Charge to profit or loss       | 32,921                            | 32,921                            |
| Liability at 31 December 2020  | <u>202,448</u>                    | <u>202,448</u>                    |

**PHOTOCENTRIC LIMITED**

**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**23 Retirement benefit schemes**

|   | <b>2020</b>   | <b>2019</b>   |
|---|---------------|---------------|
|   | £             | £             |
| Defined contribution schemes  |               |               |
| Charge to profit or loss in respect of defined contribution schemes | 65,781        | 49,869        |
|   | <u>65,781</u> | <u>49,869</u> |

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

**24 Share capital**

|                            | <b>2020</b>   | <b>2019</b>   | <b>2020</b>   | <b>2019</b>   |
|----------------------------|---------------|---------------|---------------|---------------|
|                            | Number        | Number        | £             | £             |
| Ordinary share capital     |               |               |               |               |
| Issued and fully paid      |               |               |               |               |
| Ordinary shares of £1 each | 50,000        | 50,000        | 50,000        | 50,000        |
|                            | <u>50,000</u> | <u>50,000</u> | <u>50,000</u> | <u>50,000</u> |

**25 Operating lease commitments**

**Lessee**

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

|                            | <b>Group</b>   |                | <b>Company</b> |                |
|----------------------------|----------------|----------------|----------------|----------------|
|                            | <b>2020</b>    | <b>2019</b>    | <b>2020</b>    | <b>2019</b>    |
|                            | £              | £              | £              | £              |
| Within one year            | 162,541        | 210,133        | 88,735         | 69,109         |
| Between two and five years | 155,822        | 281,334        | 155,822        | 210,822        |
|                            | <u>318,363</u> | <u>491,467</u> | <u>244,557</u> | <u>279,931</u> |

**PHOTOCENTRIC LIMITED**

**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**26 Capital commitments**

Amounts contracted for but not provided in the financial statements:

|                                  | <b>Group</b>   |             | <b>Company</b> |             |
|----------------------------------|----------------|-------------|----------------|-------------|
|                                  | <b>2020</b>    | <b>2019</b> | <b>2020</b>    | <b>2019</b> |
|                                  | <b>£</b>       | <b>£</b>    | <b>£</b>       | <b>£</b>    |
| Acquisition of intangible assets | 124,154        | -           | 124,154        | -           |
|                                  | <u>124,154</u> | <u>-</u>    | <u>124,154</u> | <u>-</u>    |

On 22 January 2021 the company purchased land for a total cost of £860,704 on which they are building a new head office. The estimated total cost of the project is £5.2 million which is expected to be complete in the current year.

**27 Related party transactions**

The group has taken advantage of the exemption available under section 1AC.35 of FRS 102, from disclosing transactions entered into between two or more wholly-owned members of the group.

**Key Management Personnel**

Key Management personnel are deemed to be the directors of the group and the company. The total combined remuneration paid to key management personnel for the year was £375,637 (2019 - £187,011).

**Photocentric 3D Inc**

On 10 December 2019 Photocentric Limited purchased 100% of the share capital in Photocentric 3D Inc for £759.

**28 Controlling party**

The company is ultimately controlled by Mr Paul Holt, a director with the majority shareholding.

**PHOTOCENTRIC LIMITED**

**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**29 Cash generated from group operations**

|  | <b>2020</b>      | <b>2019</b>      |
|--|------------------|------------------|
|  | <b>£</b>         | <b>£</b>         |
| Profit/(loss) for the year after tax                 | 3,145,160        | (533,564)        |
| <b>Adjustments for:</b>                              |                  |                  |
| Taxation charged/(credited)                          | 40,999           | (295,777)        |
| Finance costs  | 51,120           | 32,053           |
| Investment income                                    | (891)            | (809)            |
| Loss on disposal of tangible fixed assets            | 2,308            | 5,590            |
| Amortisation and impairment of intangible assets     | 13,319           | 36,859           |
| Depreciation and impairment of tangible fixed assets | 248,555          | 237,773          |
| Research and development expenditure                 | 1,347,895        | 1,491,507        |
| Increase in provisions                               | 9,466            | 107,862          |
| <b>Movements in working capital:</b>                 |                  |                  |
| Increase in stocks                                   | (509,499)        | (953,905)        |
| Increase in debtors                                  | (2,304,330)      | (734,017)        |
| Increase in creditors                                | 1,097,291        | 1,646,890        |
| <b>Cash generated from operations</b>                | <u>3,141,393</u> | <u>1,040,462</u> |

**PHOTOCENTRIC LIMITED**

**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

**30 Cash generated from operations - company**

|  | <b>2020</b>      | <b>2019</b>    |
|--|------------------|----------------|
|  | £                | £              |
| Profit/(loss) for the year after tax                 | 3,259,443        | (41,309)       |
| <b>Adjustments for:</b>                              |                  |                |
| Taxation charged/(credited)                          | 38,660           | (295,777)      |
| Finance costs  | 51,120           | 32,053         |
| Investment income                                    | (810)            | (772)          |
| Loss on disposal of tangible fixed assets            | 2,308            | 5,590          |
| Amortisation and impairment of intangible assets     | 10,393           | 33,933         |
| Depreciation and impairment of tangible fixed assets | 210,066          | 153,922        |
| Other gains and losses                               | 1,343,620        | 1,471,681      |
| Increase in provisions                               | 9,466            | 107,862        |
| <b>Movements in working capital:</b>                 |                  |                |
| Increase in stocks                                   | (243,619)        | (728,105)      |
| Increase in debtors                                  | (1,393,000)      | (1,020,872)    |
| (Decrease)/increase in creditors                     | (345,832)        | 1,194,434      |
| <b>Cash generated from operations</b>                | <u>2,941,815</u> | <u>912,640</u> |

**31 Analysis of changes in net debt - group**

|                                  | <b>1 January 2020</b> | <b>Cash flows</b> | <b>New finance</b> | <b>Exchange rate</b> | <b>31 December</b> |
|----------------------------------|-----------------------|-------------------|--------------------|----------------------|--------------------|
|                                  | £                     | £                 | leases             | movements            | 2020               |
|                                  | £                     | £                 | £                  | £                    | £                  |
| Cash at bank and in hand         | 126,479               | 2,802,507         | -                  | (12,237)             | 2,916,749          |
| Borrowings excluding overdrafts  | (1,642,501)           | (1,209,014)       | -                  | -                    | (2,851,515)        |
| Obligations under finance leases | (87,807)              | 26,872            | (227,106)          | -                    | (288,041)          |
|                                  | <u>(1,603,829)</u>    | <u>1,620,365</u>  | <u>(227,106)</u>   | <u>(12,237)</u>      | <u>(222,807)</u>   |

**PHOTOCENTRIC LIMITED**

**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**32 Analysis of changes in net debt - company**

|                                  | <b>1 January 2020</b> | <b>Cash flows</b> | <b>New finance leases</b> | <b>31 December 2020</b> |
|----------------------------------|-----------------------|-------------------|---------------------------|-------------------------|
|                                  | <b>£</b>              | <b>£</b>          | <b>£</b>                  | <b>£</b>                |
| Cash at bank and in hand         | 46,492                | 2,615,806         | -                         | 2,662,298               |
| Borrowings excluding overdrafts  | (1,642,501)           | (1,209,014)       | -                         | (2,851,515)             |
| Obligations under finance leases | (87,807)              | 26,872            | (227,106)                 | (288,041)               |
|                                  | <u>(1,683,816)</u>    | <u>1,433,664</u>  | <u>(227,106)</u>          | <u>(477,258)</u>        |

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