Registered number: 05901539

DANTEX GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

DANTEX GROUP LIMITED

COMPANY INFORMATION

Directors	R Danon B Danon
Company secretary	T Steffen
Registered number	05901539
Registered office	Danon House 5 Kings Road Bradford West Yorkshire BD2 1EY
Independent auditor	Grant Thornton UK LLP Chartered Accountants No 1 Whitehall Riverside Leeds West Yorkshire LS1 4BN

CONTENTS

DANTEX GROUP LIMITED

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

The directors present their Group Strategic Report on the Group for the year ended 31 December 2019.

Review of business and future developments

The Consolidated Statement of Comprehensive Income for the year ended 31 December 2019 is set out on page 11.

The results of the Group show a loss on ordinary activities before taxation of £18,000 *(2018: £840,000)* and turnover of £29,036,000 *(2018: £28,150,000)*. The Group has net assets of £14,088,000 *(2018: £14,317,000)*.

The Group's continuous investment in digital technology, together with adverse exchange rate movements, led to a decrease in profit on ordinary activities before taxation for 2019 compared with the previous year. However, the directors are satisfied with the performance of the Group and the trading result achieved in 2019. The Group position of leadership in the supply of plates to the label printing sector is maintained by the Group's focus and dedication to the market sector.

Whilst the commercial environment remains challenging and competitive, the directors remain confident of the investment made in digital technology and expect additional growth in our core markets.

The Group is well placed to react to all market challenges and the directors expect to maintain our current level of performance for the future.

Following a review of the prior year cost of sales and administrative expenses the results for the year ended 31 Decemeber 2018 have been restated. The prior year restatement has had the impact of increasing cost of sales by £538,000 and correspondingly decreasing administrative expenses by £538,000, a net nil impact on the profit for the financial year.

After a breach of financial covenants for the year, the directors successfully negotiated new facilities with the company's bankers and the covenants were reset post year-end. This incorporates the ability to enhance research and development expenditure.

The directors are confident that their plans for geographical expansion through international business partners will be successful to further extend the company's reach with analogue and digital print technology.

Key performance indicators (KPIs)

The Group analyses the performance of the business on a regular basis using a number of KPIs such as the following:

- Turnover - 2019: £29,036,000 *(2018: £28,150,000)*
- Gross profit margin - 2019: 32.5% *(2018: 39.5%)*
- Loss before tax - 2019: £18,000 *(2018 Profit: £840,000)*
- EBITDA - 2019: £1,245,000 *(2018: £1,990,000)*
- Net assets - 2019: £14,088,000 *(2018: £14,317,000)*.

Going concern
The close of our business has introduced the company to an unprecedented working condition to be able to manage Coronavirus outbreak. Our immediate thoughts are with our employees and their families to ensure their wellbeing. Across the group we are taking measures to mitigate the impact of COVID-19 and keep our employees safe. All international travel has been stopped. Working with remote access and business continuity has been instigated. Employees deemed to be vulnerable or located at risk areas have been encouraged to work from home. We have also advised sick and self-quarantine policies to our staff, and we shall be closely

following local government guidance.

The performance of our consumable products division has performed well and confirms the underlying strength of the group's activity. The group has continued with its high investment in the development of our Pico range of digital printing press. Whilst the commercial conditions have continued to be aggressive, the Directors are confident that the investment made is both appropriate and correct for the future of the group

Furthermore, new banking facilities that have been arranged with the company's bankers in 2020 will ensure the company's continued investment in Research and Development to further diversify its product portfolio in the digital printing equipment sector.

Principal risks and uncertainties

The management of the business and the execution of the Group's strategy is subject to a number of risks. The key business risks and uncertainties affecting the Group are considered to relate to competition from both national and international retailers, technology advancement, exchange rate movements, employee retention and product availability. Risk identification and management is regularly the subject of board meetings and appropriate action is taken as and when required.

Financial risk management

The Group's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk, liquidity risk, foreign exchange risk and interest rate risk. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of debt finance and the related finance costs.

Price risk
The Group is exposed to commodity price risk as a result of its operations. However, given the size of the Group's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the Group's operations change in size or nature.

Credit risk
The Group has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually.

Liquidity risk
The Group actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the Group has sufficient available funds for operations and planned expansions.

Foreign exchange risk
The Group has a significant transactional foreign currency cash flow exposure on the Japanese Yen and Euro, as a result of its sales and purchasing operations. This risk is generally hedged with forward contracts.

Interest rate risk
The Group has both interest bearing assets and interest bearing liabilities. Interest bearing assets include cash balances, all of which earn interest at a floating rate. The Group borrows in the desired currencies principally at floating rates of interest.

This report was approved by the board on 8 September 2020 and signed on its behalf.

Richard Danon

R Danon
Director and Chairman of the Board of Directors

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Principal activity

The Group's principal activity is the sale of printers' supplies and specialised equipment. The Company's principal activity is that of a holding company.

Results and dividends

The profit for the year, after taxation, amounted to £116,000 *(2018 - £713,000).*

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2019 *(2018: £Nil).*

Directors

The directors who served during the year were:

R Danon
B Danon

Directors' Responsibilities Statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and 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 Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Branches outside the UK

The Group operates a branch within the Netherlands.

Charitable contributions

The Group made contributions totalling £6,212 (*2018: £6,000)* during the financial year for charitable purposes, mainly relating to medical research. The donations were made to national charities and those local to the Group's head office.

Future developments

Details can be found in the Group Strategic Report.

Research and development activities

The Group continues to maintain its involvement in research and development activities, thus ensuring that its products take advantage of the latest technological advances in the field. In 2019 £555,000 (*2018:* £623,000) of research and development were charged to the statement of comprehensive income.

Qualifying third party indemnity provisions

During the period and at the time the Directors' Report is approved the company has not put in place qualifying third party provisions for one or more of the directors.

Post balance sheet events

In March 2020, the COVID-19 global pandemic caused widespread disruption to the UK economy, as the Government here as elsewhere around the world locked down the economy.

However, since Dantex is classed as an essential supplier to the economy, we continued operations throughout the pandemic.Whilst customer support was largely reduced to phone/video support and the majority of our staff worked from home or were furloughed, our engineering and warehouse operations remained functional at all times and we ensured uninterrupted product supply to our customers.

Since the overall financial impact of the COVID-19 pandemic cannot be measured accurately at this stage, the Group has taken measures to reduce overheads to protect profit levels and has taken advantage of HMRC's VAT deferment and furlough scheme. Furthermore, the Group has taken advantage of the COVID-19 support loan package underwritten by the Swiss government of 500,000 CHF to protect cashflows during the pandemic.

Since this situation did not arise until after the financial year end, the Directors, in line with relevant guidance, consider the COVID-19 pandemic and its subsequent impact on the UK economy to be a non-adjusting, post balance sheet event. No adjustments have been made to nor additional disclosures made in these financial statements as a result of COVID-19. It is difficult to predict what the long-term impact of COVID-19 might be on the Group and its stakeholders..

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware there is no relevant information of which the Company and the Group's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant information and to establish that the Group's auditor is aware of that information.

Auditor

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

This report was approved by the board on 8 September 2020 and signed on its behalf.

Richard Danon

R Danon
Director and Chairman of the Board of Directors

Grant Thornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DANTEX GROUP LIMITED

Opinion

We have audited the financial statements of Dantex Group Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2019, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated and Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2019 and of the Group's loss 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 Group and the parent 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

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a group associated with these particular events.

Conclusions relating to going concern

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

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

In our evaluation of the directors' conclusions, we considered the risks associated with the Group's or the parent Company's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the Group's or the parent Company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statementss are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this Auditor's Report is not a guarantee that the Group and the parent Company will continue in operation.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

GrantThornton

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group 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 Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors for the financial statements

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

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

Grant Thornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DANTEX GROUP LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

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

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

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.

Grant Thornton UK LLP

Victoria McLoughlin BA FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds

8 September 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £000	*Restated 2018 £000*
Turnover	4	**29,036**	*28,150*
Cost of sales		**(19,595)**	*(17,560)*
Gross profit		**9,441**	*10,590*
Distribution costs		**(4,940)**	*(4,897)*
Administrative expenses		**(4,306)**	*(4,694)*
Profit on ordinary activities before interest		**195**	*999*
Interest receivable	9	**120**	*90*
Interest payable	10	**(333)**	*(249)*
(Loss)/profit before taxation		**(18)**	*840*
Tax on (loss)/profit	11	**134**	*(127)*
Profit for the financial year		**116**	*713*
Unrealised surplus/(deficit) on revaluation of tangible fixed assets		**-**	*(18)*
Exchange difference on foreign currency		**(345)**	*249*
Other comprehensive income for the year		**(345)**	*231*
Total comprehensive income for the year		**(229)**	*944*
Profit for the year attributable to:			
Owners of the parent Company		**116**	*713*

The notes on pages 21 to 48 form part of these financial statements.

DANTEX GROUP LIMITED
REGISTERED NUMBER:05901539

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note		2019 £000		2018 £000
Fixed assets					
Intangible assets	12		**2,039**		*2,375*
Tangible assets	13		**5,531**		*5,668*
Investments	14		**49**		*49*
			7,619		*8,092*
Current assets					
Stocks	15	**7,986**		*8,323*	
Debtors: amounts falling due after more than one year	16	**180**		*204*	
Debtors: amounts falling due within one year	16	**8,719**		*8,634*	
Cash at bank and in hand	17	**747**		*704*	
		17,632		*17,865*	
Creditors: amounts falling due within one year	18	**(10,160)**		*(9,360)*	
Net current assets			**7,472**		*8,505*
Total assets less current liabilities			**15,091**		*16,597*
Creditors: amounts falling due after more than one year	19		**(1,003)**		*(2,209)*
Provisions for liabilities					
Deferred taxation	22	**-**		*(71)*	
			-		*(71)*
Net assets			**14,088**		*14,317*

DANTEX GROUP LIMITED
REGISTERED NUMBER:05901539

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2019

	Note	2019 £000	2018 £000
Capital and reserves			
Called up share capital	24	**175**	*175*
Share premium account	25	**5,325**	*5,325*
Revaluation reserve	25	**763**	*866*
Profit and loss account	25	**7,825**	*7,951*
Equity attributable to owners of the parent Company		**14,088**	*14,317*
		14,088	*14,317*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 8 September 2020.

Richard Danon

R Danon
Director

The notes on pages 21 to 48 form part of these financial statements.

DANTEX GROUP LIMITED
REGISTERED NUMBER:05901539

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note		2019 £000		2018 £000
Fixed assets					
Investments	14		**11,143**		*11,143*
			11,143		*11,143*
Current assets					
Debtors: amounts falling due within one year	16	**404**		*406*	
		404		*406*	
Creditors: amounts falling due within one year	18	**(7,105)**		*(6,073)*	
Net current liabilities			**(6,701)**		*(5,667)*
Total assets less current liabilities			**4,442**		*5,476*
Creditors: amounts falling due after more than one year	19		**-**		*(997)*
Net assets excluding pension asset			**4,442**		*4,479*
Net assets			**4,442**		*4,479*
Capital and reserves					
Called up share capital	24		**175**		*175*
Share premium account	25		**5,325**		*5,325*
Profit and loss account brought forward		**(1,021)**		*(929)*	
Loss for the year		**(37)**		*(92)*	
Profit and loss account carried forward			**(1,058)**		*(1,021)*
			4,442		*4,479*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 8 September 2020.

Richard Danon

R Danon
Director and Chairman of the Board of Directors

The notes on pages 21 to 48 form part of these financial statements.

DANTEX GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Share premium account	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2019	175	5,325	866	7,951	14,317
Comprehensive income for the year					
Profit for the year	-	-	-	116	116
Foreign exchange differences	-	-	-	(345)	(345)
Other comprehensive income for the year	-	-	-	(345)	(345)
Total comprehensive income for the year	-	-	-	(229)	(229)
	-	-	-	-	-
Transfer from revaluation reserve to profit and loss account	-	-	(103)	103	-
At 31 December 2019	175	5,325	763	7,825	14,088

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital	Share premium account	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2018	175	5,325	918	6,955	13,373
Comprehensive income for the year					
Profit for the year	-	-	-	713	713
Foreign exchange differences	-	-	-	249	249
Deficit on revaluation of other fixed assets	-	-	(18)	-	(18)
Other comprehensive income for the year	-	-	(18)	249	231
Total comprehensive income for the year	-	-	(18)	962	944
Transfer from revaluation reserve to profit and loss account	-	-	(34)	34	-
At 31 December 2018	175	5,325	866	7,951	14,317

The notes on pages 21 to 48 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2019	175	5,325	(1,021)	4,479
Comprehensive income for the year				
Loss for the year	-	-	(37)	(37)
Total comprehensive income for the year	-	-	(37)	(37)
At 31 December 2019	175	5,325	(1,058)	4,442

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2018	175	5,325	(929)	4,571
Comprehensive income for the year				
Loss for the year	-	-	(92)	(92)
Total comprehensive income for the year	-	-	(92)	(92)
At 31 December 2018	175	5,325	(1,021)	4,479

The notes on pages 21 to 48 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £000	2018 £000
Cash flows from operating activities		
(Loss)/profit for the financial year	**116**	*713*
Adjustments for:		
Amortisation of intangible assets	**335**	*319*
Depreciation of tangible assets	**715**	*672*
Loss on disposal of tangible assets	**(302)**	*(95)*
Interest paid	**333**	*249*
Interest received	**(119)**	*(90)*
Taxation charge	**(134)**	*127*
Decrease/(increase) in stocks	**337**	*(881)*
Decrease/(increase) in debtors	**52**	*(1,188)*
(Decrease)/increase in creditors	**(942)**	*12*
Corporation tax (paid)	**(348)**	*(201)*
Other non-cash items	**(375)**	*391*
Net cash generated from operating activities	**(332)**	*28*
Cash flows from investing activities		
Purchase of tangible fixed assets	**(675)**	*(602)*
Sale of tangible fixed assets	**426**	*126*
Interest received	**119**	*90*
HP interest paid	**(7)**	*(7)*
Net cash from investing activities	**(137)**	*(393)*

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £000	*2018* *£000*
Cash flows from financing activities		
Proceeds from issuing of bank borrowings	-	*1,338*
Repayment of loans	**(753)**	*(1,909)*
Proceeds from issuing of bank borrowings	**428**	-
Inception of new finance leases	**257**	*42*
Repayment of obligations under finance leases	**(136)**	*(125)*
Interest paid	**(317)**	*(242)*
Net cash used in financing activities	**(521)**	*(896)*
Net (decrease) in cash and cash equivalents	**(990)**	*(1,261)*
Cash and cash equivalents at beginning of year	**(578)**	*683*
Cash and cash equivalents at the end of year	**(1,568)**	*(578)*
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**747**	*704*
Bank overdrafts	**(2,315)**	*(1,282)*
	(1,568)	*(578)*

The notes on pages 21 to 48 form part of these financial statements.

CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2019

	At 1 January 2019 £000	Cash flows £000	New finance leases £000	Other non-cash changes £000	At 31 December 2019 £000
Cash at bank and in hand	704	127	-	(84)	747
Bank overdrafts	(1,282)	(1,032)	-	-	(2,314)
Debt due after 1 year	(2,156)	507	-	778	(871)
Debt due within 1 year	(893)	(180)	-	(778)	(1,851)
Finance leases	(141)	141	(257)	-	(257)
	(3,768)	(437)	(257)	(84)	(4,546)

The notes on pages 21 to 48 form part of these financial statements.

1. General information

Dantex Group Limited and its subsidiary undertakings ('the Group') sells photopolymer printing plates and related products and designs, manufactures and sells plate processing equipment mainly in the UK and Ireland. The Group also designs, manufactures and sells digital label printing presses.

The Company (Dantex Group Limited) is a private company limited by shares and is incorporated and domiciled in the UK. The address of its registered office is Danon House, 5 Kings Road, Bradford, West Yorkshire, BD2 1EY.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Parent company disclosure exemptions

In preparing the separate financial statements of the parent, advantage has been taken of the following disclosure exemptions available in FRS 102:

- A reconciliation of the number of shares outstanding at the beginning and end of the period;
- No Statement of Cash Flows has been presented for the parent;
- No disclosures have been given for the aggregate remuneration of the key management personnel of the parent as their remuneration is included in the totals for the Company as a whole.

2.3 Consolidated financial statements

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The Consolidated Statement of Comprehensive Income and Statement of Financial Position include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2019. Subsidiary undertakings are entities controlled by the group. Control exists when the group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Intra-group sales and profits are eliminated fully on consolidation. Uniform group accounting policies have been used for determining the amounts to be included in the consolidated financial statements.

2. Accounting policies (continued)

2.4 Associates and joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated Statement of Comprehensive Income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated Statement of Financial Position, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

2.5 Going concern

The Group meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty over (a) the level of demand for the Group's products; and (b) the availability of bank finance for the foreseeable future. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and for a period of at least 12 months from the date of approval of the financial statements. The Group therefore continues to adopt the going concern basis in preparing its financial statements. Furthermore, new banking facilities that have been arranged with the company's bankers in 2020 will ensure the company's continued investment in Research and Development to further diversify its product portfolio in the digital printing equipment sector.

2. Accounting policies (continued)

2.6 Foreign currency translation

The Group's functional and presentational currency is the pound sterling.

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

All foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'Cost of sales'.

On consolidation, the of overseas operations are translated unto Sterling at rates approximately to these when the transactions took place. All assets and liabilities of overseas operations are at the rate at the reporting date. Exchange differences of translating the opening net assets of opening rate and the results of overseas operations of actual rate are recognised in other comprehensive income.

2.7 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the group and value added taxes.

The Group recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Group retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to the each of Company's sales channels have been met, as described below.

The Group manufactures and sells as well as distributing a range of products in the business to business sector. Sales of goods are recognised on delivery to the customer, when the customer has full discretion over the channel and price to sell or use the product and there is no unfulfilled obligation that could affect the customer's acceptance of the product.

Delivery occurs when the goods have been shipped to the location specified by the customer, the risks of obsolescence or loss have been transferred to the customer, the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the group has objective evidence that all criteria for acceptance have been satisfied.

Sales are normally made with a credit term of 30 to 60 days. The element of financing is deemed immaterial and is disregarded in the measurement of revenue.

Dividend income is recognised when the right to receive payment is established.

2. Accounting policies (continued)

2.8 Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

Short term benefits, including holiday pay, annual bonus arrangements and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

The Group operates several defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.9 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively. Current or deferred taxation assets and liabilities are not discounted.

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

2. Accounting policies (continued)

2.10 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life, being 15 - 20 years.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is provided on the following bases:

Software	-	20-33% straight line

If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.11 Tangible fixed assets

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use.

Land and buildings are revalued on a regular basis to reflect their current market values. A full valuation is performed by a qualified external valuer at least every five years. Interim valuations are carried out in the intervening years only where it is likely that there has been a material change in value.

Plant and machinery and fixtures, fittings, tools and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated so as to write off the cost, or valuation, of tangible assets other than freehold land over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Freehold property	-	4% straight line
Plant and machinery	-	15% reducing balance or 33% straight line
Fixtures and fittings	-	15% reducing balance or 33% straight line

Freehold land is not depreciated.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Administrative expenses'.

2. Accounting policies (continued)

2.12 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.13 Leased assets

At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

2.14 Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's (or asset's cash generating unit) continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the Statement of Comprehensive Income, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the Statement of Comprehensive Income.

2. Accounting policies (continued)

2.15 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Statement of Financial Position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Consolidated Statement of Comprehensive Income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.16 Investments

Investments in subsidiary companies are held at historical cost less accumulated impairment losses.

Investment in an associate is held at historical cost less accumulated impairment losses.

2.17 Inventories

Inventories are stated at the lower of historical cost and estimated selling price less costs to complete and sell. Inventories are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition. The cost of manufactured finished goods and work in progress includes raw materials, direct labour and other direct costs.

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the Statement of Comprehensive Income. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the Statement of Comprehensive Income.

2.18 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.19 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks. Bank overdrafts are shown within borrowings in current liabilities.

2. Accounting policies (continued)

2.20 Financial instruments

The Group has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 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.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate.

The Group does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

2. Accounting policies (continued)

2.20 Financial instruments (continued)

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle to liability simultaneously.

2.21 Creditors

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

2.22 Finance costs

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

2.23 Share capital

Ordinary shares are classified as equity.

2.24 Related party transactions

The Company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

2.25 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.26 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.27 Research and development

Research and development expenditure is written off in the Statement of Comprehensive Income in the period in which it is incurred.

2. Accounting policies (continued)

2.28 Key management personnel

The directors consider themselves to be key management personnel and their remuneration is disclosed in note 8.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Useful economic lives of tangible assets
The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of the property plant and equipment, and note 2.11 for the useful economic lives for each class of assets.

Inventory provisions
The group designs, manufactures and sells digital printing presses and sells printing plates and is subject to changing consumer demands. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 15 for the net carrying amount of the inventory and associated provision.

Impairment of debtors
The group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 16 for the net carrying amount of the debtors and associated impairment provision.

4. Turnover

An analysis of turnover by class of business is as follows:

	2019 £000	2018 £000
Sale of goods	28,241	26,639
Services	795	1,511
	29,036	28,150

Analysis of turnover by country of destination:

	2019 £000	2018 £000
United Kingdom	3,262	3,159
Rest of European Union	21,989	21,562
Rest of the World	3,785	3,429
	29,036	28,150

5. Operating profit

The operating profit is stated after charging:

	2019 £000	2018 £000
Profit on sale of tangible assets	(302)	(95)
Impairment of trade debtors/ (reversal of impairment)	35	(292)
Reversal of impairment of inventory (included in 'cost of sales')	40	237
Operating lease charge	514	468
Foreign exchange losses/(gains) on trade receivables	117	(172)
Amortisation of intangible assets	334	319
Depreciation charge for the year	715	672
Research and development costs	555	623

6. Auditor's remuneration

	2019	*2018*
	£000	*£000*
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	**7**	*5*
- Company's subsidiaries	**46**	*37*
	53	*42*

Fees payable to the Group's auditor and its associates in respect of:

Taxation compliance services	**5**	*4*
Other accounting services	**4**	*2*
	9	*6*

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2019 £000	*Group 2018 £000*	**Company 2019 £000**	*Company 2018 £000*
Wages and salaries	**5,863**	*5,891*	**-**	-
Social security costs	**913**	*891*	**-**	-
Cost of defined contribution scheme	**140**	*123*	**-**	-
	6,916	*6,905*	**-**	-

Social security costs include £9,000 *(2018: £10,000)* of group life insurance.

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	*2018 No.*
Production	**41**	*35*
Sales	**26**	*27*
Administration	**63**	*62*
	130	*124*

The parent company, Dantex Group Limited, incurred no staff costs during 2019 (2018: £Nil) had no employees in either 2019 or 2018.

8. Directors' remuneration

	2019 £000	*2018 £000*
Directors' emoluments	**1,285**	*1,391*
Pension contribution to money purchase schemes	**3**	*3*
	1,288	*1,394*

The highest paid director received remuneration of £671,000 *(2018 - £757,000)*.

Post-employment benefits are accruing for 1 *(2018: 1)* director.

9. Interest receivable

	2019 £000	*2018* *£000*
Bank interest	**2**	*-*
HMRC	**2**	*-*
Other interest receivable	**116**	*90*
	120	*90*

10. Interest payable

	2019 £000	*2018* *£000*
Bank loans and overdrafts	**324**	*246*
Finance leases and hire purchase contracts	**7**	*7*
Other interest payable	**2**	*(4)*
	333	*249*

11. Taxation

	2019 £000	*2018 £000*
Corporation tax		
Current tax on profits for the year	-	*(89)*
Adjustments in respect of prior periods	(98)	*(11)*
Foreign tax	60	*150*
Total current tax	**(38)**	*50*
Origination and reversal of timing differences	(96)	*97*
Adjustments in respect of prior periods	-	*(20)*
Total deferred tax	**(96)**	*77*
Taxation on (loss)/profit on ordinary activities	**(134)**	*127*

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2018 - lower than)* the standard rate of corporation tax in the UK of 19% *(2018 - 19%)*. The differences are explained below:

	2019 £000	*2018 £000*
(Loss)/profit on ordinary activities before tax	**(19)**	*840*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	**(4)**	*160*
Effects of:		
Expenses not deductible for tax purposes	**49**	*88*
Adjustment in respect of prior periods	**(98)**	*(32)*
Research and development credit	**(137)**	*(131)*
Adjustment in respect of foreign tax rates	**38**	-
Deferred tax - rate difference	**-**	*25*
Deferred tax - not recognised	**7**	*17*
Other differences leading to an increase in the tax charge	**11**	-
Total tax charge for the year	**(134)**	*127*

Factors that may affect future tax charges

A change to reduce the UK corporation tax rate from 19% to 17% from 1 April 2020 was substantively enacted in September 2016.

12. Intangible assets

Group and Company

	Development expenditure £000	Goodwill £000	Total £000
Cost			
At 1 January 2019	137	5,827	5,964
At 31 December 2019	137	5,827	5,964
Amortisation			
At 1 January 2019	60	3,530	3,590
Charge for the year	31	304	335
At 31 December 2019	91	3,834	3,925
Net book value			
At 31 December 2019	46	1,993	2,039
At 31 December 2018	*77*	*2,297*	*2,374*

13. Tangible fixed assets

Group

	Land and buildings £000	Plant and machinery £000	Motor vehicles £000	Fixtures and fittings £000	Total £000
Cost or valuation					
At 1 January 2019	**4,658**	**1,678**	**423**	**1,219**	**7,978**
Additions	**5**	**500**	**242**	**175**	**922**
Disposals	**-**	**(345)**	**(278)**	**(38)**	**(661)**
Exchange adjustments	**(165)**	**(48)**	**(2)**	**(14)**	**(229)**
At 31 December 2019	**4,498**	**1,785**	**385**	**1,342**	**8,010**
Depreciation					
At 1 January 2019	**171**	**1,246**	**259**	**634**	**2,310**
Charge for the year on owned assets	**140**	**273**	**127**	**175**	**715**
Disposals	**-**	**(230)**	**(271)**	**(36)**	**(537)**
Exchange adjustments	**(7)**	**(33)**	**(1)**	**32**	**(9)**
At 31 December 2019	**304**	**1,256**	**114**	**805**	**2,479**
Net book value					
At 31 December 2019	**4,194**	**529**	**271**	**537**	**5,531**
At 31 December 2018	*4,487*	*432*	*164*	*585*	*5,668*

13. Tangible fixed assets (continued)

The net book value of tangible fixed assets includes an amount of £271,000 *(2018: £133,000)* in respect of assets held under finance leases.

The Company held no tangible fixed assets at 31 December 2019 *(2018: Nil)*.

The land and buildings owned by Dantex Graphics Limited were revalued independently in November 2017 by Sanderson Weatherall, Chartered Surveyors, at open market value for existing use. The land and buildings owned by Dantex Deutschland GmbH were revalued independently in May 2018 by Kenstone Real Estate Valuers. Both valuations were made in accordance with the RICS appraisal and valuation manual.

There has been no significant change in these respective property markets between the year end and the date of the valuations prepared. The directors are therefore satisfied that these valuations provide an accurate reflection of the value of these properties as at 31 December 2019.

At 31 December 2019, land and buildings includes revalued properties carried at valuation less accumulated depreciation with a total net book value of £3,064,000. If the land and buildings had not been revalued and carried at historical cost less accumulated depreciation, the net book value of these assets would have been £1,308,000 as at 31 December 2019.

14. Fixed asset investments

Group

	Investments in associates £000
Cost	
At 1 January 2019	49
At 31 December 2019	49
Net book value	
At 31 December 2019	49
At 31 December 2018	*49*

14. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £000
Cost	
At 1 January 2019	**11,143**
At 31 December 2019	**11,143**
Net book value	
At 31 December 2019	**11,143**
At 31 December 2018	*11,143*

Direct subsidiary undertaking

The following was a direct subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Dantex Graphics Limited	Danon House, 5 Kings Road, Bradford, BD2 1EY.	Ordinary	100%

14. Fixed asset investments (continued)

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the Company:

Name	**Registered office**	**Class of shares**	**Holding**
Dantex Deutschland GmbH	Stubenwald-Allee 10, 64625 Bensheim.	Ordinary shares	100%
Dantex France SAS	3 rue des Meuniers, ZAC *du moulin* Lamblin, 59320 Hallennes-les-Hambourdin.	Ordinary shares	100%
Dantex Corporation	465 Production Street, San Marcos, CA 92078	Ordinary shares	100%
Dantex Polska Sp z o.o.	ul. Grabowa 6, 64-320 niepruszewo.	Ordinary shares	100%
Dantex Switzerland SA	2 Boulevard Emile Jacques-Dalcroze, 1204, Geneva.	Ordinary shares	100%

Dantex (Thailand) Co., Limited is an associate company incorporated in Thailand, in which Dantex Graphics Limited holds a 49% shareholding.

The principal activity of all companies is the sale of printing plates and related products, or the manufacture of printing presses and plate processing equipment.

The directors believe that the carrying value of the investments is supported by their underlying assets.

All subsidiary undertakings have been included in the consolidation.

Shares in subsidiaries comprise 100% of the issued share capital of Dantex Graphics Limited.

15. Stocks

	Group 2019 £000	*Group 2018 £000*	**Company 2019 £000**	*Company 2018 £000*
Raw materials and consumables	**1,327**	*938*	-	-
Work in progress	**869**	*677*	-	-
Finished goods	**5,790**	*6,708*	-	-
	7,986	*8,323*	-	-

Inventories are stated after provision for impairment of £620,000 *(2018: £635,000)*.

16. Debtors

	Group 2019 £000	*Group 2018 £000*	Company 2019 £000	*Company 2018 £000*
Due after more than one year				
Trade debtors	**180**	*204*	-	-

	Group 2019 £000	*Group 2018 £000*	Company 2019 £000	*Company 2018 £000*
Due within one year				
Trade debtors	**4,339**	*4,348*	-	-
Amounts owed by group undertakings	-	-	**404**	*404*
Other debtors	**3,312**	*3,220*	-	-
Prepayments and accrued income	**144**	*257*	-	-
Tax recoverable	**896**	*809*	-	*2*
Deferred taxation	**28**	-	-	-
	8,719	*8,634*	**404**	*406*

An impairment loss of £46,000 *(2018: £Nil)* was recognised against trade debtors.

17. Cash and cash equivalents

	Group 2019 £000	*Group 2018 £000*	Company 2019 £000	*Company 2018 £000*
Cash at bank and in hand	**747**	*704*	-	-
Less: bank overdrafts	**(2,314)**	*(1,282)*	**(433)**	*(499)*
	(1,567)	*(578)*	**(433)**	*(499)*

18. Creditors: Amounts falling due within one year

	Group 2019 £000	*Group 2018 £000*	**Company 2019 £000**	*Company 2018 £000*
Bank overdrafts	**2,314**	*1,282*	**433**	*499*
Bank loans	**1,851**	*892*	**1,215**	*339*
Trade creditors	**4,584**	*5,437*	**5,452**	*5,235*
Corporation tax	**207**	*504*	**-**	*-*
Other taxation and social security	**588**	*748*	**-**	*-*
Obligations under finance lease and hire purchase contracts	**125**	*88*	**-**	*-*
Other creditors	**180**	*77*	**-**	*-*
Accruals and deferred income	**311**	*332*	**5**	*-*
	10,160	*9,360*	**7,105**	*6,073*

19. Creditors: Amounts falling due after more than one year

	Group 2019 £000	*Group 2018 £000*	**Company 2019 £000**	*Company 2018 £000*
Bank loans	**871**	*2,156*	**-**	*997*
Net obligations under finance leases and hire purchase contracts	**132**	*53*	**-**	*-*
	1,003	*2,209*	**-**	*997*

The bank hold the deeds to the properties over which it has first legal mortgage, and a fixed and floating charge over all current and future assets of the company as security for the loan. The bank loan is repaid in monthly installments with a final repayment in June 2025. After a breach of financial covenants for the year, the directors successfully negotiated new facilities with the company's bankers and the covenants were reset post year-end..

A composite guarantee in favour of Dantex Graphics Limited and Dantex Group Limited is also held by the bank.

Obligations under finance leases are secured against the related assets.

Creditors: Amounts falling due after more than one year (continued)

Finance leases and hire purchase contracts
The net finance lease and hire purchase obligations to which the group is committed are:

	2019 £000	*2018 £000*
In one year or less	**125**	*88*
Between one and two years	**87**	*46*
Between two and five years	**45**	*7*
	257	*141*

20. Loans and other borrowings

	Group 2019 £000	*Group 2018 £000*	**Company 2019 £000**	*Company 2018 £000*
Other bank loans and overdrafts	**5,036**	*4,330*	**1,648**	*1,336*
Finance leases	**257**	*141*	**-**	*-*
	5,293	*4,471*	**1,648**	*1,336*

	Group 2019 £000	*Group 2018 £000*	**Company 2019 £000**	*Company 2018 £000*
Maturity of financial liabilities				
In one year or less.	**4,290**	*2,262*	**1,648**	*339*
Between one and two years	**250**	*637*	**-**	*339*
Between two and five years	**517**	*693*	**-**	*192*
In more than five years	**236**	*879*	**-**	*466*
	5,293	*4,471*	**1,648**	*1,336*

21. Financial instruments

	Group 2019 £000	*Group 2018 £000*	**Company 2019 £000**	*Company 2018 £000*
Financial assets				
Financial assets measured at amortised cost	**8,479**	*8,476*	**503**	*404*
Financial liabilities				
Financial liabilities measured at fair value through profit or loss	**(117)**	-	-	-
Financial liabilities measured at amortised cost	**(10,252)**	*(10,316)*	**(7,323)**	*(7,070)*
	(10,369)	*(10,316)*	**(7,323)**	*(7,070)*

Financial assets measured at amortised cost comprise trade debtors, other debtors and cash.

Other financial liabilities measured at fair value through profit and loss comprise forward foreign exchange contracts, which are included within other creditors.

Financial liabilities measured at amortised cost comprise trade creditors, loans and overdrafts, amounts owed to group undertakings, other creditors and accruals.

22. Deferred taxation

Group

	2019 £000	2018 £000
At 1 January	**(71)**	*6*
Charged to profit or loss	**99**	*(77)*
At 31 December	**28**	*(71)*

The directors consider that it is more likely than not that there will be sufficient taxable profits in the future such as to realise the deferred tax asset, and therefore the asset has been recognised in these financial statements.

There are no unprovided deferred tax balances as at 31 December 2019 *(2018: £Nil)*.

The deferred taxation balance is made up as follows:

	Group 2019 £000	Group 2018 £000
Accelerated capital allowances	**(76)**	*(73)*
Short term timing differences	**6**	*2*
Tax losses	**98**	-
	28	*(71)*

23. Post-employment benefits

The group operates several defined contribution pension schemes. The assets of the schemes are held separately from those of the group, and are invested in an insurance company's managed fund. The pension charge for the year was £139,000 *(2018: 123,000)*, employer's contributions being at the rate of 6% of annual earnings.

24. Share capital

	2019 £000	2018 £000
Allotted, called up and fully paid		
175,000 *(2018 - 175,000)* Ordinary shares of £1.00 each	**175**	*175*

25. Reserves

Share premium account

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares is deducted from share premium.

Revaluation reserve

The reserve represents surplus or deficit arising on the valuation of land and buildings.

Profit and loss account

Includes all current and prior period retained profits and losses less any dividends paid.

26. Capital commitments

At 31 December 2018 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £000	Group 2018 £000
Not later than 1 year	**324**	*315*
Later than 1 year and not later than 5 years	**301**	*403*
Later than 5 years	**8**	*27*
	633	*745*

The Company's subsidiary, Dantex Switzerland SA, has given a negative pledge in favour of the Company's bankers HSBC, in support of the Company's liabilities.

27. Derivatives

In order to manage exchange rate risk, the Group operates a policy of entering into forward exchange contracts in respect of Japanese Yen transactions. At 31 December 2019, the Group had 25 *(2018: 13)* outstanding forward exchange contracts totalling JPY794,600,000 *(2018: JPY580,000,000)*. The fair value of £117,000 (liability) *(2018: £118,000 (asset))* is in creditors and all contracts mature during 2020 and 2021.

28. Related party transactions

The parent company has taken advantage of the exemption under FRS 102 not to disclose any transactions between group undertakings.

The Group has entered into various loan arrangements with directors of Group companies. As at 31 December 2018, included within other debtors are amounts due from directors of £3,099,000 *(2018: £2,962,000)*. The maximum amount outstanding during the year was £3,101,000 *(2018: £2,871,000)*. During 2019 a further £399,000 *(2018: £776,000)* was advanced to these directors by the Group, £272,000 *(2018: £167,000)* was repaid by the directors and interest has been charged of £102,000 *(2018: £90,000)* on these balances.

As at 31 December 2019, included within other creditors is an amount owed by the Group to a director of £25,000 *(2018: £25,000)*, the maximum amount outstanding during the year. During 2019 the director advanced a further £3,600 to the Group, repayments of £2,800 *(2018: £Nil)* were made and no interest has been charged *(2018: £Nil)* on this balance.

29. Post balance sheet events

In March 2020, the COVID-19 global pandemic caused widespread disruption to the UK economy, as the Government here as elsewhere around the world locked down the economy.

However, since Dantex is classed as an essential supplier to the economy, we continued operations throughout the pandemic.Whilst customer support was largely reduced to phone/video support and the majority of our staff worked from home or were furloughed, our engineering and warehouse operations remained functional at all times and we ensured uninterrupted product supply to our customers.

Since the overall financial impact of the COVID-19 pandemic cannot be measured accurately at this stage, the Group has taken measures to reduce overheads to protect profit levels and has taken advantage of HMRC's VAT deferment and furlough scheme. Furthermore, the Group has taken advantage of the COVID-19 support loan package underwritten by the Swiss government of 500,000 CHF to protect cashflows during the pandemic

Since this situation did not arise until after the financial year end, the Directors, in line with relevant guidance, consider the COVID-19 pandemic and its subsequent impact on the UK economy to be a non-adjusting, post balance sheet event. No adjustments have been made to nor additional disclosures made in these financial statements as a result of COVID-19. It is difficult to predict what the long-term impact of COVID-19 might be on the Group and its stakeholder

30. Prior year restatement

Following a review of the prior year cost of sales and administrative expenses the results for the year ended 31 Decemeber 2018 have been restated. The prior year restatement has had the impact of increasing cost of sales by £538,000 and correspondingly decreasing administrative expenses by £538,000, a net nil impact on the profit for the financial year.

31. Controlling party

The directors regard the Danon family as the ultimate controlling party of the Company by virtue of their 100% interest in the share capital of the Company.