

Synnovia Limited

Annual Report and Financial Statements

For the year ended 31 March 2023

Company Registration No. 06387173 (England and Wales)

Synnovia Limited

Company Information

Directors	F Rahmatallah W Barker G Clark A Green
Secretary	Anna Whitehead
Company number	06387173
Registered office	C/O BNL (UK) Limited Manse Lane Knaresborough North Yorkshire HG5 8LF
Auditor	Moore Kingston Smith LLP The Shipping Building The Old Vinyl Factory Blyth Road Hayes London UB3 1HA

Synnovia Limited

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Synnovia Limited

Strategic Report

For the year ended 31 March 2023

The Directors present their Strategic Report of Synnovia Limited ("the Group" or "Synnovia") for the year ended 31 March 2023.

Fair review of the business

FY2023 has been a challenging year but one which the Group has dealt with well.

Performance during the year was adversely affected across all businesses in the Group due to the Energy crisis and subsequent wider Cost-of-Living crisis. These external events triggered a change in customer and supplier behaviour across all sectors. The key impacts were Customers destocking to streamline their working capital and preserve cash, and suppliers increasing prices to the Group. These factors affected the Group's performance from October 2022 through to March 2023.

As a consequence, over the year sales increased £2.9m (3.4%), but cost of sales increased £5.3m (8.6%) due to material and energy hyper-inflationary cost increases resulting from the UK economic crisis. Distribution and Administration costs also increased from £24.8m in FY2022 to £26.9m in FY2023 (8.6%) in line with the inflationary increases experienced in material and energy costs.

In reaction to these challenges, the Group undertook a significant restructuring exercise to realign the cost base and correct the pricing structures in each business. This restructuring exercise is now complete.

Although disappointing, the downturn was a temporary one and volumes are now returning to normal levels post year end. The Group is now in a strong position to benefit from increasing volumes, but with a lower fixed cost base and updated pricing that reflects recent inflationary increases in costs.

Synnovia Limited

Strategic Report (Continued)

For the year ended 31 March 2023

Principal risks and uncertainties

The Group, like all businesses, is exposed to risks and uncertainties that could impact its financial performance or reputation. Risk is part of doing business and the responsibility for risk management and internal control lies with the Board. The Board believes that having a robust risk management framework, and the application of reasoned judgement, allows it to balance risk with business opportunities.

The principal risks that Synnovia faces are:

- Adverse currency movements impacting profitability - Synnovia invoices customers in several different currencies, including US Dollars, Euros and Japanese Yen. Similarly, Synnovia's costs are paid in several different currencies. As a result, Synnovia is subject to foreign currency exchange risk. The Directors believe, however, that these risks are mitigated by the fact that some of the Group's revenues are matched in terms of currencies by costs. The remaining risk of exchange rate fluctuation is mitigated in the near term through currency forward hedges.
- Intellectual property protection - Synnovia's success depends in part on protecting its intellectual property. Synnovia relies on its technological know-how, established over many years, to maintain its leading position. This intellectual property is closely guarded through trade secrets and contractual provisions. In addition, Synnovia will initiate claims or litigation against third parties for infringement of its proprietary rights or to establish the validity of its proprietary rights.
- Bad debt risk – there is a risk that Synnovia is exposed to bad debts particularly as it sells to a number of different end markets covering approximately 80 countries. To mitigate the risk, management have made an assessment of each customer to determine what level of internal credit should be given based on previous trading history, the current financial information available and external credit reports. The level of bad debts experienced to date has been very low.
- Raw material prices – Synnovia is exposed to raw material price increases. Flexipol has been exposed to significant price fluctuations over the years and here management are able to pass the increases directly on to the end customers. In the other businesses there was very little history of raw material price increases. The Energy crisis in mid 2023 changed this situation, and raw material prices across all businesses experienced increases. To mitigate the risk, management implemented appropriate price increases to pass through the raw material cost. All businesses in the Group operate continuous improvement activities to reduce raw material costs by either using alternative materials or by reducing the raw material component where possible. Management continue to remain vigilant and responsive to market developments.
- Energy prices – The energy market saw prices increase considerably over the last 18 months in the UK. Synnovia was tied into a fixed price energy contract until 30 September 2022 and had a fixed price gas contract until 30 September 2023. A new variable price energy contract was entered into from 1 October 2022 to 30 September 2024, this has allowed the Group to monitor and commit to future energy prices when the market price drops. Energy cost increases are being managed through a combination of passing prices through to customers at a nil margin level and reducing the level of usage through energy efficiency projects within each business.
- Supply chain risk – Shipping availability and cost remained a problem at the start of the year, but market conditions improved through the course of FY2023. Pricing and availability has now returned to more normal levels experienced pre-Covid. Management will continue to monitor this situation carefully, and now have the experience and processes to be able to react quickly to any future cost increases and availability shortages.
- Critical infrastructure failure / major cyber-attack – like many other businesses, it is critical for Synnovia to have the right business continuity plans in place to continue trading in the event of a critical failure in infrastructure such as a major systems outage, equipment failure or a major cyber security attack. Each subsidiary has a disaster recovery plan in place and Synnovia continues to invest in IT and security software.

Synnovia Limited

Strategic Report (Continued)

For the year ended 31 March 2023

Going concern

The Board regularly reviews and updates forecasts covering the short, medium and long term future. They also regularly review the funding of the group, including a review of headroom and covenants. As a response to risks and uncertainties in the global economy, the group refinanced its debt facilities on 14 March 2024, moving its external funding to specialist asset backed lender Leumi ABL.

The directors confirm that they believe there are no material uncertainties in respect of the going concern position for the foreseeable future. Further details are included on page 4 in the 'Refinance' narrative section.

Key performance indicators

The Group uses a number of key financial measures to assess its performance. These include sales growth, in total terms and on a like-for-like basis, gross margin, adjusted EBITDA, net debt and working capital as a percentage of sales. The Group uses adjusted EBITDA as its key performance measure as management believe that this provides the clearest view of the business' underlying performance. In relation to the KPIs which Synnovia monitors, the comparisons with the previous year are as follows:

- The group adjusted EBITDA (earnings before interest, taxation, depreciation, amortisation, exceptional items, impairments, unrealised foreign exchange gains or losses and share based incentive scheme charges) for the year reduced from £6.2m in FY2022 to £2.5m in FY2023 – the entirety of this shortfall occurred in the second half of the year after the energy and cost of living crisis hit the UK economy.
- The Gross margin (defined as gross profit divided by sales) was 25.3% in FY2023 (28.9% in FY2022).
- Net debt (defined as bank debt, overdraft and other third-party debt less cash) decreased by £3.3m from £17.9m at 31 March 2022 to £14.6m at 31 March 2023. Net debt was reduced through the replacement of third-party debt with shareholder loans. This was a deliberate decision taken by the shareholders to reduce business risk.
- Working capital as a % of sales (defined as stock, trade debtors, other debtors and prepayment less trade creditors, other taxation & social security, other creditors and accruals divided by sales) decreased by 3.8% from 14.2% in FY2022 to 10.4% in FY2023. This decrease was a result of significant focus on reducing the working capital cycle with all businesses in the Group.

Synnovia Limited

Strategic Report (Continued)

For the year ended 31 March 2023

Environmental matters

We see waste as the key opportunity for improvement. In our effort to support the vision for a circular economy for plastics, we focus our efforts on three areas of waste management.

- “Waste not, want not” - we are committed to increasing the recycling of our internal waste. Internal plastic scrap represents about 10% of our plastic usage. Our goal is to increase the recycling of this scrap from 3.0% of plastic used to 7.5% of total plastic used. The remaining 2.5% is likely to go to recycling or synthetic fuel as we cannot currently re-use it. We are continually targeting ways to reduce our overall scrap levels and increase the percentage of our scrap that can be recycled; either internally or externally.
- Customer assistance - where possible, we facilitate improved recycling by our customers and advising them about more sustainable alternatives; thinner/stronger materials being the most obvious opportunity at present.
- Material development - Synnovia is committed to providing the best performing, most sustainable products to address our customers’ needs. We continually research and assess alternative materials to ensure our engineered solutions offer the best performance possible using the most suitable materials.

Synnovia is also co-operating in R&D programmes with other companies to create more environmentally friendly compounds and materials.

In addition, Synnovia has been proactive in measuring and reducing its carbon footprint. The group has undertaken a number of measures to reduce emissions and will be working hard over the coming year to reduce this further.

Refinance

On 14 March 2024, Synnovia Limited refinanced its debt facilities from Barclays Bank to Leumi ABL. A total of £10.9m of bank funding was financed as part of this deal.

The refinance enables Synnovia to focus on future growth and provides a funding partner who supports the strategy of the business.

Employee involvement

The Group’s policy is to consult and discuss with employees, through staff meetings, matters likely to affect employees’ interests and matters of concern to employees. The Group also issues a quarterly Sustainability Newsletter and has established a Diversity and Inclusion Initiative.

The Group’s policy is to give disabled individuals and members of minority groups, a full and fair consideration for all vacancies. Employees who become disabled during their working lives will be retained in employment wherever possible and will be given help with any necessary rehabilitation or training.

Synnovia Limited

Strategic Report (Continued)

For the year ended 31 March 2023

Statement of how the directors have complied with s172 of the Companies Act 2006

The Directors act in good faith to promote the success of the Group for the benefit of its members as a whole and have developed a range of Core Values to which we adhere. The Strategic Report and Directors Report describe the activities of the Directors in detailed areas such as employee involvement, innovation and impact on the environment.

Our core values are those values we hold which form the foundation on how we perform work and conduct ourselves. In an ever-changing world, our core values are constant. They are not descriptions of the work we do, but rather these values underly our work, how we interact with each other, and which strategies we employ to fulfil our goals. The core values are the basic elements of how we go about our work. They are the practices we use every day in everything we do.

Our core values are:

We start with the customer and work backwards

- We anticipate their needs and drive ourselves to respond accordingly
- We think of our customers' problems as our problems

We know that innovation is our life blood

- We differentiate ourselves and create value through innovation

We strive for win-win with all stakeholders

- Success is win-win; win-lose is unsustainable
- We act by looking through all our counterparties' eyes: customers, suppliers, employees and shareholders

We rely on open communication and constructive challenge

- We have the courage to be vulnerable with each other and share information openly
- We share information and lessons so we can learn, make decisions and grow together
- We expose ourselves to challenge in order to learn and improve

We lead by giving our teams the space to operate and the support to deliver

- We promote providing the freedom needed in order for all of us to achieve our objectives
- We empower our teams to deliver by providing the resources needed

We encourage collaboration, good humour and a positive mind- set at all times

- We can achieve more together than individually
- We are unscripted and can laugh at ourselves
- We believe that a positive mind-set is a pre-requisite for success

We feel and act like long term owners

- We don't cut corners, we always try to consider the consequences of our actions
- We are prepared to take pain short term in order to achieve our long-term goals
- We save money where we can; owners "turn the lights off"
- We look after all of our assets, particularly our reputation

Synnovia Limited

Strategic Report (Continued)

For the year ended 31 March 2023

We understand that failure and improvement go together so long as grit is sandwiched in-between

- Failure is not trying or trying and not learning
- The only way to improve systematically is to try, fail and improve
- We welcome improvement when there is a more effective way

We are all Synnovia

We hold these values across our business, even if we may express them in different ways.

On behalf of the board

G Clark
Director

5 April 2024

Synnovia Limited

Directors' Report

For the year ended 31 March 2023

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

Principal activities

The principal activity of the Group continued to be that of a manufacturer of high volume specialised components and consumables for niche applications or highly specialised designs. The Company operates as a holding company.

Results and dividends

The results for the year are set out on page 18.

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:

F Rahmatallah

W Barker

C Andersson

(Resigned 8 August 2023)

J Wilkinson

(Resigned 1 October 2023)

G Clark

A Green

(Appointed 19 February 2024)

Disabled persons

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

Synnovia Limited

Directors' Report (Continued)

For the year ended 31 March 2023

Employee involvement

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

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

Employment policy

The directors seek to promote an inclusive workplace in which employees feel they are respected, valued and have equal opportunity to progress.

The Company is committed to developing a diverse workforce and equal opportunities for all.

We aim to attract and retain talented and committed individuals and create the right employment conditions to keep the right employment conditions and reward opportunities for them.

Employee engagement statement

We continue to recognise the importance of positive employee engagement as a significant contributor to our business success.

All our employees participate in an incentive plan. We believe that this encourages the involvement of our team members in the Group's performance because the rewards are directly linked to both the success of the Group and contributions made by team members.

A key focus across the group is our reduction in waste and increase in internal recycling. We publish a quarterly sustainability newsletter to all employees to inform them of progress.

Statement of engagement with suppliers, customers and others in a business relationship with the group

Suppliers

Our suppliers are fundamental to our success in servicing our customers. We engage closely with our suppliers at all levels, from managers dealing with issues on a day-to-day basis ensuring that our expectations are met with regards to quality and delivery and at director level in relation to more strategic issues.

Customers

We strive to develop deep and enduring partnerships with all our customers and drive continuous improvement and innovation into our operations to cultivate long term relationships across all our businesses. To achieve this, the senior management of our businesses take the time to understand the real and perceived needs of our customers, which they do through actively maintaining close relationships.

Continuous improvement is at the heart of our operations, driving our waste recycling and improving the products we sell to our customers.

The environment

We work to ensure we meet all our own environmental responsibilities whilst working closely with our customers to help them achieve theirs. We see waste as the key opportunity for our improvement. We have elaborated further on this within the Strategic Report.

Synnovia Limited

Directors' Report (Continued)

For the year ended 31 March 2023

Post reporting date events

On 14 March 2024, Synnovia Limited refinanced its debt facilities from Barclays Bank to Leumi ABL. A total of £10.9m of bank funding was financed as part of this deal.

The refinance enables Synnovia to focus on future growth and provides a funding partner who supports the strategy of the business.

Energy usage

Synnovia has appointed Carbon Footprint Ltd, a leading carbon and energy management company, to independently assess its Greenhouse Gas (GHG) emissions in accordance with the UK Government's *'Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting Guidance'*.

During FY2023, in relation to emissions made and energy consumed within the UK, Synnovia emitted the equivalent of 3,245 (2022*: 4,056) tonnes of carbon dioxide for which it was directly or indirectly responsible and also consumed energy of 13,974,900 (2022*: 16,262,212) kilowatt hours (kWh).

The calculation methods used in determining the amounts of emissions and energy consumption is ISO 14064-1:2018, following the financial control approach.

There are two ratios that express the company's annual emissions associated with the company's activities. These are:

- Tonnes of CO2 equivalent emitted per employee during the year were 7.48 (2022*: 9.07); and
- Tonnes of CO2 equivalent emitted per £m turnover during the year were 36.05 (2022*: 54.30).

Streamline Energy and Carbon Reporting

Synnovia is committed to reporting in accordance with the Streamlined Energy and Carbon Reporting (SECR) requirements as per the Companies Act 2006.

The group has disclosed some scope 3 emissions but not all (disclosing the mandatory disclosure items under SECR guidance).

Synnovia Limited

Directors' Report (Continued)

For the year ended 31 March 2023

Energy consumption	2023 kWh	2022* kWh
Aggregate of energy consumption in the year	13,974,900	16,262,212
	2023	2022*
	metric	metric
	tonnes	tonnes
Scope 1 - direct emissions		
- Gas combustion	234.48	290.59
- Fuel consumed for owned transport	34.99	54.13
- Propane	20.03	-
- Owned vans	8.80	10.37
- Refrigerants	0.39	0.21
	298.69	355.30
Scope 2 - indirect emissions		
- Electricity purchased	2,680.33	3,394.91
Scope 3 - other indirect emissions		
- Fuel consumed for transport not owned by the company	19.44	5.57
- Electricity transmission and distribution	245.19	300.43
Total gross emissions	3,243.65	4,056.21
	Intensity ratio	
tCO ₂ e (location based) per employee	7.48	9.07

***2022 figures restated to exclude carbon emissions from overseas subsidiaries**

Quantification and reporting methodology

The group has followed the 2019 HM Government Environmental Reporting Guidelines. The group has also used the GHG Reporting Protocol – Corporate Standard and have used the 2022 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO₂e per employee, the recommended ratio for the sector.

Synnovia Limited

Directors' Report (Continued)

For the year ended 31 March 2023

Measures taken to improve energy efficiency

All sites have half-hourly meters installed to enable accurate measurement of energy usage and cost.

Production planning focuses on efficiency of both labour and energy usage by ensuring that production takes place in an organised way, that downtime is minimised and that equipment is not left idle and running. Efficient use of compressors and extruders is also promoted as these are energy intensive items of equipment.

The Group have installed LED lighting throughout all sites, and have also commenced a review of using DC versus AC motors where appropriate and voltage optimisation technology which will reduce the kWh usage of our production assets in the future.

In addition to meeting all statutory reporting requirements, Synnovia have again used external certification bodies to document and assess energy and carbon usage, maintaining certification as a CO2e Assessed organisation, with documented ongoing improvement plans.

Auditor

The auditor Moore Kingston Smith LLP is deemed to be reappointed under section 487(2) of the Companies Act 2006.

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

G Clark
Director

5 April 2024

Synnovia Limited

Directors' Responsibilities Statement

For the year ended 31 March 2023

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 ;
- prepare the on the going concern basis unless it is inappropriate to presume that the Group and 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.

Synnovia Limited

Independent Auditor's Report

To the Members of Synnovia Limited

Opinion

We have audited the financial statements of Synnovia Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2023 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 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 March 2023 and of its 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 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.

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.

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 there is 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.

Synnovia Limited

Independent Auditor's Report (Continued)

To the Members of Synnovia Limited

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 their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 12, 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.

Synnovia Limited

Independent Auditor's Report (Continued)

To the Members of Synnovia Limited

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.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

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

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

Synnovia Limited

Independent Auditor's Report (Continued)

To the Members of Synnovia Limited

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. 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.

Synnovia Limited

Independent Auditor's Report (Continued)

To the Members of Synnovia Limited

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.

Jeremy Read (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

5 April 2024

Chartered Accountants
Statutory Auditor

The Shipping Building
The Old Vinyl Factory
Blyth Road
Hayes
London
UB3 1HA

Synnovia Limited

Group Profit and Loss Account

For the year ended 31 March 2023

		2023	2022
	Notes	£000	£000
Turnover	3	89,466	86,551
Cost of sales		(66,857)	(61,558)
		<u>22,609</u>	<u>24,993</u>
Gross profit			
Distribution costs		(1,619)	(3,513)
Administrative expenses		(25,336)	(21,299)
Other operating income		91	-
Exceptional items	4	(566)	(1,151)
		<u>(4,821)</u>	<u>(970)</u>
Operating loss	5		
Interest receivable and similar income	10	11	-
Interest payable and similar expenses	9	(2,599)	(1,557)
Fair value gains and losses on foreign exchange contracts		158	(609)
		<u>(7,251)</u>	<u>(3,136)</u>
Loss before taxation			
Tax on loss	11	(199)	(70)
		<u>(7,450)</u>	<u>(3,206)</u>
Loss for the financial year			
Loss for the financial year is attributable to:			
- Owners of the parent company		(7,518)	(3,337)
- Non-controlling interests		68	131
		<u>(7,450)</u>	<u>(3,206)</u>

Synnovia Limited

Group Statement of Comprehensive Income

For the year ended 31 March 2023

	2023	2022
	£000	£000
Loss for the year	(7,450)	(3,206)
Other comprehensive income		
Currency translation gain/(loss) arising in the year	161	(504)
Total comprehensive income for the year	<u>(7,289)</u>	<u>(3,710)</u>
Total comprehensive income for the year is attributable to:		
- Owners of the parent company	(7,357)	(3,841)
- Non-controlling interests	68	131
	<u>(7,289)</u>	<u>(3,710)</u>

Synnovia Limited

Group Balance Sheet

As at 31 March 2023

	Notes	2023		2022	
		£000	£000	£000	£000
Fixed assets					
Goodwill	13		10,430		12,082
Other intangible assets	13		5,695		5,106
			<u>16,125</u>		<u>17,188</u>
Total intangible assets			16,125		17,188
Tangible assets	14		14,621		16,225
			<u>30,746</u>		<u>33,413</u>
Current assets					
Stocks	17	11,250		10,753	
Debtors	19	18,114		22,125	
Cash at bank and in hand		7,483		7,113	
		<u>36,847</u>		<u>39,991</u>	
Creditors: amounts falling due within one year	20	<u>(37,330)</u>		<u>(43,873)</u>	
Net current liabilities			<u>(483)</u>		<u>(3,882)</u>
Total assets less current liabilities			30,263		29,531
Creditors: amounts falling due after more than one year	21		(14,652)		(7,269)
Provisions for liabilities					
Deferred tax liability	25	<u>(1,538)</u>	<u>(1,538)</u>	<u>(1,707)</u>	<u>(1,707)</u>
Net assets			<u>14,073</u>		<u>20,555</u>
Capital and reserves					
Called up share capital	27		393		391
Share premium account	28		25,220		25,088
Reverse acquisition reserve	28		2,695		2,695
Translation reserve	28		1,381		547
Profit and loss reserves	28		<u>(16,011)</u>		<u>(8,493)</u>
Equity attributable to owners of the parent company			13,678		20,228
Non-controlling interests			395		327
			<u>14,073</u>		<u>20,555</u>

Synnovia Limited

Group Balance Sheet (Continued)

As at 31 March 2023

The financial statements were approved by the board of directors and authorised for issue on 5 April 2024 and are signed on its behalf by:

G Clark
Director

Synnovia Limited

Company Balance Sheet

As at 31 March 2023

	Notes	2023 £000	£000	2022 £000	£000
Fixed assets					
Investments	15		11,477		11,477
Current assets					
Debtors	19	41,046		36,590	
Cash at bank and in hand		13		-	
		<u>41,059</u>		<u>36,590</u>	
Creditors: amounts falling due within one year	20	-		(28)	
Net current assets			41,059		36,562
Total assets less current liabilities			<u>52,536</u>		<u>48,039</u>
Creditors: amounts falling due after more than one year	21		(10,778)		(6,465)
Net assets			<u>41,758</u>		<u>41,574</u>
Capital and reserves					
Called up share capital	27		393		391
Share premium account	28		25,220		25,089
Merger reserves	28		10,599		10,599
Profit and loss reserves	28		5,546		5,495
Total equity			<u>41,758</u>		<u>41,574</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 £50,000 (2022 - £281,000).

The financial statements were approved by the board of directors and authorised for issue on 5 April 2024 and are signed on its behalf by:

G Clark
Director

Company Registration No. 06387173 (England and Wales)

Synovia Limited

Group Statement of Changes in Equity For the year ended 31 March 2023

	Share capital	Share premium account	Reverse acquisition reserve	Translation reserves	Profit and controlling interest	Non-controlling interest	Total		
	Notes	£000	£000	£000	£000	£000	£000		
Balance at 1 April 2021		389	24,960	2,695	1,051	(5,157)	23,938	299	24,237
Year ended 31 March 2022:									
Loss for the year		-	-	-	-	(3,337)	(3,337)	131	(3,206)
Other comprehensive income:									
Currency translation differences		-	-	-	(504)	-	(504)	-	(504)
Total comprehensive income for the year		-	-	-	(504)	(3,337)	(3,841)	131	(3,710)
Acquisition of non controlling interests		-	-	-	-	-	-	(103)	(103)
Issue of share capital		2	128	-	-	-	130	-	130
Balance at 31 March 2022		391	25,088	2,695	547	(8,493)	20,228	327	20,555
Year ended 31 March 2023:									
Loss for the year		-	-	-	-	(7,518)	(7,518)	68	(7,450)
Other comprehensive income:									
Currency translation differences		-	-	-	161	-	161	-	161
Total comprehensive income for the year		-	-	-	161	(7,518)	(7,357)	68	(7,289)
Issue of share capital	27	2	131	-	-	-	133	-	133
Other movements		-	-	-	674	-	674	-	674
Balance at 31 March 2023		393	25,220	2,695	1,381	(16,011)	13,678	395	14,073

Synnovia Limited

Company Statement of Changes in Equity

For the year ended 31 March 2023

	Share capital	Share premium account	Merger reserves	Profit and loss reserves	Total
Notes	£000	£000	£000	£000	£000
Balance at 1 April 2021	389	24,960	10,599	5,271	41,219
Year ended 31 March 2022:					
Profit and total comprehensive income for the year	-	-	-	281	281
Other movements	2	129	-	(57)	74
Balance at 31 March 2022	391	25,089	10,599	5,495	41,574
Year ended 31 March 2023:					
Profit and total comprehensive income for the year	-	-	-	50	50
Issue of share capital	27	131	-	-	133
Balance at 31 March 2023	393	25,220	10,599	5,546	41,758

Synnovia Limited

Group Statement of Cash Flows

For the year ended 31 March 2023

	Notes	2023 £000	2022 £000
Cash flows from operating activities			
Cash generated from/(absorbed by) operations	33	4,347	(170)
Interest paid		(2,599)	(1,157)
Income taxes refunded		69	139
Net cash inflow/(outflow) from operating activities		<u>1,817</u>	<u>(1,188)</u>
Investing activities			
Purchase of intangible assets		(1,462)	(977)
Proceeds from disposal of intangibles		72	-
Purchase of tangible fixed assets		(2,347)	(3,560)
Proceeds from disposal of tangible fixed assets		54	159
Purchase of shares in subsidiary from non-controlling interest		-	(2,327)
Purchase of business		-	(616)
Interest received		11	-
Net cash used in investing activities		<u>(3,672)</u>	<u>(7,321)</u>
Financing activities			
Proceeds from issue of shares		134	130
Proceeds from borrowings		9,199	15,254
Repayment of borrowings		(5,500)	(5,253)
Proceeds from finance lease arrangements		861	-
Repayment of bank loans		(1,490)	-
Payment of finance leases obligations		(772)	(1,044)
Net cash generated from financing activities		<u>2,432</u>	<u>9,087</u>
Net increase in cash and cash equivalents		<u>577</u>	<u>578</u>
Cash and cash equivalents at beginning of year		1,303	725
Cash and cash equivalents at end of year		<u><u>1,880</u></u>	<u><u>1,303</u></u>
Relating to:			
Cash at bank and in hand		7,483	7,113
Bank overdrafts included in creditors payable within one year		(5,603)	(5,810)
		<u><u>1,880</u></u>	<u><u>1,303</u></u>

The reconciliation of net debt is shown in note 34.

Synnovia Limited

Notes to the Financial Statements

For the year ended 31 March 2023

1 Accounting policies

Company information

Synnovia Limited ("the Company") is a private limited company limited by shares, domiciled and incorporated in England and Wales. The registered office is C/O BNL (UK) Limited, Manse Lane, Knaresborough, North Yorkshire, HG5 8LF

The Group consists of Synnovia Limited, all of its subsidiaries and its investments (together referred to as "Synnovia") further details are included in note 16.

Synnovia is principally engaged in the manufacture of plastic products focused on proprietary products for niche markets, exporting to over 80 countries worldwide.

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 £000.

The Company is a qualifying entity for the purposes of FRS 102, being a member of a Group where the parent of that Group prepares publicly available consolidated financial statements, including this Company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group. The Company has therefore taken advantage of exemptions from the following disclosure requirements for parent Company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of company only cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

Synnovia Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

1 Accounting policies

(Continued)

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

The consolidated group financial statements consist of the financial statements of the parent company Synnovia Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 March 2023. 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.

Subsidiaries have been included in the group financial statements using the purchase method of accounting. Accordingly, the group profit and loss account and statement of cash flows include the results and cash flows of subsidiaries from the date of acquisition. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

Investments in joint ventures and associates are carried in the group balance sheet at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

Synnovia Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

1 Accounting policies

(Continued)

1.3 Going concern

The group made a loss for the year of £7.5m (2022: 3.2m) and as at the balance sheet date had net assets of £14.1m (2022: £20.6m). The group's turnover increased from the prior year as a result of the global economic recovery following the coronavirus pandemic. A cost reduction plan helped to resize the business and will benefit future periods, leading to £566k of exceptional costs during the year.

During the year and since the year end the group has been profitable at EBITDA level and has sufficient cash reserves to continue its operations. The group continues to assess the potential risks to the business as a result of the continuing impact of the cost of living crisis and these risks are reflected by the group forecast.

The company is an obligor to a group bank facility agreement and is ultimately financed by the group's facility. The group meets its funding requirements through a group wide term loan, asset-based finance facility, export finance facility and invoice discounting facility.

The directors have prepared cash flow forecasts for a period of twelve months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the group will have sufficient funds, through shareholder support and utilisation of the facilities in place, to meet its liabilities as they fall due for that period.

The directors have also considered the position of the trading companies in the group to ensure that these companies are in a position to meet their obligations as they fall due. There are not believed to be any contingent liabilities which could result in a significant impact on the business if they were to crystallise. As a response to risks and uncertainties in the global economy, the group refinanced its debt facilities on 14 March 2024, moving its external funding to specialist asset backed lender Leumi ABL.

As a result the directors are confident that they have the ability to respond effectively to continued uncertainty and therefore, the directors believe that the company will be able to continue to meet its liabilities as they fall due for a period of at least twelve months from the date of approval of the financial statements. Consequently the financial statements have been prepared on a going concern basis.

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.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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.

Revenue on tooling projects

This revenue stream is specific to BNL. Revenue from tooling projects or contracts is assessed on an individual basis with revenue earned being ascertained based on the stage of completion of the contract which is estimated using a combination of the milestones in the contract and the time spent to date compared to the total time expected to be required to undertake the contract. Estimates of the total time required to undertake the contracts are made on a regular basis and subject to management review.

Synnovia Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

1 Accounting policies

(Continued)

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.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.7 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity. 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:

Technology	5 - 7 years
Developments costs	10 years
Intellectual property rights	7 years
Distribution & customer relationships	7 - 15 years
Trademarks and brands	5 - 20 years

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:

Leasehold land and buildings	3% straight line
Plant and equipment	10 - 20% straight line
Fixtures and fittings	10 - 50% straight line
Motor vehicles	25% straight line
Computer equipment	25 - 33% straight line

Synnovia Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

1 Accounting policies

(Continued)

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.

1.9 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities 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.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

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). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Synnovia Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

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

1.12 Cash at bank and in hand

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.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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 the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

Synnovia Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

1 Accounting policies

(Continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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 payments discounted at a market rate of interest. 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 and subsequently measured at amortised cost using the effective interest method.

Synnovia Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

1 Accounting policies

(Continued)

Other financial liabilities

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 finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.14 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.15 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.16 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.

Synnovia Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

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.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.17 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.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.18 Retirement benefits

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

1.19 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

The expense in relation to options over the parent company's shares granted to employees of a subsidiary is recognised by the company as a capital contribution, and presented as an increase in the company's investment in that subsidiary.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

Synnovia Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

1 Accounting policies

(Continued)

1.20 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.

1.21 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.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Stock valuation

The level of stocks are set out in note 17. For each line of stock, a provision is made against the cost of the stock, where the Net Realisable Value is less than cost. Net Realisable Value is the estimated selling price for stocks less all estimated costs of completion and costs necessary to make the sale. The estimated selling price for each stock line is a judgement based mainly on recent selling patterns for that product.

Depreciation

The depreciation charge for property, plant and equipment 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 14 for the carrying amount of the property, plant and equipment and note 1.8 for the useful economic lives for each class of asset.

Synnovia Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Amortisation

The amortisation charge for intangible assets is sensitive to changes in the estimated lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. Goodwill impairment reviews are also performed annually. These reviews require an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise for the cash generating unit and a suitable discount rate to calculate present value. See note 13 for the carrying amount of the intangible assets and notes 1.6 and 1.7 for the useful economic lives for each class of asset.

3 Turnover and other revenue

	2023 £000	2022 £000
Turnover analysed by class of business		
Revenue on sale of goods	89,165	86,416
Revenue on tooling projects	301	135
	<u>89,466</u>	<u>86,551</u>
Turnover analysed by geographical market		
United Kingdom	46,135	47,692
Europe	18,436	13,550
USA	12,487	12,044
Asia	10,641	11,368
Rest of World	1,767	1,897
	<u>89,466</u>	<u>86,551</u>
Other revenue		
Interest income	<u>11</u>	<u>-</u>

Synnovia Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

4 Exceptional item

	2023	2022
	£000	£000
Expenditure		
Redundancy and restructuring costs	566	1,151
	<u>566</u>	<u>1,151</u>

Exceptional costs includes restructuring and settlement costs.

5 Operating loss

	2023	2022
	£000	£000
Operating loss for the year is stated after charging/(crediting):		
Exchange losses/(gains)	1,171	(593)
Research and development costs	17	11
Depreciation of owned tangible fixed assets	2,409	2,306
Depreciation of tangible fixed assets held under finance leases	528	413
(Profit)/loss on disposal of tangible fixed assets	(5)	4
Amortisation of intangible assets	3,043	2,702
Impairment of intangible assets	58	-
Loss on disposal of intangible assets	276	211
Cost of stocks recognised as an expense	49,269	48,250
Share-based payments	393	379
Operating lease charges	1,777	1,336
	<u>1,777</u>	<u>1,336</u>

6 Auditor's remuneration

	2023	2022
	£000	£000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	85	46
Audit of the financial statements of the company's subsidiaries	167	125
	<u>252</u>	<u>171</u>
For other services		
All other non-audit services	18	15
	<u>18</u>	<u>15</u>

Synnovia Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

7 Employees

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

	Group 2023 Number	2022 Number	Company 2023 Number	2022 Number
Directors and management	40	40	-	-
Administrative	93	90	-	-
Sales and distribution	52	57	-	-
Production and engineering	522	494	-	-
	<u>707</u>	<u>681</u>	<u>-</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group 2023 £000	2022* £000	Company 2023 £000	2022 £000
Wages and salaries	21,013	18,754	-	-
Social security costs	1,666	1,525	-	-
Pension costs	682	947	-	-
	<u>23,361</u>	<u>21,226</u>	<u>-</u>	<u>-</u>

* Figures have been restated to include wages within cost of sales

8 Directors' remuneration

	2023 £000	2022 £000
Remuneration for qualifying services	616	434
Amounts receivable under long term incentive schemes	34	27
Company pension contributions to defined contribution schemes	15	13
	<u>665</u>	<u>474</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2022 - 4).

The number of directors who are entitled to receive shares under long term incentive schemes during the year was 2 (2022 - 2).

Synnovia Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

8 Directors' remuneration	(Continued)	
Remuneration disclosed above includes the following amounts paid to the highest paid director:		
	2023	2022
	£000	£000
Remuneration for qualifying services	227	172
Company pension contributions to defined contribution schemes	10	1
	<u> </u>	<u> </u>
9 Interest payable and similar expenses	2023	2022
	£000	£000
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	1,983	1,426
Other interest on financial liabilities	16	-
	<u> </u>	<u> </u>
	1,999	1,426
Other finance costs:		
Interest on finance leases and hire purchase contracts	116	109
Other interest	484	22
	<u> </u>	<u> </u>
Total finance costs	2,599	1,557
	<u> </u>	<u> </u>
10 Interest receivable and similar income	2023	2022
	£000	£000
Interest income		
Interest on bank deposits	5	-
Other interest income	6	-
	<u> </u>	<u> </u>
Total income	11	-
	<u> </u>	<u> </u>
11 Taxation	2023	2022
	£000	£000
Current tax		
UK corporation tax on profits for the current period	59	18
Adjustments in respect of prior periods	(54)	(119)
Other taxes	28	-
	<u> </u>	<u> </u>
Total UK current tax	33	(101)
Foreign current tax on profits for the current period	148	199
	<u> </u>	<u> </u>
Total current tax	181	98
	<u> </u>	<u> </u>

Synnovia Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

11 Taxation	(Continued)	
	2023 £000	2022 £000
Deferred tax		
Origination and reversal of timing differences	(5)	(381)
Changes in tax rates	-	360
Adjustment in respect of prior periods	55	(7)
Other adjustments	(32)	-
	<u>18</u>	<u>(28)</u>
Total deferred tax	18	(28)
	<u>199</u>	<u>70</u>
Total tax charge	199	70

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

	2023 £000	2022 £000
Loss before taxation	(7,251)	(3,136)
	<u>(1,378)</u>	<u>(596)</u>
<i>Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)</i>	(1,378)	(596)
Tax effect of expenses that are not deductible in determining taxable profit	646	412
Unrecognised deferred tax assets in respect of tax losses	1,236	-
Adjustments in respect of prior years	(149)	(119)
Research and development tax credit	21	20
Other permanent differences	21	-
Deferred tax adjustments in respect of prior years	104	(7)
Effect of movements in tax rates	(302)	360
	<u>199</u>	<u>70</u>
Taxation charge	199	70

Deferred tax assets of £1,236,000 are unrecognised due to uncertainty of the timing of future profits.

Synnovia Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

12 Impairments

Impairment losses have been recognised in profit or loss as follows:

	Notes	2023 £000	2022 £000
In respect of:			
Intangible assets	13	(58)	-
		<u> </u>	<u> </u>
Recognised in:			
Administrative expenses		(58)	-
		<u> </u>	<u> </u>

Synovia Limited

Notes to the Financial Statements (Continued)
For the year ended 31 March 2023

13 Intangible fixed assets

Group	Goodwill	Technology	Development costs	Intellectual property rights	Distribution & Trademarks and customer relationships	brands	Total
	£000	£000	£000	£000	£000	£000	£000
Cost							
At 1 April 2022	21,432	3,146	3,718	1,577	11,343	2,603	43,819
Additions	314	45	708	395	-	-	1,462
Disposals	-	-	(347)	-	-	-	(347)
Transfers from tangible assets	-	1,001	-	-	-	-	1,001
At 31 March 2023	21,746	4,192	4,079	1,972	11,343	2,603	45,935
Amortisation and Impairment							
At 1 April 2022	9,350	3,146	2,017	1,240	8,275	2,603	26,631
Amortisation charged for the year	1,966	205	306	124	442	-	3,043
Impairment losses	-	-	58	-	-	-	58
Disposals	-	-	(34)	-	-	-	(34)
Transfers from tangible assets	-	112	-	-	-	-	112
At 31 March 2023	11,316	3,463	2,347	1,364	8,717	2,603	29,810
Carrying amount							
At 31 March 2023	10,430	729	1,732	608	2,626	-	16,125
At 31 March 2022	12,082	-	1,701	337	3,068	-	17,188

Synovia Limited

Notes to the Financial Statements (Continued) For the year ended 31 March 2023

14 Tangible fixed assets													
Group		Leasehold land and buildings	Assets under construction	Plant and equipment	Fixtures and fittings	Computer equipment	Motor vehicles	Total					
Cost		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2022		869	728	28,841	3,723	-	119	34,280					
Additions		7	-	1,848	166	232	94	2,347					
Disposals		-	-	(619)	(106)	(2)	(101)	(828)					
Transfers to intangible assets		-	(221)	221	(1,001)	-	-	(1,001)					
Other movements		-	(507)	846	580	412	61	1,392					
Exchange adjustments		-	-	(1)	-	2	-	1					
At 31 March 2023		876	-	31,137	3,361	644	174	36,191					
Depreciation and impairment													
At 1 April 2022		445	-	14,138	3,371	-	101	18,055					
Depreciation charged in the year		41	-	2,531	282	59	24	2,937					
Eliminated in respect of disposals		-	-	(579)	(99)	(2)	(99)	(779)					
Transfers to intangible assets		-	-	-	(112)	-	-	(112)					
Other movements		-	-	1,989	(885)	305	30	1,440					
Exchange adjustments		1	-	4	-	2	23	29					
At 31 March 2023		487	-	18,083	2,558	364	79	21,570					
Carrying amount													
At 31 March 2023		389	-	13,054	803	280	95	14,621					
At 31 March 2022		424	728	14,703	352	-	18	16,225					

Synovia Limited

Notes to the Financial Statements (Continued) For the year ended 31 March 2023

14 Tangible fixed assets

(Continued)

The company had no tangible fixed assets at 31 March 2023 or 31 March 2022.

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group	Company
	2023	2023
	£000	£000
Plant and equipment	3,199	-
	<u> </u>	<u> </u>
	2,325	-
	<u> </u>	<u> </u>

Synnovia Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

15 Fixed asset investments

	Notes	Group 2023 £000	2022 £000	Company 2023 £000	2022 £000
Investments in subsidiaries	16	-	-	11,477	11,477

Movements in fixed asset investments

Company

Shares in
subsidiaries
£000

Cost or valuation

At 1 April 2022 and 31 March 2023

11,477

Carrying amount

At 31 March 2023

11,477

At 31 March 2022

11,477

Synnovia Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

16 Subsidiaries

Details of the company's subsidiaries at 31 March 2023 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held	
			Direct	Indirect
Plastics Capital Trading Limited	1	Ordinary	100.00	-
Tianjin Channel Shengli Printing Equipment Co Ltd	2	Ordinary		-
				100.00
Bell Plastics Limited	1	Ordinary		100.00
BNL (UK) Limited	1	Ordinary		100.00
BNL (Japan) Inc	3	Ordinary		100.00
BNL (US) Inc.	4	Ordinary		100.00
BNL (Thailand) Limited	5	Ordinary		100.00
C&T Matrix Limited	1	Ordinary		100.00
Flexipol Packaging Limited	1	Ordinary		100.00
Palagan Limited	1	Ordinary		100.00
Plastics Capital India Private Limited	6	Ordinary		100.00
				-
				-
Shanghai Plastics Capital Trading Limited	7	Ordinary		100.00
Shanghai Plastics Capital Parts Limited	7	Ordinary		100.00
Plastics Capital (Trustee) Limited	1	Ordinary	100.00	-
Synpac Limited	1	Ordinary		100.00
Channel Creasing Matrix Inc.	8	Ordinary		100.00
Mito Srl.	9	Ordinary		100.00
Corporacion Levantina de Articulos SL	10	Ordinary	80.00	-
Clear Technologies SL	10	Ordinary	78.00	-
Clear Print & Finishing SL	10	Ordinary	80.00	-

The registered addresses of the companies detailed above, are as follows:

1. C/O Bnl (Uk) Limited, Manse Lane, Knaresborough, North Yorkshire, England, HG5 8LF
2. 102 YongXing Road, Beichen Economic and Technological Development Zone, Tianjin
3. 7F, Yamatane-Hakozaki Building, 8-1, Nihonbashi Hakozaki-cho, Chuo-ku, Tokyo, 103-0015, Japan
4. 56 Leonard Street, Unit 5, Foxboro, MA 02035, USA
5. 500/58 Moo 3, Hemaraj Eastern Seaboard Industrial Estate, Tasit, Pluakdaeng, Rayong 21140, Thailand
6. Building No. C7, Gala No. 35, Bhumi World Industrial Park, Bhiwandi - Nashik Highway, Pimplas Taluka, Bhiwandi District, Thane, 421302, India
7. 3F, Block 7, Lane 208 East Rong LE Road, Songjiang District, Shanghai, China 201613
8. 531 Corning Way, Martinsburg, WV 25405, USA
9. Via Primo Maggio 228, 2045 Fara Gera d'Adda, Bergamo, Italy
10. C/Lloma Llarga, 2 Pol.Ind. 17 46119, Naquera, Valencia, Spain

Synnovia Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

17 Stocks

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Raw materials and consumables	5,335	4,976	-	-
Work in progress	721	1,558	-	-
Finished goods and goods for resale	5,194	4,219	-	-
	<u>11,250</u>	<u>10,753</u>	<u>-</u>	<u>-</u>

18 Financial instruments

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Carrying amount of financial assets				
Debt instruments measured at amortised cost				
	<u>17,049</u>	<u>19,890</u>	<u>41,046</u>	<u>36,590</u>
Carrying amount of financial liabilities				
Measured at fair value through profit or loss				
- Other financial liabilities	113	272	-	-
Measured at amortised cost	<u>45,967</u>	<u>36,792</u>	<u>10,778</u>	<u>5,750</u>

There were no significant unobservable inputs that had an effect on fair value. The derivatives were valued at the amounts provided by the counterparty as at the year end.

Financial instruments at fair value through profit or loss

There was a foreign exchange derivative gain in the year of £158,000 (2022: loss of £609,000).

19 Debtors

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade debtors	15,788	18,705	1	1
Corporation tax recoverable	39	873	-	-
Amounts owed by group undertakings	971	680	41,013	36,589
Other debtors	419	589	32	-
Prepayments and accrued income	897	1,035	-	-
	<u>18,114</u>	<u>21,882</u>	<u>41,046</u>	<u>36,590</u>
Deferred tax asset (note 25)	-	243	-	-
	<u>18,114</u>	<u>22,125</u>	<u>41,046</u>	<u>36,590</u>

Synnovia Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

20 Creditors: amounts falling due within one year

	Notes	Group 2023 £000	2022 £000	Company 2023 £000	2022 £000
Bank loans and overdrafts	22	6,567	10,747	-	1
Obligations under finance leases	23	775	747	-	-
Other borrowings	22	10,872	12,728	-	-
Trade creditors		11,332	12,685	-	-
Corporation tax payable		-	641	-	155
Other taxation and social security		2,508	2,173	-	-
Derivative financial instruments		113	272	-	-
Liability for share based payments	26	97	91	-	-
Other creditors		1,672	883	-	(128)
Accruals and deferred income		3,394	2,906	-	-
		<u>37,330</u>	<u>43,873</u>	<u>-</u>	<u>28</u>

Other borrowings include an invoice discounting facility of £6,665,643 (2022: £8,179,000). Interest is accruing at a rate of 2.5% above the Bank of England base rate per annum.

Also included is an export finance facility of £4,206,259 (2022: £4,291,000). Interest is accruing at a rate of 2.5% above the Bank of England base rate per annum.

21 Creditors: amounts falling due after more than one year

	Notes	Group 2023 £000	2022 £000	Company 2023 £000	2022 £000
Bank loans and overdrafts	22	2,835	-	-	-
Obligations under finance leases	23	833	804	-	-
Other borrowings	22	10,984	6,465	10,778	6,465
		<u>14,652</u>	<u>7,269</u>	<u>10,778</u>	<u>6,465</u>

Other borrowings include an intercompany loan of £10,777,962 (2022: £6,465,000). Interest is accruing at a rate of 10% per annum. The loan is repayable on the earlier of the occurrence of an insolvency event or at the times and in the amounts as demanded by the lender.

Synnovia Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

22 Loans and overdrafts

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Bank loans	3,799	4,937	-	-
Bank overdrafts	5,603	5,810	-	1
Loans from group undertakings	10,778	6,465	10,778	6,465
Other loans	11,078	12,728	-	-
	<u>31,258</u>	<u>29,940</u>	<u>10,778</u>	<u>6,466</u>
	<u><u>31,258</u></u>	<u><u>29,940</u></u>	<u><u>10,778</u></u>	<u><u>6,466</u></u>
Payable within one year	17,439	23,475	-	1
Payable after one year	13,819	6,465	10,778	6,465
	<u>13,819</u>	<u>6,465</u>	<u>10,778</u>	<u>6,465</u>
	<u><u>13,819</u></u>	<u><u>6,465</u></u>	<u><u>10,778</u></u>	<u><u>6,465</u></u>

The group has given charges over its assets in favour of its lender, Barclays Bank plc.

Included within bank loans are £175,604 (2022: £528,094) of costs capitalised. Interest on bank loans and overdrafts is accrued at a rate of 3.5% above the Bank of England base rate per annum.

On 14 January 2022, Synnovia refinanced its banking facilities with Barclays Bank. The banking facilities totalled £22.9 million, with a final maturity date of 14 January 2025 and were structured by means of a term loan, invoice discounting facility, overdraft facility and an asset finance facility. On 30 September 2022 the Group secured an intercompany loan of £2m with the ultimate parent company BPF1 Limited in order to reduce the value of lending with Barclays.

In respect of the prior year, Bank loans and overdrafts included a Term Loan Facility due to Barclays of £5,484,000. Amounts due within one year were £990,000 at 31 March 2022, however there was a technical breach of covenants at that date and the full value was therefore shown as due within one year for the year ended 31 March 2022. A waiver was obtained from Barclays post year end in respect of this covenant breach and the contracted payment timings have been restored. There were no breach of covenants for the current year.

The Barclays Bank loans are secured by fixed and floating charges over the property, plant and equipment, inventories and trade receivables of Synnovia. The fair value of borrowings equals their carrying amount, as the impact of discounting is not significant.

Other loans mainly comprises of the invoice discounting facility and the export finance facility. Other loans also includes loans to MITO of £205,679 (2022: £257,394), which are denominated in EUR.

Synnovia Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

23 Finance lease obligations

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Future minimum lease payments due under finance leases:				
Within one year	797	747	-	-
In two to five years	811	804	-	-
	<u>1,608</u>	<u>1,551</u>	<u>-</u>	<u>-</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. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

24 Retirement benefit schemes

	2023	2022
	£000	£000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	682	948
	<u>682</u>	<u>948</u>

Defined contribution pension schemes are operated for all qualifying employees. The assets of the schemes are held separately from those of the Group in independently administered funds.

At year end, the amounts outstanding in respect of pension contributions payable is £nil (2022:£nil)

25 Deferred taxation

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

	Liabilities	Liabilities	Assets	Assets
	2023	2022	2023	2022
	£000	£000	£000	£000
Group				
Accelerated capital allowances	1,626	1,477	-	-
Tax losses	-	(502)	-	243
Other timing differences	20	868	-	-
Short term timing differences	(108)	(136)	-	-
	<u>1,538</u>	<u>1,707</u>	<u>-</u>	<u>243</u>

The company has no deferred tax assets or liabilities.

Synnovia Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

25 Deferred taxation (Continued)

	Group 2023 £000	Company 2023 £000
Movements in the year:		
Liability at 1 April 2022	1,464	-
Effect of prior period adjustments	55	
Charge to profit or loss	19	-
	<u>1,538</u>	<u>-</u>
Liability at 31 March 2023	<u><u>1,538</u></u>	<u><u>-</u></u>

26 Share-based payment transactions

Group	Number of shares		Weighted average exercise price	
	2023 Number	2022 Number	2023 £000	2022 £000
Outstanding at 1 April 2022	1,260,642	739,200	1.33	1.25
Granted	-	660,112	-	1.40
Exercised	(20,221)	(19,836)	1.28	1.25
Expired	(368,990)	(118,834)	1.32	1.25
	<u>871,431</u>	<u>1,260,642</u>	<u>1.33</u>	<u>1.33</u>
Outstanding at 31 March 2023	<u><u>871,431</u></u>	<u><u>1,260,642</u></u>	<u><u>1.33</u></u>	<u><u>1.33</u></u>
Exercisable at 31 March 2023	<u><u>433,003</u></u>	<u><u>72,430</u></u>	<u><u>1.00</u></u>	<u><u>1.40</u></u>

The share options outstanding at 31 March 2023 have an weighted exercise price of £1.33 and a weighted average contractual life of 4-5 years (2022: 4-5 years). There were 20,221 shares exercised in the year.

Group

Long Term Incentive Plan (2021) ("LTIP 2021") (equity settled)

On 25 January 2021 the Board of the Company approved a new LTIP under which the Company would make awards to approximately 45 employees of the Company and subsidiary entities giving a right to receive the beneficial interest in a certain number of A ordinary shares in Synnovia upon vesting of the awards (the Awards).

Synnovia Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

26 Share-based payment transactions

(Continued)

There are fixed vesting dates throughout the LTIP period every six months. The value of the Awards will be based on the Company's share price at the date of granting the Awards. The Awards vest in tranches every six months until they are fully vested 5 years after the original grant date for the leadership team and 4 years after the original grant date for other participants. There is no performance or other vesting criteria.

No awards were granted during the current year (prior year 660,112 share option awards).

In the current year the fair value of grants at each 6 monthly vesting period were £1.20 (August 2022) and £1.00 (February 2023).

Applying the valuation rules and assuming that the fair value will remain at £1.00 going forwards, a charge of £3 93,384 (2022: £379,390) has been calculated for the year.

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Expenses recognised in the year				
Arising from equity settled share based payment transactions	393	379	-	-
	<u>393</u>	<u>379</u>	<u>-</u>	<u>-</u>

27 Share capital

Group and company	2023	2022	2023	2022
Ordinary share capital	Number	Number	£000	£000
Issued and fully paid				
Ordinary shares of 1p each	38,995,151	38,995,151	390	390
A shares of 1p each	196,605	92,266	2	1
B Shares of 0.1p each	1,247,918	-	1	-
	<u>40,439,674</u>	<u>39,087,417</u>	<u>393</u>	<u>391</u>

During the year the company issued 19,265 A Ordinary shares of 1p each at a premium of £1.19 per share and 85,074 A Ordinary shares of 1p each at a premium of 99p per share.

The company also issued 24,958 B Ordinary shares of 0.1p each at a premium of 1.9p per share.

The Ordinary shares have voting rights and equal rights to dividends and capital attached.

The A Ordinary shares only have equal rights to capital attached.

Upon issue, the B Ordinary shares do not have any rights attached to them. If the value of the company increases to a level where the price of the Ordinary shares and A shares of the company reaches a level where the B threshold is met, the B ordinary shares will vest and have equal rights to the ordinary shares.

Synnovia Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

28 Reserves

Share premium

Consideration received for shares issued above their nominal value net of transaction costs.

Reverse acquisition reserve

The reverse acquisition reserve arose on the share for share exchange of Plastics Capital Trading Limited by the Company.

Translation reserve

The translation reserve represents foreign exchange gains and losses on the retranslation of the results and net assets of the Company's foreign subsidiaries.

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

29 Financial commitments, guarantees and contingent liabilities

A composite guarantee has been given to the Company and Group's bankers in respect of any debts or liabilities owing to the bank by any party to the guarantee.

At the balance sheet date, the Group's indebtedness to its bankers was £12,730,000 (2022: £16,110,000). The Group's indebtedness to its bankers is subject to meeting loan covenants.

30 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:

	Group		Company	As restated
	2023	2022	2023	2022
	£000	£000	£000	£000
Within one year	1,098	1,161	150	150
Between two and five years	2,462	2,708	236	385
In over five years	814	2,243	-	-
	<u>4,374</u>	<u>6,112</u>	<u>386</u>	<u>535</u>

Synnovia Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

31 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2023	2022
	£000	£000
Aggregate compensation	1,255	1,208
	<u> </u>	<u> </u>

Consultancy costs of £nil (2022: £214,463) in respect of the F Rahmatallah was paid to Akali LLP.

Termination costs of £198,440 (2022: £nil) in respect of the F Rahmatallah was paid to Akali LLP.

Other information

As permitted by FRS 102 Section 33 "Related Party Disclosures", the financial statements do not disclose transactions with the parent company and wholly owned fellow subsidiaries on the basis that the group financial statements are prepared.

32 Controlling party

The directors consider the immediate parent undertaking to be BPF1 Limited, a company incorporated in England and Wales, for which the group accounts, including the company's results, are drawn up and publicly available from Companies House.

BPF1 Limited is 87.68% owned and controlled by Barker Partnership LP, a Company incorporated in the Cayman Islands, with Camelot Capital Partners LLC acting as the investment manager.

Synnovia Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2023

33 Cash generated from/(absorbed by) group operations

	2023 £000	2022 £000
Loss for the year after tax	(7,450)	(3,205)
Adjustments for:		
Taxation charged	199	70
Finance costs	2,599	1,157
Investment income	(11)	-
(Gain)/loss on disposal of tangible fixed assets	(4)	4
Loss on disposal of intangible assets	276	211
Fair value (gain)/loss on foreign exchange contracts	(158)	609
Amortisation and impairment of intangible assets	3,179	2,723
Depreciation and impairment of tangible fixed assets	2,937	2,719
Other foreign exchange (gain)/loss	793	(352)
Acquisition of minority interest share	-	615
Equity settled share based payment expense	393	379
Movements in working capital:		
Increase in stocks	(497)	(2,022)
Decrease/(increase) in debtors	2,198	(3,163)
(Decrease)/increase in creditors	(107)	85
Cash generated from/(absorbed by) operations	<u>4,347</u>	<u>(170)</u>

34 Analysis of changes in net debt - group

	1 April 2022 £000	Cash flows £000	Acquisitions and disposals £000	31 March 2023 £000
Cash at bank and in hand	7,113	370	-	7,483
Bank overdrafts	(5,810)	207	-	(5,603)
	<u>1,303</u>	<u>577</u>	<u>-</u>	<u>1,880</u>
Borrowings excluding overdrafts	(24,130)	(1,525)	-	(25,655)
Obligations under finance leases	(1,551)	(306)	249	(1,608)
	<u>(24,378)</u>	<u>(1,254)</u>	<u>249</u>	<u>(25,383)</u>

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