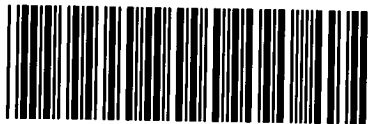


Company Registration No. 03160710 (England and Wales)

EMPEROR DESIGN CONSULTANTS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 AUGUST 2022

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EMPEROR DESIGN CONSULTANTS LIMITED

COMPANY INFORMATION

Directors	K James S Kemp N S O'Connor V J Sugg C D Stamp P T Franklin P C Matthews C J Gunn K Cearns J D Fulton M F McKay
Secretary	K James
Company number	03160710
Registered office	The White Chapel Building 10 Whitechapel High Street London E1 8QS
Auditor	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London EC4A 4AB United Kingdom

EMPEROR DESIGN CONSULTANTS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2022

The directors present the strategic report for the year ended 31 August 2022.

Fair review of the business

The year ended 31 August 2022 was one of both considerable growth and progress for Emperor. Our client retention was exceptionally strong, and we developed incremental activity across our propositions with both new and existing clients. This led to turnover growth in excess of 30%.

We have invested significantly in our core teams as well in senior level expertise to enhance our propositions, and to ensure that we are well positioned for the next year and beyond. During the year we moved into our new London head office, the White Chapel Building, and new premises in the centre of Manchester. The start of the financial year was impacted by lockdown restrictions, and it was only in the second half of the year that a return to office occupation was possible.

Overall, the combination of revenue growth and changes to the cost base produced a positive result for Emperor, with an increase of £0.708m in underlying EBITDA.

In June 2022, new Joint-CEO's were appointed to lead Emperor. Both already held senior roles in the business which will ensure continuity of the successful strategy.

In 2022 we were able to re-finance the Vendor Loan Notes that resulted from the sale of the founders shares to an Employee Ownership Trust in 2020. This financing sits partly in Emperor and partly in the Trust, and provides a firm foundation for the future.

Despite the more challenging economic conditions in the UK and the recent political disruption, we have carefully considered our financial plans for the next year and are confident that Emperor will continue to grow profitably in 2023.

Key performance indicators

The key performance indicators used by the Board to monitor progress are listed below:

Turnover £32.352m (2021: £24.620m), an underlying increase of 31.4%

Gross profit £13.598m (2021: £9.365m), an underlying increase of 45.2%

Profit on ordinary activities before tax was £3.008m compared with the previous year of £2.391m. This was after charging depreciation of £0.193m (2021: £0.137m).

These indicators demonstrate the exceptional growth achieved in the year. The combination of significant new client wins and additional spend by existing clients drove up turnover.

There was a lag in the early part of the year before we were able to resource to the appropriate level to support the growth. Although this boosted profitability, it put pressure on our teams. It was only in the second half of the year that we were able to recruit the additional people we needed. For the first five months of the year our teams were working largely remotely, and many overhead lines did not return to pre pandemic levels.

EMPEROR DESIGN CONSULTANTS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Principal risks and uncertainties

The company's principal financial instruments during the year comprised of bank balances, trade creditors, trade debtors, an invoice financing facility and a revolving credit facility. The invoice financing facility was terminated in May 2022 and was replaced by the revolving credit facility. £0.5m of this facility is a dedicated working capital facility. The main purpose of these instruments is to raise funds and to finance the company's operations.

The company keeps a detailed risk register. This is reviewed four times a year by the Executive Committee and twice a year by the Board.

The current principal risks identified include: the recruitment and retention of talent; IT systems and security; leadership succession; a UK market correction and the impact of the current economic instability.

All the principal risks have been assessed for impact and mitigations are in place. These include an increased investment in our People team, larger budgets allocated to training and development and a coordinated wellbeing programme to support our staff. There has also been an increase in the spend on IT security software including the deployment of market leading detection and prevention products.

The company has demonstrated resilience through previous economic cycles. The recurring revenue model provides significant mitigation against the current economic uncertainty, but the board continues to monitor financial performance closely. The recent investment in a bespoke revenue forecasting system and dashboard is providing greater visibility of forward revenue and enabling more informed decision making.

Other information and explanations

Future developments

The directors are optimistic that the current momentum in the business will continue to deliver significant growth. Our commitment to providing an excellent service to our existing client base is proving powerful in the retention and growth of those clients. At the same time the senior team we now have in place, and our growing reputation, are enabling us to win larger client mandates in a wider range of services.

Following the success of the acquisitions we have made over recent years, we continue to look at opportunities to grow the business both in the UK and overseas beyond pure organic growth.

Financial risk management objectives and policies

The financial risks identified are liquidity risk and credit risk. Liquidity risk is managed by ensuring that the group and company have sufficient liquid resources to meet the operating needs of the business. Formal credit control procedures are in place and trade debtors are reviewed on a regular basis. The company has in place a revolving working capital facility, which is available to support its working capital requirements. This was not utilised during the year.

On behalf of the board

Kingsley James
.....

K James
Director

21/12/22
Date:

EMPEROR DESIGN CONSULTANTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2022

The directors present their annual report and financial statements for the year ended 31 August 2022.

Principal activities

The principal activity of the company and group continued to be that of brand strategy, the design, creation and production of corporate and marketing collateral for print and the internet, and marketing management.

Results and dividends

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

Ordinary dividends were paid amounting to £171,500 (2021: £147,000) of which £171,500 relates (2021: £147,000) to amounts paid to non-controlling interests. 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:

K James	
S Kemp	
N S O'Connor	
V J Sugg	
K E Steidle	(Resigned 31 December 2021)
C D Stamp	
P T Franklin	
P C Matthews	
C J Gunn	(Appointed 15 December 2021)
K Cearns	(Appointed 1 January 2022)
J D Fulton	(Appointed 4 January 2022)
M F McKay	(Appointed 1 February 2022)

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. The matters covered in the strategic report are future developments and financial risk management objectives and policies.

Disabled persons

The company is an equal opportunities employer and all applications for employment are considered fully on the basis of suitability for the job. The group's policy is to give full and fair consideration to applications for employment from disabled persons and is committed to equal training opportunities, career development and promotion of such individuals. Arrangements are made, where possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

EMPEROR DESIGN CONSULTANTS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Employee involvement

The company makes every effort to ensure that its employees are communicated to and consulted with as appropriate on issues which impact the business and have a significant impact on the staff. Communication includes a monthly all staff meeting, usually held on-line, where directors and senior managers appraise staff of key financial, operational and strategic developments. In addition, we have an Employee Board, established in 2020 in conjunction with the sale of the majority share of the business to the EOT, which is consulted on matters which significantly impact the staff at Emperor. The Employee Board, chaired by a Non-Executive Board Director, comprises staff who are not senior management, they meet regularly and liaise on a monthly basis with the senior management team to ensure that the views of employees are taken into account.

Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

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 company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Kingsley James

.....

K James

Director

21/12/22

Date:

EMPEROR DESIGN CONSULTANTS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 AUGUST 2022

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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;
- prepare the financial statements 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EMPEROR DESIGN CONSULTANTS LIMITED

Opinion

We have audited the financial statements of Emperor Design Consultants Limited (the 'parent company') and its subsidiary (the 'group') for the year ended 31 August 2022 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 of the parent company's affairs as at 31 August 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 or the 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EMPEROR DESIGN CONSULTANTS LIMITED (CONTINUED)

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 5, 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.

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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk 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, and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EMPEROR DESIGN CONSULTANTS LIMITED (CONTINUED)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, agreeing tax calculations to supporting documentation, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

We do not consider there to be any laws and regulations that have a significant indirect impact on the financial statements.

The group audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. In respect of management override of controls, audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to any significant, unusual transactions and transactions entered into outside the normal course of business. In respect of revenue recognition, audit procedures performed included but were not limited to testing sales to supporting documentation, and reviewing transactions around the year end to determine whether revenue had been recorded in the correct financial period.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Nicholas Davies

Nicholas Davies FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB
United Kingdom

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22/12/22

EMPEROR DESIGN CONSULTANTS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	2022 £	2021 £
Turnover	3	32,352,261	24,620,260
Cost of sales		(18,754,409)	(15,254,873)
Gross profit		13,597,852	9,365,387
Administrative expenses		(10,555,079)	(7,012,118)
Other operating income		-	37,594
EBITDA *		3,235,847	2,527,604
Depreciation of tangible fixed assets	13	(193,074)	(136,741)
Operating profit	8	3,042,773	2,390,863
Interest receivable and similar income	10	329	36
Interest payable and similar expenses	11	(35,283)	-
Profit before taxation		3,007,819	2,390,899
Tax on profit	12	(598,462)	(469,759)
Profit for the financial year		2,409,357	1,921,140
Profit and total comprehensive income for the year is attributable to:			
- Owners of the parent company		2,203,213	1,740,482
- Non-controlling interests		206,144	180,658
		2,409,357	1,921,140

*Earnings before interest, tax, depreciation and amortisation

EMPEROR DESIGN CONSULTANTS LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 AUGUST 2022**

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	13		522,503		280,476
Current assets					
Stocks	16	215,900		350,661	
Debtors	17	6,605,621		4,975,909	
Cash at bank and in hand		1,960,605		1,602,651	
			8,782,126		6,929,221
Creditors: amounts falling due within one year	18	(5,568,904)		(4,422,474)	
Net current assets			3,213,222		2,506,747
Total assets less current liabilities			3,735,725		2,787,223
Creditors: amounts falling due after more than one year	19		(2,575,448)		-
Provisions for liabilities	21		(44,345)		(42,226)
Net assets			1,115,932		2,744,997
Capital and reserves					
Called up share capital	24		853		853
Capital redemption reserve	25		150		150
Profit and loss reserves	25		877,970		2,541,679
Equity attributable to owners of the parent company			878,973		2,542,682
Non-controlling interests			236,959		202,315
			1,115,932		2,744,997

21/12/22

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

Kingsley James

.....
K James
Director

EMPEROR DESIGN CONSULTANTS LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 31 AUGUST 2022**

	Notes	2022		2021	
		£	£	£	£
Fixed assets					
Tangible assets	13		510,296		270,833
Investments	14		510		510
			<u>510,806</u>		<u>271,343</u>
Current assets					
Stocks	16	214,840		350,011	
Debtors	17	6,451,606		4,817,400	
Cash at bank and in hand		1,527,137		1,051,092	
			<u>8,193,583</u>	<u>6,218,503</u>	
Creditors: amounts falling due within one year	18	(5,454,372)		(4,116,263)	
Net current assets			<u>2,739,211</u>		<u>2,102,240</u>
Total assets less current liabilities			<u>3,250,017</u>		<u>2,373,583</u>
Creditors: amounts falling due after more than one year	19		(2,575,448)		-
Provisions for liabilities	21		(41,716)		(40,963)
Net assets			<u>632,853</u>		<u>2,332,620</u>
Capital and reserves					
Called up share capital	24		853		853
Capital redemption reserve	25		150		150
Profit and loss reserves	25		631,850		2,331,617
Total equity			<u>632,853</u>		<u>2,332,620</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's profit for the year was £2,167,155 (2021 - £1,705,451 profit).

The financial statements were approved by the board of directors and authorised for issue on 21/12/22 and are signed on its behalf by:

Kingsley James

.....
K James
Director

EMPEROR DESIGN CONSULTANTS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2022

Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total controlling interest £	Non- controlling interest £	Total £
Balance at 1 September 2020	853	150	2,301,197	2,302,200	168,657	2,470,857
Year ended 31 August 2021:						
Profit and total comprehensive income for the year	-	-	1,740,482	1,740,482	180,658	1,921,140
Dividends	-	-	-	-	(147,000)	(147,000)
Capital contribution to Employee Ownership Trust	-	-	(1,500,000)	(1,500,000)	-	(1,500,000)
Balance at 31 August 2021	853	150	2,541,679	2,542,682	202,315	2,744,997
Year ended 31 August 2022:						
Profit and total comprehensive income for the year	-	-	2,203,213	2,203,213	206,144	2,409,357
Dividends	-	-	-	-	(171,500)	(171,500)
Capital contribution to Employee Ownership Trust	-	-	(3,866,922)	(3,866,922)	-	(3,866,922)
Balance at 31 August 2022	853	150	877,970	878,973	236,959	1,115,932

EMPEROR DESIGN CONSULTANTS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2022

	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 September 2020	853	150	2,126,166	2,127,169
Year ended 31 August 2021:				
Profit and total comprehensive income for the year	-	-	1,705,451	1,705,451
Capital contribution to Employee Ownership Trust	-	-	(1,500,000)	(1,500,000)
Balance at 31 August 2021	853	150	2,331,617	2,332,620
Year ended 31 August 2022:				
Profit and total comprehensive income for the year	-	-	2,167,155	2,167,155
Capital contribution to Employee Ownership Trust	-	-	(3,866,922)	(3,866,922)
Balance at 31 August 2022	853	150	631,850	632,853

EMPEROR DESIGN CONSULTANTS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	2022		2021	
		£	£	£	£
Cash flows from operating activities					
Cash generated from operations	28	3,106,215		3,027,892	
Interest paid		(35,283)		-	
Income taxes paid		(449,257)		(417,041)	
Net cash inflow from operating activities		<u>2,621,675</u>		<u>2,610,851</u>	
Investing activities					
Purchase of tangible fixed assets		(435,101)		(173,401)	
Interest received		329		36	
Net cash used in investing activities		<u>(434,772)</u>		<u>(173,365)</u>	
Financing activities					
Drawdown of bank loan		2,356,473		-	
Capital contribution to EOT		(3,866,922)		(1,500,000)	
Dividends paid to non-controlling interests		(318,500)		-	
Net cash used in financing activities		<u>(1,828,949)</u>		<u>(1,500,000)</u>	
Net increase in cash and cash equivalents		<u>357,954</u>		<u>937,486</u>	
Cash and cash equivalents at beginning of year		1,602,651		665,165	
Cash and cash equivalents at end of year		<u><u>1,960,605</u></u>		<u><u>1,602,651</u></u>	

EMPEROR DESIGN CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

Company information

Emperor Design Consultants Limited ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is The White Chapel Building, 10 Whitechapel High Street, London, E1 8QS.

The group consists of Emperor Design Consultants Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

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, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

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

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

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 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' – 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, 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.

The financial statements of the company are included within these consolidated financial statements of Emperor Design Consultants Limited.

Basis of consolidation

The consolidated financial statements incorporate those of Emperor Design Consultants Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 August 2022.

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.

EMPEROR DESIGN CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies (Continued)

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.

Going concern

The directors have considered the impact of current economic uncertainty in the UK and other commercial matters on the financial performance of the group and company.

At the time of approving the financial statements, the directors are comfortable that the group and company has access to adequate resources for at least the period of 12 months from the approval of the financial statements. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

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. Turnover is recognised only when the related work has been completed or has reached a billable stage.

Tangible fixed assets

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

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

Leasehold land and buildings	Over the lease term (5 years)
Plant and equipment	3-5 years straight line
Fixtures and fittings	7 years straight line

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 credited or charged to profit or loss.

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Fixed asset investments

In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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.

Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible 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.

EMPEROR DESIGN CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

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.

Stocks

Work in progress is valued at the lower of cost and net realisable value and represents production costs which have not yet been recharged to clients.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

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

Financial instruments are recognised 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 trade and other debtors, 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets 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.

EMPEROR DESIGN CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies (Continued)

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

Basic financial liabilities, including trade and other creditors, and amounts due to fellow group companies, 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.

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

Derecognition of financial liabilities

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

Equity instruments

Equity instruments issued by the group are recorded at the fair value of 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.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset if, and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

EMPEROR DESIGN CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies (Continued)

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.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Share-based payments

For cash-settled share-based payments, a liability is recognised for the goods and services acquired, measured initially at the fair value of the liability. At the balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

Leases

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.

Government grants

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

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

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss.

Invoice financing

The company used a facility from the bank for invoice financing. The facility was with full recourse and the accounting treatment, in accordance with FRS 102, is to present the debtors and the liability to the finance house separately.

EMPEROR DESIGN CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

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.

A liability has been recognised in relation to the Enterprise Management Incentive (EMI) share option scheme established on 1 June 2021. This liability was estimated based on financial projections for the company in future years, an assumption of how many option holders would still be employed at the vesting date and an appropriate discount rate.

3 Turnover and other revenue

All turnover is generated by the principal activity of the group.

	2022	2021
	£	£
Other revenue		
Interest income	329	36
Grants received	-	37,594
	<u> </u>	<u> </u>
	2022	2021
	£	£
Turnover analysed by geographical market		
United Kingdom	26,581,815	20,999,708
Europe	2,601,192	1,565,964
Rest of the World	3,169,254	2,054,588
	<u> </u>	<u> </u>
	<u>32,352,261</u>	<u>24,620,260</u>

4 Government grants

During the prior year, the group made a successful application under the government Coronavirus Job Retention Scheme to aid businesses with the financial impact of the COVID-19 pandemic. The total amount claimed during the year was £Nil (2021: £37,594). No amounts remained receivable at the year end (2021: £Nil). The grant relates to staff costs, which are included within cost of sales and the grant of £Nil (2021: £37,594) has been recognised in the statement of comprehensive income as other operating income.

EMPEROR DESIGN CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

5 Employees

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

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Design staff	241	201	229	188
Administrative staff	45	35	41	35
Directors	9	4	9	4
Total	<u>295</u>	<u>240</u>	<u>279</u>	<u>227</u>

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	17,125,151	13,024,291	16,297,684	12,345,086
Social security costs	1,609,615	1,172,275	1,531,973	1,112,628
Pension costs	454,236	377,798	436,736	361,991
Total	<u>19,189,002</u>	<u>14,574,364</u>	<u>18,266,393</u>	<u>13,819,705</u>

6 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	1,116,727	807,238
Company pension contributions to defined contribution schemes	54,370	37,561
Total	<u>1,171,097</u>	<u>844,799</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 7 (2021 - 5).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2022 £	2021 £
Remuneration for qualifying services	254,289	257,502
Company pension contributions to defined contribution schemes	9,996	9,996
Total	<u>264,285</u>	<u>267,498</u>

EMPEROR DESIGN CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

7 Share-based payment transactions

On 1 June 2021, the company established an Enterprise Management Incentive (EMI) share option scheme and issued share options to certain employees. These options vest five years from the date of grant. On vesting, the option holder may purchase the company's Ordinary C shares at a value previously agreed with HMRC provided certain conditions are met. At certain dates, based on a valuation method set out in the articles of association, the Ordinary C shareholders may require the company to purchase the shares back for cash.

	Group 2022 £	2021 £	Company 2022 £	2021 £
Liabilities at the period end				
Arising from cash settled share based payment transactions	211,798	-	211,798	-
Expenses recognised in the year				
Arising from cash settled share based payment transactions	211,798	-	211,798	-

8 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Exchange differences	(107,993)	13,290
Government grants	-	(37,594)
Depreciation of owned tangible fixed assets	193,074	136,741
Share-based payments	211,798	-
Operating lease charges	827,920	588,146

9 Auditor's remuneration

	2022 £	2021 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	46,000	32,000

10 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Interest on bank deposits	329	36

EMPEROR DESIGN CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

11 Interest payable and similar expenses

	2022	2021
	£	£
Interest on bank overdrafts and loans	35,283	-

12 Taxation

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	595,881	447,492
Adjustments in respect of prior periods	462	886
Total current tax	596,343	448,378
Deferred tax		
Origination and reversal of timing differences	2,119	21,381
Total tax charge	598,462	469,759

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2022	2021
	£	£
Profit before taxation	3,007,819	2,390,899
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	571,486	454,271
Tax effect of expenses that are not deductible in determining taxable profit	51,078	5,969
Adjustments in respect of prior years	462	886
Permanent capital allowances in excess of depreciation	-	1,021
Depreciation on assets not qualifying for tax allowances	16,336	-
Other permanent differences	-	(33,590)
Tax relief on share options	(28,913)	-
Income not taxable	-	29,373
Change in tax rates	-	1,998
Capital allowances super deduction	(12,496)	-
Remeasurement of deferred tax changes in tax rates	509	9,831
Taxation charge	598,462	469,759

EMPEROR DESIGN CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

13 Tangible fixed assets

Group	Leasehold land and buildings £	Plant and equipment £	Fixtures and fittings £	Total £
Cost				
At 1 September 2021	304,400	366,104	237,837	908,341
Additions	202,225	105,182	127,694	435,101
Disposals	(183,779)	(93,365)	(55,862)	(333,006)
At 31 August 2022	<u>322,846</u>	<u>377,921</u>	<u>309,669</u>	<u>1,010,436</u>
Depreciation and impairment				
At 1 September 2021	262,188	235,205	130,472	627,865
Depreciation charged in the year	59,417	88,728	44,929	193,074
Eliminated in respect of disposals	(183,779)	(93,365)	(55,862)	(333,006)
At 31 August 2022	<u>137,826</u>	<u>230,568</u>	<u>119,539</u>	<u>487,933</u>
Carrying amount				
At 31 August 2022	<u>185,020</u>	<u>147,353</u>	<u>190,130</u>	<u>522,503</u>
At 31 August 2021	<u>42,212</u>	<u>130,899</u>	<u>107,365</u>	<u>280,476</u>
Company	Leasehold land and buildings £	Plant and equipment £	Fixtures and fittings £	Total £
Cost				
At 1 September 2021	304,400	336,694	237,837	878,931
Additions	202,225	94,277	127,694	424,196
Disposals	(183,779)	(76,261)	(55,862)	(315,902)
At 31 August 2022	<u>322,846</u>	<u>354,710</u>	<u>309,669</u>	<u>987,225</u>
Depreciation and impairment				
At 1 September 2021	262,188	215,438	130,472	608,098
Depreciation charged in the year	59,417	80,387	44,929	184,733
Eliminated in respect of disposals	(183,779)	(76,261)	(55,862)	(315,902)
At 31 August 2022	<u>137,826</u>	<u>219,564</u>	<u>119,539</u>	<u>476,929</u>
Carrying amount				
At 31 August 2022	<u>185,020</u>	<u>135,146</u>	<u>190,130</u>	<u>510,296</u>
At 31 August 2021	<u>42,212</u>	<u>121,256</u>	<u>107,365</u>	<u>270,833</u>

EMPEROR DESIGN CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

14 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	15	-	-	510	510

Movements in fixed asset investments Company

	Shares in group undertakings £
Cost or valuation At 1 September 2021 and 31 August 2022	510
Carrying amount At 31 August 2022	510
At 31 August 2021	510

15 Subsidiaries

Details of the company's subsidiaries at 31 August 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Emperor Presentations Limited	The White Chapel Building, 10 Whitechapel High Street, London, E1 8QS	Design, creation and production of presentation collateral for clients	Ordinary	51	

Emperor Presentations Limited (company number 11465813) is exempt from audit under section 479A of the Companies Act 2006.

16 Stocks

	Group 2022 £	2021 £	Company 2022 £	2021 £
Work in progress	215,900	350,661	214,840	350,011

EMPEROR DESIGN CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

17 Debtors

	Group 2022	2021	Company 2022	2021
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	5,768,824	4,071,811	5,624,434	3,917,444
Other debtors	31,355	393,759	28,675	390,506
Prepayments and accrued income	787,682	492,579	780,737	491,690
	<u>6,587,861</u>	<u>4,958,149</u>	<u>6,433,846</u>	<u>4,799,640</u>
Amounts falling due after more than one year:				
Other debtors	<u>17,760</u>	<u>17,760</u>	<u>17,760</u>	<u>17,760</u>
Total debtors	<u>6,605,621</u>	<u>4,975,909</u>	<u>6,451,606</u>	<u>4,817,400</u>

The company had utilised an invoice factoring facility during the year. Related to this facility was a fixed and floating charge against all property and assets present and future, including goodwill, uncalled capital, buildings, fixtures, fixed plant and machinery. There was no amount secured at the end of the current or prior period.

18 Creditors: amounts falling due within one year

	Group 2022	2021	Company 2022	2021
	£	£	£	£
Trade creditors	2,230,247	1,459,323	2,210,844	1,451,325
Amounts owed to group undertakings	-	-	124,377	82,202
Corporation tax payable	595,882	448,796	498,365	362,651
Other taxation and social security	616,823	514,426	584,529	473,363
Other creditors	113,846	228,119	108,231	77,461
Accruals and deferred income	2,012,106	1,771,810	1,928,026	1,669,261
	<u>5,568,904</u>	<u>4,422,474</u>	<u>5,454,372</u>	<u>4,116,263</u>

19 Creditors: amounts falling due after more than one year

		Group 2022	2021	Company 2022	2021
	Notes	£	£	£	£
Bank loans and overdrafts	20	2,363,650	-	2,363,650	-
Liability for share based payments	7	211,798	-	211,798	-
		<u>2,575,448</u>	<u>-</u>	<u>2,575,448</u>	<u>-</u>

EMPEROR DESIGN CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

20 Borrowings

	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans	<u>2,363,650</u>	<u>-</u>	<u>2,363,650</u>	<u>-</u>
Payable after one year	<u>2,363,650</u>	<u>-</u>	<u>2,363,650</u>	<u>-</u>

During the year, a bank has provided a credit facility of up to £3,000,000, and the company has drawn down £2,500,000. The credit facility is secured against the assets of the group. £2,500,000 drawn down by the company is repayable on the 5th anniversary of the drawdown. Interest is charged at the aggregate of the applicable i) margin; and ii) compounded reference rate (RFR) for that day payable quarterly. The RFR is the SONIA (sterling overnight index average) for that date.

21 Provisions for liabilities

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Deferred tax liabilities	22	<u>44,345</u>	<u>42,226</u>	<u>41,716</u>	<u>40,963</u>

22 Deferred taxation

The major deferred tax liabilities and assets recognised by the group and company are:

Group	Liabilities 2022 £	Liabilities 2021 £
Accelerated capital allowances	91,979	62,658
Short term timing differences	(47,634)	(20,432)
	<u>44,345</u>	<u>42,226</u>

EMPEROR DESIGN CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

22 Deferred taxation (Continued)

Company	Liabilities 2022 £	Liabilities 2021 £
Accelerated capital allowances	88,927	60,247
Short term timing differences	(47,211)	(19,284)
	<u>41,716</u>	<u>40,963</u>
	Group 2022 £	Company 2022 £
Movements in the year:		
Liability at 1 September 2021	42,226	40,963
Charge to profit or loss	2,119	753
	<u>44,345</u>	<u>41,716</u>

23 Retirement benefit schemes

Defined contribution schemes	2022 £	2021 £
Charge to profit or loss in respect of defined contribution schemes	454,236	377,798
	<u>454,236</u>	<u>377,798</u>

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

Contributions totalling £108,846 (2021: £82,052) were payable to the fund at the year end and are included in creditors.

24 Share capital

	Group and Company			
	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital Issued and fully paid				
Ordinary shares of 1p each	5,000	5,000	50	50
Ordinary B shares of 1p each	80,000	80,000	800	800
Deferred shares of £1 each	3	3	3	3
	<u>85,003</u>	<u>85,003</u>	<u>853</u>	<u>853</u>

EMPEROR DESIGN CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

24 Share capital (Continued)

The Ordinary Shares, the Ordinary B Shares and the Deferred Shares rank pari passu in all respects other than the special rights attached to and restrictions imposed on the various shares as follows.

Dividends

The company shall apply any profits to the holders of the Ordinary Shares and/or Ordinary B Shares in respect of their holdings of such shares, pari passu and pro rata to the number of shares held by each of them, a non-cumulative dividend.

A Deferred Share shall not entitle its holder to receive any dividend or other distribution or participation in the income of the company.

Capital

On a return of capital winding up or otherwise, the assets of the company available for distribution shall be applied in proportion to the amounts paid up on subscription in respect of each Ordinary Share and each Ordinary B Share held.

A Deferred Share shall not entitle its holder to a return of capital on a winding up.

Voting

Each holder of Ordinary Shares shall be entitled to receive notice of and to attend and vote at general meetings of the company. On a show of hands every holder of Ordinary Shares shall have one vote and on a poll every holder of Ordinary shares so present shall have one vote for every Ordinary Share held.

An Ordinary B Share shall carry the right to receive notice of general meetings of the company but not the right to attend and vote at them.

A Deferred Share shall not entitle its holder to receive notice of, or to attend or vote at, any general meeting of the company.

25 Reserves

Capital redemption reserve

The capital redemption reserve is a non-distributable reserve and represents repurchased share capital.

Profit and loss reserves

The profit and loss reserve represents the cumulative profit and loss, net of distributions to owners.

26 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	
	2022	2021	2022	2021
	£	£	£	£
Within one year	827,921	803,208	827,921	803,208
Between one and five years	2,015,853	2,414,462	2,015,853	2,414,462
In over five years	-	175,109	-	175,109
	<u>2,843,774</u>	<u>3,392,779</u>	<u>2,843,774</u>	<u>3,392,779</u>

EMPEROR DESIGN CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

27 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel of the group, who are also directors, is as follows.

	2022 £	2021 £
Aggregate compensation	1,551,357	1,192,370

Other information

During the year sales of £164,134 (2021: £81,757) were made to, and purchases of £905,933 (2021: £535,258) were made from Emperor Presentations Limited, subsidiary of Emperor Design Consultants Limited. At the year end £124,377 (2021: £82,202) was owed by Emperor Design Consultants Limited. These transactions and balances have been eliminated in these consolidated financial statements.

The company's employee ownership trust (EOT) has acquired shares in the company and holds them in a trust for employees. During the year £3,866,922 (2021: £1,500,000) was gifted to the EOT from the company.

28 Cash generated from group operations

	2022 £	2021 £
Profit for the year after tax	2,409,357	1,921,140
Adjustments for:		
Taxation charged	598,462	469,759
Finance costs	35,283	-
Investment income	(329)	(36)
Depreciation and impairment of tangible fixed assets	193,074	136,741
Movements in working capital:		
Decrease in stocks	134,761	20,371
Increase in debtors	(1,629,712)	(293,339)
Increase in creditors	1,365,319	773,256
Cash generated from operations	<u>3,106,215</u>	<u>3,027,892</u>

29 Analysis of changes in net funds/(debt) - group

	1 September 2021 £	Cash flows £	31 August 2022 £
Cash at bank and in hand	1,602,651	357,954	1,960,605
Borrowings excluding overdrafts	-	(2,363,650)	(2,363,650)
	<u>1,602,651</u>	<u>(2,005,696)</u>	<u>(403,045)</u>

EMPEROR DESIGN CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

30 Guarantee

The company has a guarantee as joint guarantor for a loan of £4,000,000 taken out by the Emperor Design Consultants Limited Employee Ownership Trust. The value outstanding, and principal amount, at the end of 2022 was £3,875,000. The loan accrues interest at a rate of 3.25% over a central bank rate.

31 Parent company guarantee

Emperor Presentations Limited has applied the exemption from audit under section 479A of the Companies Act 2006. As such Emperor Design Consultants Limited, the parent undertaking, guarantees all outstanding liabilities to which the company is liable at the end of the financial year, until they are satisfied in full, and the guarantee is enforceable against the parent undertaking by any person to whom the subsidiary company are liable in respect of those liabilities.