

WADDINGTON LIMITED
STRATEGIC REPORT, DIRECTORS' REPORT AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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WADDINGTON LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

	Page
Company Information	1
Strategic Report	2
Directors' Report	3 to 4
Report of the Independent Auditors	5 to 6
Income Statement	7
Other Comprehensive Income	8
Balance Sheet	9
Statement of Changes in Equity	10
Notes to the Financial Statements	11 to 19

WADDINGTON LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2016**

DIRECTORS: Mrs S L Caddy
Mr J R H Riddle

SECRETARY: Mrs S L Caddy

REGISTERED OFFICE: Communisis House
Manston Lane
Leeds
LS15 8AH

REGISTERED NUMBER: 00173691 (England and Wales)

AUDITORS: Ernst and Young LLP, Statutory Auditor
1 Bridgewater Place
Water Lane
Leeds
LS11 5QR

WADDINGTON LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their Strategic Report for the year ended 31 December 2016.

RESULTS

Waddington Limited delivered a loss before tax of £7,000 for the year ended 31 December 2016 (2015 £7,000). The companies in which Waddington Limited holds investments are all dormant and there was no movement in their value.

STRATEGY AND IMPLEMENTATION

Waddington Limited is a subsidiary of Communisis plc and no longer trades. The principal activity of the Company during the year was to act as a holding Company. The directors consider the results of the Company and the future prospects to be satisfactory.

KEY PERFORMANCE INDICATORS

There is no trading performance that requires monitoring and so no key performance indicators to disclose.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company no longer trades. In addition, the only assets and liabilities are with Group (being the consolidated results of Communisis plc) undertakings. As a result, the directors do not consider there to be any significant risks or uncertainties to disclose.

SIGNED ON BEHALF OF THE DIRECTORS:



Mr J R H Riddle - Director

18 September 2017

WADDINGTON LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report with the Financial Statements of the Company for the year ended 31 December 2016.

DIVIDENDS

During the year the Company paid preference dividends of £7,000 (2015 £7,000).

FUTURE DEVELOPMENTS

The Company is expected to continue on the same basis for the foreseeable future in line with the Company's strategic initiatives as set out in the Strategic Report on page 2.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2016 to the date of this report.

Mrs S L Caddy
Mr J R H Riddle

FINANCIAL INSTRUMENTS

The Company is financed by intercompany loans with other Group entities.

DIRECTORS' INDEMNITY INSURANCE

The parent Company, Communisis plc, granted an indemnity to each of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity remains in force as at the date of approving the Directors' Report. The indemnity is controlled and paid centrally by the ultimate parent Company.

GOING CONCERN

As at 31 December 2016 the Company had net assets of £91,918,000 (2015 £91,925,000). The Accounts have been prepared on the going concern basis as the ultimate parent company, Communisis plc, has agreed to provide financial support to the Company for the foreseeable future. In addition, there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern.

DISCLOSURE IN THE STRATEGIC REPORT

The Companies Act 2006 requires us to present a fair review of the business during the year to 31 December 2016 and of the position of the Company at the end of the financial period along with a description of the principal risks and uncertainties faced. The Strategic Report can be found on page 2.

WADDINGTON LIMITED

**DIRECTORS' REPORT - continued
FOR THE YEAR ENDED 31 DECEMBER 2016**

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, 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 Company and of the profit or loss of the Company for that year.

In preparing these Financial Statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

Ernst and Young LLP, have been re-appointed as auditor for the ensuing year in accordance with section 485 of the Companies Act 2006.

SIGNED ON BEHALF OF THE DIRECTORS:


.....
Mrs S L Caddy - Secretary

18 September 2017

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF WADDINGTON LIMITED

We have audited the Financial Statements of Waddington Limited for the year ended 31 December 2016 which comprise the Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the Financial Statements to identify material inconsistencies with the audited Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

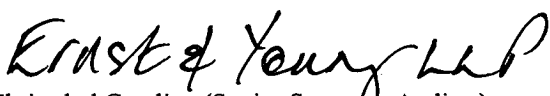
**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
WADDINGTON LIMITED - continued**

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

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

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



Christabel Cowling (Senior Statutory Auditor)
for and on behalf of Ernst and Young LLP, Statutory Auditor

Date: 21-9-17

WADDINGTON LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	2016 £000	2015 £000
TURNOVER		<u>-</u>	<u>-</u>
OPERATING PROFIT		-	-
Interest payable and similar expenses	4	<u>(7)</u>	<u>(7)</u>
LOSS BEFORE TAXATION	5	(7)	(7)
Tax on loss	6	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR		<u><u>(7)</u></u>	<u><u>(7)</u></u>

The notes on pages 11 to 19 form part of these Financial Statements

WADDINGTON LIMITED

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	2016 £000	2015 £000
LOSS FOR THE YEAR		(7)	(7)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(7)</u>	<u>(7)</u>

The notes on pages 11 to 19 form part of these Financial Statements

BALANCE SHEET
31 DECEMBER 2016

	Notes	2016 £000	2015 £000
FIXED ASSETS			
Investments	7	124,456	124,456
CURRENT ASSETS			
Debtors	8	<u>3,545</u>	<u>3,552</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		128,001	128,008
CREDITORS			
Amounts falling due after more than one year	9	<u>(36,083)</u>	<u>(36,083)</u>
NET ASSETS		<u>91,918</u>	<u>91,925</u>
CAPITAL AND RESERVES			
Called up share capital	10	27,076	27,076
Share premium	11	4,584	4,584
Retained earnings	11	<u>60,258</u>	<u>60,265</u>
SHAREHOLDERS' FUNDS	14	<u>91,918</u>	<u>91,925</u>

The Financial Statements were approved by the Board of Directors on 18 September 2017 and were signed on its behalf by:



Mr J R H Riddle - Director

WADDINGTON LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital £000	Retained earnings £000	Share premium £000	Total equity £000
Balance at 1 January 2015	27,076	60,272	4,584	91,932
Changes in equity				
Total comprehensive income	-	(7)	-	(7)
Balance at 31 December 2015	<u>27,076</u>	<u>60,265</u>	<u>4,584</u>	<u>91,925</u>
Changes in equity				
Total comprehensive income	-	(7)	-	(7)
Balance at 31 December 2016	<u>27,076</u>	<u>60,258</u>	<u>4,584</u>	<u>91,918</u>

The notes on pages 11 to 19 form part of these Financial Statements

WADDINGTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE

The Financial Statements of Waddington Limited (the "Company") for the year ended 31 December 2016 were authorised for issue on 18 September 2017 and the Balance Sheet was signed on the board's behalf by Mr J R H Riddle. Waddington Limited is a private limited Company, incorporated and domiciled in England and Wales. The registered office is located at Communisis House, Manston Lane, Leeds, LS15 8AH.

The Company Financial Statements are prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable United Kingdom law and accounting standards.

The Company's Financial Statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The accounts present information about the Company as an individual undertaking and not about its group, as the Company has taken advantage of the exemption provided by section 400 of the Companies Act 2006 not to prepare Consolidated Financial Statements as it is included by full consolidation in the Consolidated Financial Statements of the largest UK group, Communisis plc, a company incorporated in England and Wales.

The principal accounting policies adopted by the Company are set out in Note 2.

2. ACCOUNTING POLICIES

Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the Financial Statements for the year ended 31 December 2016.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. ACCOUNTING POLICIES- continued

The Company has taken advantage of the following disclosure exemptions in preparing these Financial Statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and cash flow risk are described in the Strategic Report on page 2.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Financial Statements.

Significant accounting judgements and estimates

Estimation uncertainty

There are no key assumptions concerning the future or other key sources of estimation uncertainty at the Balance Sheet date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities

The Company's financial liabilities include other creditors, which are all classified as 'financial liabilities'. Financial liabilities are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled, or they expire.

Taxation

Current tax, being UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

WADDINGTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2016

2. ACCOUNTING POLICIES - continued

Fixed asset investments

Investments are shown at cost less provision for impairment. The cost of an investment is measured as the aggregate of the consideration transferred, measured at acquisition date fair value.

Investments are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that its carrying value may be impaired.

Preference shares

The component of the preference shares that exhibits characteristics of a liability is recognised as a liability in the Balance Sheet, net of transaction costs. The corresponding dividends on those shares are charged as interest expense in the profit and loss account. The Company recognises interim and final dividends on approval by the Board of Directors.

3. EMPLOYEES AND DIRECTORS

Other than the directors, the Company did not employ any staff during the year ended 31 December 2016 (2015 none).

The remuneration for the directors has been borne by other Group companies as they are also directors or officers of a number of the companies within the Group. The directors' services to Waddington Limited occupy a negligible amount of their time. As such, the directors do not consider that they have received any remuneration for their services to the Company.

None of the directors exercised share options during the year ended 31 December 2016 (2015 none). Two of the directors had benefits accruing under the Group's pension schemes during the period ended 31 December 2016 (2015 two). It is not practicable to apportion the emoluments of the directors amongst subsidiary entities in relation to their qualifying services provided.

4. INTEREST PAYABLE AND SIMILAR EXPENSES

	2016	2015
	£000	£000
Preference dividends paid	<u>7</u>	<u>7</u>

5. LOSS BEFORE TAXATION

The audit fee of £2,100 was borne by another group Company in the year ended 31 December 2016 (2015 £2,000).

6. TAXATION

Analysis of tax expense

No liability to UK corporation tax arose for the year ended 31 December 2016 nor for the year ended 31 December 2015.

WADDINGTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2016

6. TAXATION - continued

Factors affecting the tax expense

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2016 £000	2015 £000
Loss before income tax	<u>(7)</u>	<u>(7)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 20% (2015 20.25%)	(1)	(1)
Effects of: Expenses not deductible for tax purposes	<u>1</u>	<u>1</u>
Tax expense	<u>-</u>	<u>-</u>

7. INVESTMENTS

	Total £000
COST	
At 1 January 2016 and 31 December 2016	<u>156,480</u>
AMOUNTS WRITTEN OFF	
At 1 January 2016 and 31 December 2016	<u>32,024</u>
NET BOOK VALUE	
At 1 January 2016 and 31 December 2016	<u>124,456</u>

The Company's investments at the Balance Sheet date in the share capital of companies include the following:

Waddingtons House Limited

Registered office: 1 Rutland Court, Edinburgh, Scotland, EH3 8EY

Nature of business: Holding Company

Class of shares:	%
Ordinary	holding 100.00

WADDINGTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2016

7. INVESTMENTS - continued

Kieon Limited

Registered office: Communisis House, Manston Lane, Leeds, England, LS15 8AH

Nature of business: Dormant - non-trading

	%
Class of shares:	holding
Ordinary	100.00

House of Dubreq Limited

Registered office: Communisis House, Manston Lane, Leeds, England, LS15 8AH

Nature of business: Dormant - non-trading

	%
Class of shares:	holding
Ordinary	100.00

Johnsen & Jorgensen Plastics Limited

Registered office: Communisis House, Manston Lane, Leeds, England, LS15 8AH

Nature of business: Dormant - non-trading

	%
Class of shares:	holding
Ordinary	100.00

Jaypak Limited

Registered office: Communisis House, Manston Lane, Leeds, England, LS15 8AH

Nature of business: Dormant - non-trading

	%
Class of shares:	holding
Ordinary	100.00

Mono-web Limited

Registered office: Communisis House, Manston Lane, Leeds, England, LS15 8AH

Nature of business: Dormant - non-trading

	%
Class of shares:	holding
Ordinary	100.00

Waddington Business Forms Limited

Registered office: Communisis House, Manston Lane, Leeds, England, LS15 8AH

Nature of business: Dormant - non-trading

	%
Class of shares:	holding
Ordinary	100.00

Waddingtons Games Limited

Registered office: Communisis House, Manston Lane, Leeds, England, LS15 8AH

Nature of business: Dormant - non-trading

	%
Class of shares:	holding
Ordinary	100.00

Waddingtons Playing Card Company Limited

Registered office: Communisis House, Manston Lane, Leeds, England, LS15 8AH

Nature of business: Dormant - non-trading

	%
Class of shares:	holding
Ordinary	100.00

WADDINGTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2016

7. INVESTMENTS - continued

Subbuteo Sports Games Limited

Registered office: Communisis House, Manston Lane, Leeds, England, LS15 8AH

Nature of business: Dormant - non-trading

	%
Class of shares:	holding
Ordinary	100.00

Waddingtons Videomaster Limited

Registered office: Communisis House, Manston Lane, Leeds, England, LS15 8AH

Nature of business: Dormant - non-trading

	%
Class of shares:	holding
Ordinary	100.00

Communisis Trustee Company Limited

Registered office: Communisis House, Manston Lane, Leeds, England, LS15 8AH

Nature of business: Dormant - non-trading

	%
Class of shares:	holding
Ordinary	100.00

The Communications Agency One Limited

Registered office: Communisis House, Manston Lane, Leeds, England, LS15 8AH

Nature of business: Dormant - non-trading

	%
Class of shares:	holding
Ordinary	100.00

Supervision Entertainment Limited

Registered office: Communisis House, Manston Lane, Leeds, England, LS15 8AH

Nature of business: Dormant - non-trading

	%
Class of shares:	holding
Ordinary	100.00

The directors are of the opinion that the aggregate value of the investments in subsidiary undertakings, which are stated at cost less amounts written off for permanent reductions in value, is not less than the Balance Sheet amount.

The accounts present information about the Company as an individual undertaking and not about its group, as the Company has taken advantage of the exemption provided by section 400 of the Companies Act 2006 not to prepare Consolidated Financial Statements as it is included by full consolidation in the Consolidated Financial Statements of the largest UK group, Communisis plc, a Company incorporated in England and Wales.

WADDINGTON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016**

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£000	£000
Owed by group undertakings	<u>3,545</u>	<u>3,552</u>
	2016	2015
	£000	£000
Current	<u>3,545</u>	<u>3,552</u>

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

	2016	2015
	£000	£000
Amounts owed to ultimate parent Company	35,978	35,978
Shares classed as financial liabilities	<u>105</u>	<u>105</u>
	<u>36,083</u>	<u>36,083</u>

The loan from the parent Company is interest free and repayable on demand. However, Communisis plc has given an undertaking not to seek repayment of the loan within the next 12 months.

10. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2016	2015
			£000	£000
106,321,567	Ordinary shares	£0.25	26,580	26,580
200,000	8% Cumulative Preference shares	£1.00	200	200
401,067	6% Cumulative Preference shares	£1.00	<u>401</u>	<u>401</u>
			<u>27,181</u>	<u>27,181</u>

	2016	2015
	£000	£000
Amounts presented in equity		
Ordinary shares of £0.25 each	26,580	26,580
Cumulative Preference shares of £1 each	<u>496</u>	<u>496</u>
	<u>27,076</u>	<u>27,076</u>

	2016	2015
	£000	£000
Amounts presented in liabilities		
Cumulative Preference shares of £1 each	<u>105</u>	<u>105</u>
	<u>105</u>	<u>105</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016

10. CALLED UP SHARE CAPITAL - continued

The preference shares carry no voting rights other than in certain circumstances affecting the rights of the preference shareholders, details of which are set out in the Company's Articles of Association. The 8% cumulative preference shares rank in priority to the 6% cumulative preference shares both as to dividends and on a winding up. Both classes of preference shares rank ahead of the ordinary shares in respect of dividends and on a winding up. Rights on a winding up are limited to repayment of capital and any arrears of dividends. The equity component of the preference shares is £496,000 and the liability component is £105,000.

11. RESERVES

	Retained earnings £000	Share premium £000	Totals £000
At 1 January 2016	60,265	4,584	64,849
Deficit for the year	<u>(7)</u>	<u>-</u>	<u>(7)</u>
At 31 December 2016	<u>60,258</u>	<u>4,584</u>	<u>64,842</u>

12. RELATED PARTY DISCLOSURES

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

During the year the directors were remunerated for services provided to the Group. This has been disclosed in Note 4. The directors are considered to be key management personnel.

There were no other related party transactions in the year that require disclosure under IAS 24.

13. ULTIMATE CONTROLLING PARTY

The ultimate parent undertaking and controlling party is Communisis plc, a Company registered in England which prepares Group accounts. The only Group into which the results of the Company are consolidated is that headed by Communisis plc. Copies of the Group accounts of Communisis plc can be obtained by writing to:

The Secretary
 Communisis plc
 Communisis House
 Manston Lane
 Leeds
 LS15 8AH

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2016	2015
	£000	£000
Loss for the financial year	<u>(7)</u>	<u>(7)</u>
Net reduction of shareholders' funds	(7)	(7)
Opening shareholders' funds	<u>91,925</u>	<u>91,932</u>
Closing shareholders' funds	<u>91,918</u>	<u>91,925</u>