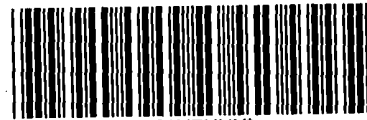


Company Registration No. 00681528 (England and Wales)

**ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JANUARY 2017**

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# **ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	M Snelson N J Snelson G M Snelson R H Snelson
<b>Secretary</b>	Mrs G M Snelson
<b>Company number</b>	00681528
<b>Registered office</b>	Chetham House Bird Hall Lane Cheadle Heath Cheadle Cheshire SK3 0ZP
<b>Auditor</b>	Booth Ainsworth LLP Alpha House 4 Greek Street Stockport Cheshire SK3 8AB

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# **ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED**

## **CONTENTS**

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	<b>Page</b>
Strategic report	1 - 3
Directors' report	4
Directors' responsibilities statement	5
Independent auditor's report	6 - 7
Profit and loss account	8
Statement of comprehensive income	9
Balance sheet	10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13 - 26

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# ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

## STRATEGIC REPORT

FOR THE YEAR ENDED 31 JANUARY 2017

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*"APS Group is an international marketing services business providing integrated communications and customer experience programs to local and global brands. APS Group provides contracted services to a range of customers across a broad spectrum of business sectors. It has specifically targeted propositions for the financial services, retail, charity, automotive and public sectors."*

*The customer solutions APS delivers are underpinned by a broad range of services supported by great people, enabling technology and significant infrastructure. The core service offering includes strategy, content creation and content management, multi-channel output management and associated logistics. The company is differentiated in the marketplace by its ability to integrate services and solutions which reduce complexity, deliver efficiencies, improve speed and maximise return for our customers."*



N J Snelson  
Director



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### Increased profitability and continued financial strength

In 2016 APS Group has continued to develop its core marketing services capability and has on boarded a number of significant new customer contracts. These contracts have offset the anticipated reduction in project related automotive spend. The full impact of these contracts have not been realised in the year guaranteeing significant growth for 2017. As a result overall sales have remained flat, decreasing slightly from £82.5m in the year to January 2016 to £80.5m in the year to January 2017.

The strategy of ongoing tactical investment in the business is now paying off with a significantly improved, sustainable EBITDA of £5.2m, up from £1.3m the previous year. This has been driven by the increase in core service line revenues coupled with continued growth and maturation of our European operations.

APS Group continues to be a largely unleveraged business operating from a strong financial base. We continue to fund investment in technology, service line development and overseas expansion without external funding. In 2016 we have strengthened our capital position by improving working capital management resulting in an increase in the cash position of over 29% on the prior year. This with a reduction in long term liabilities has resulted in an overall strengthening in our net asset position of 22%.

# **ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 JANUARY 2017**

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### **Preparing for the next growth phase**

Having completed the build phase in 2015, APS Group now has a significant contracted customer base and a developed sector based proposition. This provides confidence for the future, not only in terms of revenue and profitability, but also by the credibility and experience gained.

The investment in sales and marketing is generating significant interest with pipeline sales stronger than ever across all regions. This has been powered by the demonstrable success of the development of existing contracts and the increased capability across all sectors.

In 2016 we have increased our investment in our technology on all fronts - platform, network, development, team and deployment. We have relocated and updated our core platforms to a fully redundant data centre network utilising the latest in DR technology to replicate data across the UK. To complement this APS Group has invested in its connectivity; building a superfast, high availability MPLS network to connect all of its locations securely to the data centres. APS Group has offices across Europe and into the US and has built a resilient, high availability network to ensure optimum speeds and security in what is a high bandwidth, time critical business.

To support growth we have replaced legacy systems with our Marketing Operations Suite (MOS) integrating and streamlining processes and workflows. This has enabled APS Group to realise consistency in operations and to gain better performance insights across our estate. As our customers' requirements for digitisation increases we are now able to help them to be more productive whilst assisting them, through our technology, in transforming how they do business in a more engaging way with their customers. The MOS platform is now easy to configure, extend, customise and integrate (via web services) with our clients' applications and processes. We are able to manage any type of content, from office documents to images, marketing collateral, Point of Sale materials and large video files from their initiation through to delivery in all marketing channels. As a result we are now in a position to support significant growth in revenues, service lines and innovation across all our geographies.

Throughout this year APS Group has continued to prioritise the integration of its service offerings with particular emphasis on strategy, content creation and content management. We have increased our agencies on client sites from 2 to 8, doubled our agency income streams and have integrated all of our agency and content teams in the UK and Europe. As a result we are better positioned to help develop our customer offerings, are delivering significant savings to customers, have increased the utilisation of resource and have substantially increased the collective experience of all involved.

### **Managing Risks**

As APS Group enters a further significant organic growth phase again the challenge is the management and implementation of change whilst continuing to service and retain existing customers. During 2016 all areas of the business have been considerably strengthened supporting the growth in contracted core service revenues. Particular emphasis has been placed on the development of category matter expertise, our innovation centre and the expansion of the project solutions team. These investments continue to increase our ability to nurture and grow our existing customer business as evidenced by another year of customer retention and service line development.

As forecasted, APS Group revenues from export reduced in the year from £18.4m to £11.5m as a large automotive project approached completion. Despite this reduction, the growth in core business revenues and the credibility of the pipeline for 2017 in Europe and the USA will lead to continued export growth in the future across a broader contracted revenue base.

New contract wins are conservatively estimated to have a recurring annual revenue stream in excess of £50 million per year and the majority of these contracts will be operational at varying times through 2017. Implementation costs will be significant and will impact unadjusted EBITDA performance in 2017. APS Group has sufficient funding arrangements in place to fund the working capital and investment requirements for the new contracts.

# **ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 JANUARY 2017**

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### **People and Places**

In the year, colleague numbers at year end increased from 528 to 547 as a result of the investment in IT solutions, central service functions and customer solutions in preparation for growth. Importantly our European operations have continued to expand and we have extended the footprint in North America including the establishment of our Canadian business.

Colleague development has continued with emphasis on aligning our operational model. Our best practice team in partnership with our community of "super users" have undertaken a root and branch review of our standard operating procedures and, as part of our technology role out, have certified over 50% of our customer facing teams to a leaner operating model. As we complete the role out of MOS we are embedding best practice in the utilisation and deployment of our technology and processes.

### **Looking ahead**

2017 will deliver a further change in the revenue run rate for the Group as we implement won business and expand our geographical footprint. In the UK, to minimise customer risk a number of new contracts will be implemented on a lift and shift basis with development and innovation following migration. We anticipate an initial increase in output business with a resultant decrease in margin which will then improve as we help customers to develop their business. We will increase our revenues and margins through content creation and management as we help our customers to interact with their customers in the most effective channels. We will continue to expand our onsite agency presence, expanding on the service lines with existing customers and introducing new sites to support the new business requirements.

Growth in Europe will be strong with a number of recognised global brands which will require us to extend our geographical footprint and our service line capabilities. As we reach critical mass in countries we forecast an increase in profitability and are already seeing an increasing recognition of the APS Group brand in Europe.

Having proven the viability of our USA operation 2017 will see strategic development of this market to enable the Group to offer its core service capabilities across North America.

The predicted growth will continue to drive expansion in all territories enabling us to benefit from economies of scale requiring modest investment in operational capability whilst improving our leverage with supply chain resulting in an increase in contribution. The resultant increase in margin in combination with a pipeline of recognised brands will provide a solid platform for future years EBITDA growth.

The growth in contracted business will result in a step change in APS Group revenues in 2018 and will enable further expansion in service lines and territories. We look forward with confidence to make more possible locally, continentally and globally in the years to come.

# **ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 JANUARY 2017**

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The directors present their annual report and financial statements for the year ended 31 January 2017.

### **Directors**

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

M Snelson  
N J Snelson  
G M Snelson  
R H Snelson

### **Results and dividends**

The results for the year are set out on page 8.

### **Disabled persons**

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. Arrangements are made wherever possible for retraining employees who become disabled.

### **Employee involvement**

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

### **Auditor**

The auditor, Booth Ainsworth LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

### **Statement of disclosure to auditor**

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

On behalf of the board



N J Snelson

Director

23/06/2017.

# **ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

**FOR THE YEAR ENDED 31 JANUARY 2017**

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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.



# **ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED**

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We have audited the financial statements of Allied Publicity Services (Manchester) Limited for the year ended 31 January 2017 set out on pages 8 to 26. 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 auditor**

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. 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 annual report 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 January 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion 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.

# ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

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

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

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

- adequate accounting records have not been kept, 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.



Mr Steve Pullen (Senior Statutory Auditor)  
for and on behalf of Booth Ainsworth LLP

13 June 20.7

Chartered Accountants  
Statutory Auditor

Alpha House  
4 Greek Street  
Stockport  
Cheshire  
SK3 8AB

# ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JANUARY 2017

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	Notes	2017 £	2016 £
<b>Turnover</b>	<b>3</b>	80,494,378	82,542,576
Cost of sales		(66,166,182)	(71,521,105)
<b>Gross profit</b>		14,328,196	11,021,471
Administrative expenses		(10,532,032)	(11,183,917)
<b>Operating profit/(loss)</b>	<b>4</b>	3,796,164	(162,446)
Interest receivable and similar income	<b>8</b>	180,109	6,297
Interest payable and similar expenses	<b>9</b>	(129,182)	(143,018)
Amounts written off investments	<b>10</b>	-	(906,000)
<b>Profit/(loss) before taxation</b>		3,847,091	(1,205,167)
Taxation	<b>11</b>	(770,340)	55,946
<b>Profit/(loss) for the financial year</b>		3,076,751	(1,149,221)

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

# ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

**FOR THE YEAR ENDED 31 JANUARY 2017**

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	2017 £	2016 £
Profit/(loss) for the year	3,076,751	(1,149,221)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>3,076,751</u>	<u>(1,149,221)</u>

# ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

## BALANCE SHEET

AS AT 31 JANUARY 2017

	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Tangible assets	12	8,696,632		9,379,358	
Investments	13	32,438		32,438	
		<u>8,729,070</u>		<u>9,411,796</u>	
<b>Current assets</b>					
Stocks	15	3,535,451	3,732,650		
Debtors	16	23,397,463	22,857,394		
Cash at bank and in hand		3,603,823	2,801,244		
		<u>30,536,737</u>	<u>29,391,288</u>		
<b>Creditors: amounts falling due within one year</b>	17	(20,986,621)	(22,476,017)		
<b>Net current assets</b>		<u>9,550,116</u>		<u>6,915,271</u>	
<b>Total assets less current liabilities</b>		<u>18,279,186</u>		<u>16,327,067</u>	
<b>Creditors: amounts falling due after more than one year</b>	18	(1,085,287)	(2,180,259)		
<b>Provisions for liabilities</b>	20	(137,356)	(167,016)		
<b>Net assets</b>		<u>17,056,543</u>		<u>13,979,792</u>	
<b>Capital and reserves</b>					
Called up share capital	23	3,000	3,000		
Profit and loss reserves		17,053,543	13,976,792		
<b>Total equity</b>		<u>17,056,543</u>	<u>13,979,792</u>		

The financial statements were approved by the board of directors and authorised for issue on 23rd June 2017.  
and are signed on its behalf by:



N J Snelson  
Director

Company Registration No. 00681528

# ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JANUARY 2017

	Share capital £	Profit and loss reserves £	Total £
Balance at 1 February 2015	3,000	15,126,013	15,129,013
Year ended 31 January 2016:			
Loss and total comprehensive income for the year	-	(1,149,221)	(1,149,221)
Balance at 31 January 2016	3,000	13,976,792	13,979,792
Year ended 31 January 2017:			
Profit and total comprehensive income for the year	-	3,076,751	3,076,751
Balance at 31 January 2017	3,000	17,053,543	17,056,543

# ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2017

	Notes	2017 £	£	2016 £	£
<b>Cash flows from operating activities</b>					
Cash generated from/(absorbed by) operations	27		2,281,036		(12,176,112)
Interest paid			(129,182)		(143,018)
Income taxes refunded/(paid)			145,979		(323,595)
<b>Net cash inflow/(outflow) from operating activities</b>			2,297,833		(12,642,725)
<b>Investing activities</b>					
Purchase of tangible fixed assets		(808,024)		(1,584,324)	
Proceeds on disposal of tangible fixed assets		74,780		183,824	
Proceeds on disposal of subsidiaries		-		(1,225)	
Proceeds on disposal of fixed asset investments		-		(906,000)	
Interest received		180,109		6,297	
<b>Net cash used in investing activities</b>			(553,135)		(2,301,428)
<b>Financing activities</b>					
Repayment of bank loans		(942,119)		112,367	
<b>Net cash (used in)/generated from financing activities</b>			(942,119)		112,367
<b>Net increase/(decrease) in cash and cash equivalents</b>			802,579		(14,831,786)
Cash and cash equivalents at beginning of year			2,801,244		17,633,030
<b>Cash and cash equivalents at end of year</b>			3,603,823		2,801,244

# ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2017

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### 1 Accounting policies

#### Company information

Allied Publicity Services (Manchester) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Chetham House, Bird Hall Lane, Cheadle Heath, Cheadle, Cheshire, SK3 0ZP.

#### 1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

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

#### 1.3 Turnover

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

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

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

#### 1.4 Tangible fixed assets

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

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings	nil
Plant and machinery	Between 33% pa on cost and 20% pm on written down value
Fixtures, fittings & equipment	Between 33% pa on cost and 20% pa straight line
Motor vehicles	25% per annum on cost

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.



# ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2017

---

### 1 Accounting policies

(Continued)

#### 1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities 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 company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.6 Impairment of fixed assets

At each reporting period end date, the company 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.

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

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

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

#### 1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

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

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

#### 1.8 Cash and cash equivalents

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

# ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2017

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### 1 Accounting policies

(Continued)

#### 1.9 Financial instruments

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

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

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

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

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

##### **Impairment of financial assets**

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

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

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

##### **Derecognition of financial assets**

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

##### **Classification of financial liabilities**

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

# ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2017

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### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

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

#### **Derecognition of financial liabilities**

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

### 1.10 Equity instruments

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

### 1.11 Taxation

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

#### **Current tax**

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

# ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2017

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### 1 Accounting policies

(Continued)

#### **Deferred tax**

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

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

#### **1.12 Employee benefits**

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

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

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

#### **1.13 Retirement benefits**

Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

# ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2017

### 1 Accounting policies

(Continued)

#### 1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income 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 lease asset are consumed.

#### 1.15 Foreign exchange

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

### 2 Judgements and key sources of estimation uncertainty

In the application of the company'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.

### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2017 £	2016 £
<b>Turnover</b>	<b>80,494,379</b>	<b>82,542,575</b>
<b>Other significant revenue</b>		
Interest income	180,109	6,297
<b>Turnover analysed by geographical market</b>		
	2017 £	2016 £
UK	69,018,017	64,096,452
EC	9,293,916	18,446,123
Non - EC	2,182,446	-
	<b>80,494,379</b>	<b>82,542,575</b>

# ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2017

### 4 Operating profit/(loss)

	2017	2016
	£	£
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange gains	(16,252)	-
Fees payable to the company's auditor for the audit of the company's financial statements	21,250	20,250
Depreciation of owned tangible fixed assets	702,783	722,130
Depreciation of tangible fixed assets held under finance leases	656,946	716,966
Loss on disposal of tangible fixed assets	56,241	12,166
Cost of stocks recognised as an expense	11,504,032	18,311,942
Operating lease charges	397,817	538,837
	<u>          </u>	<u>          </u>

### 5 Auditor's remuneration

	2017	2016
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	21,250	20,250
	<u>          </u>	<u>          </u>

### 6 Employees

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

	2017 Number	2016 Number
Directors & employees	537	530
	<u>          </u>	<u>          </u>

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	19,074,759	18,054,349
Social security costs	1,693,974	1,762,291
Pension costs	218,330	155,447
	<u>          </u>	<u>          </u>
	20,987,063	19,972,087
	<u>          </u>	<u>          </u>

# ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2017

### 7 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	242,544	232,173

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

Remuneration for qualifying services	106,026	100,983
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### 8 Interest receivable and similar income

	2017 £	2016 £
<b>Interest income</b>		
Interest on bank deposits	1,494	6,297
Interest receivable from group companies	178,615	-
Total income	180,109	6,297

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	1,494	6,297
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### 9 Interest payable and similar expenses

	2017 £	2016 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	40,265	63,378
Interest on finance leases and hire purchase contracts	88,917	79,640
	129,182	143,018

### 10 Amounts written off investments

	2017 £	2016 £
Other gains and losses	-	(906,000)

# ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2017

### 11 Taxation

	2017 £	2016 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	800,000	-
Group tax relief	-	(75,633)
<b>Total current tax</b>	<u>800,000</u>	<u>(75,633)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(29,660)	19,687
<b>Total tax charge/(credit)</b>	<u>770,340</u>	<u>(55,946)</u>

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

	2017 £	2016 £
Profit/(loss) before taxation	<u>3,847,091</u>	<u>(1,205,167)</u>
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 20.00% (2016: 20.00%)	769,418	(241,033)
Tax effect of expenses that are not deductible in determining taxable profit	9,579	206,488
Group relief	-	(75,633)
Permanent capital allowances in excess of depreciation	(8,657)	54,232
<b>Taxation charge/(credit) for the year</b>	<u>770,340</u>	<u>(55,946)</u>



# ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2017

### 12 Tangible fixed assets

	Land and buildings	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost or valuation</b>					
At 1 February 2016	3,340,000	10,282,041	3,175,491	87,814	16,885,346
Additions	-	393,745	414,278	-	808,023
Disposals	-	(254,490)	-	-	(254,490)
At 31 January 2017	3,340,000	10,421,296	3,589,769	87,814	17,438,879
<b>Depreciation and impairment</b>					
At 1 February 2016	-	5,172,362	2,267,033	66,592	7,505,987
Depreciation charged in the year	-	921,028	423,353	15,348	1,359,729
Eliminated in respect of disposals	-	(123,469)	-	-	(123,469)
At 31 January 2017	-	5,969,921	2,690,386	81,940	8,742,247
<b>Carrying amount</b>					
At 31 January 2017	3,340,000	4,451,375	899,383	5,874	8,696,632
At 31 January 2016	3,340,000	5,109,680	908,457	21,221	9,379,358

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

	2017 £	2016 £
Plant and machinery	2,936,171	3,513,649
Depreciation charge for the year in respect of leased assets	656,946	716,966

The land and buildings were revalued on 10 April 2014 at £3,340,000 by GVA Grimley International Property Advisers at open market value. The directors consider that this valuation is appropriate at the year end.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2017 £	2016 £
Cost	4,300,000	4,300,000
Accumulated depreciation	-	-
Carrying value	4,300,000	4,300,000

# ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2017

### 13 Fixed asset investments

	Notes	2017 £	2016 £
Investments in subsidiaries		32,438	32,438

#### Movements in fixed asset investments

	Shares in group undertakings £
<b>Cost or valuation</b>	
At 1 February 2016 & 31 January 2017	32,438
<b>Carrying amount</b>	
At 31 January 2017	32,438
At 31 January 2016	32,438

### 14 Financial instruments

	2017 £	2016 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	21,496,285	21,082,572
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	21,059,072	24,205,333

### 15 Stocks

	2017 £	2016 £
Raw materials and consumables	1,963,865	2,936,708
Work in progress	1,440,622	683,460
Finished goods and goods for resale	130,964	112,482
	3,535,451	3,732,650

# ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2017

### 16 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	11,157,829	11,475,527
Corporation tax recoverable	-	530,525
Amounts due from group undertakings	9,627,613	8,891,261
Other debtors	710,843	1,038,690
Prepayments and accrued income	1,901,178	921,391
	<u>23,397,463</u>	<u>22,857,394</u>

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

	Notes	2017 £	2016 £
Bank loans and overdrafts	19	1,130,264	1,110,744
Trade creditors		8,033,445	7,346,018
Amounts due to group undertakings		1,744,899	1,545,231
Corporation tax		415,454	-
Other taxation and social security		597,382	450,943
Other creditors		1,047,370	1,366,596
Accruals and deferred income		8,017,807	10,656,485
		<u>20,986,621</u>	<u>22,476,017</u>

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

	Notes	2017 £	2016 £
Bank loans and overdrafts	19	951,953	1,913,592
Other creditors		133,334	266,667
		<u>1,085,287</u>	<u>2,180,259</u>

### 19 Loans and overdrafts

	2017 £	2016 £
Bank loans	<u>2,082,217</u>	<u>3,024,336</u>
Payable within one year	1,130,264	1,110,744
Payable after one year	<u>951,953</u>	<u>1,913,592</u>

The loans are secured by fixed and floating charges over the assets to which they relate.

# ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2017

### 20 Provisions for liabilities

	Notes	2017 £	2016 £
Deferred tax liabilities	21	137,356	167,016
		<u>137,356</u>	<u>167,016</u>

### 21 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2017 £	Liabilities 2016 £
<b>Balances:</b>		
ACAs	<u>137,356</u>	<u>167,016</u>
<b>Movements in the year:</b>		<b>2017 £</b>
Liability at 1 February 2016		167,016
Credit to profit or loss		(29,660)
Liability at 31 January 2017		<u>137,356</u>

### 22 Retirement benefit schemes

	2017 £	2016 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>218,330</u>	<u>155,447</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 23 Share capital

	2017 £	2016 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
3,000 Ordinary shares of £1 each	<u>3,000</u>	<u>3,000</u>

# ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2017

### 24 Operating lease commitments

#### Lessee

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

	2017 £	2016 £
Within one year	575,262	564,329
Between two and five years	1,866,935	1,735,843
In over five years	1,615,611	1,171,200
	<u>4,057,808</u>	<u>3,471,372</u>

### 25 Directors' transactions

Included in creditors are amounts payable to each of the following directors: M Snelson £417,135 (2016 £407,256 ), G Snelson £210,086 (2016 £205,090), N J Snelson £288,047 (2016 £599,564) and R H Snelson £3,670 (2016 £1,665).

### 26 Controlling party

The company is a wholly owned subsidiary of APS Group Limited, and its results are included in the consolidated accounts of that company which are on public record. APS Group Limited is itself controlled by N J Snelson, a director of both companies. The registered office of APS Group Limited is Chetham House, Bird Hall Lane, Cheadle Heath, Cheadle, Cheshire, SK3 0ZP.

### 27 Cash generated from operations

	2017 £	2016 £
Profit/(loss) for the year after tax	3,076,751	(1,149,221)
<b>Adjustments for:</b>		
Taxation charged/(credited)	770,340	(55,946)
Finance costs	129,182	143,018
Investment income	(180,109)	(6,297)
Loss on disposal of tangible fixed assets	56,241	12,166
Depreciation and impairment of tangible fixed assets	1,359,729	1,439,096
Amounts written off investments	-	906,000
<b>Movements in working capital:</b>		
Decrease/(increase) in stocks	197,199	(259,035)
(Increase)/decrease in debtors	(1,393,500)	3,488,959
(Decrease) in creditors	(1,734,797)	(16,694,852)
<b>Cash generated from/(absorbed by) operations</b>	<u>2,281,036</u>	<u>(12,176,112)</u>