

Company Registration No. 00681528 (England and Wales)

**ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JANUARY 2018**



# 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 J Holmes (Appointed 10 May 2018)
<b>Secretary</b>	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**

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# ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 JANUARY 2018**

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"APS Manchester is an international marketing services business providing integrated communications and Customer experience programs to local and global brands. APS Manchester 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. APS Manchester provides targeted solutions to Customers at a local and regional level, aggregated at a national level and for International Customers a Global solutions capability.

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."

### **Performance**

In 2017 APS Manchester has continued to develop its core marketing services capability and has gained and also "on boarded" a number of significant new Customers and contracts. Furthermore, APS continued to invest in the company's infrastructure in both expertise, software/IP capability and production capacity to enhance the knowhow platform to allow for the next phase of anticipated growth.

Turnover has increased by 11.2% to £89.5m from £80.4m in the year to January 2017. The full year impact of the significant contract wins will be recognised over a two year period. The Group took the strategic decision to expand the core Customer base and mix. This has resulted in the award of several new Customer contracts and the Gross profit in 2018 was £21.2m from £23.3m in 2017. Existing core business Gross Profit percentage remained consistent with the prior year although the overall Gross profit percentage reduced from 29% to 23.7% as a result of the new business wins.

As referred to earlier, investment was made during the year relating to both advanced Customers and internal technology solutions and significant one-off investment was also made in on boarding the new Customer base at a total cost of £1.4m. The resulting adjusted EBITDA has moved to £2.3m in the year to January 2018 from £4.5m in the year to January 2017. The latter EBITDA benefitted from a £1.6m one off gain from a customer.

APS Manchester continues to benefit from low levels of debt, with a strong financial base. We continue to fund investment in recruiting expertise, adopting technology, service line development and overseas expansion from cash flow.

In the year, numbers of employees increased at year end from 537 to 595 as a result of the investment in IT solutions, central service functions and Customer solutions in preparation for growth.

### **Risk**

The APS Group has continued to grow organically with considerable momentum over the last year. Careful consideration has been taken to ensure that the business manages and controls the growth to ensure the Customer experience continues to the high standards and quality expected. Further investment has been made in our innovations solution, support function and 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.

# ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

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### Looking Forward

The advent of increasing technology giving consumer's wider access to content with both choice and preference of communication, has increased the complexity required to manage solutions for Customers and resulted in considerable market consolidation. In response to the Customer's requirements for comprehensive, cost effective co-ordinated planning and delivery deployed globally, APS has enhanced its expertise and capabilities. During 2017, APS embarked upon an ambitious plan to create a distinctive and highly effective operational delivery infrastructure to cater for the 21st Century needs of the local, national and international Customers wishing to "reach" their Customers in local, national and international markets.

In support of this strategy, and in line with Customer needs, geographical expansion continued with new facilities in Scotland, new offices across the UK, expansion in the Nordic regions and the establishment of our Canadian office, with all the start-up/set up/recruitment and run up costs being absorbed in the accounts during the year.

The growth in business and in particular a number of significant contract wins have been directly responsible in increasing cost in the year and the real financial benefit of these wins will be recognised from 2018

The Directors are pleased to report that the vast majority of this type of upfront expenditure has now been completed albeit the Group will continue to invest in technology as it expands its service lines deployed and further investment in people/expertise will be made in 2018.

The key priority for 2018 will now be the successful implementation of new contracts awarded in late 2017 and developing further selling opportunity they bring, coupled with the selective participation in new tenders.

On behalf of the board



N J Snelson

Director

30/1/18

# ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 JANUARY 2018**

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The directors present their annual report and financial statements for the year ended 31 January 2018.

### 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  
J Holmes

(Appointed 10 May 2018)

### 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

30/1/18

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

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 JANUARY 2018***

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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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#### Opinion

We have audited the financial statements of Allied Publicity Services (Manchester) Limited (the 'company') for the year ended 31 January 2018 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the 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 company's affairs as at 31 January 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's *responsibilities for the audit of the financial statements* section of our report. We are independent of the 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

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

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

#### Other information

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

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

We have nothing to report in this regard.

#### 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.



# **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.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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 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 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.

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

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

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

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

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#### **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.



**Stephen Pullen (Senior Statutory Auditor)**  
for and on behalf of Booth Ainsworth LLP

**Chartered Accountants**  
**Statutory Auditor**

30/01/18

Alpha House  
4 Greek Street  
Stockport  
Cheshire  
SK3 8AB

# ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JANUARY 2018

		2018	2017
	Notes	£	as restated £
Turnover	3	89,458,311	80,400,080
Cost of sales		(68,230,853)	(57,070,069)
<b>Gross profit</b>		<b>21,227,458</b>	<b>23,330,011</b>
Administrative expenses		(21,774,558)	(20,131,108)
<b>Operating (loss)/profit</b>	4	<b>(547,100)</b>	<b>3,198,903</b>
Interest receivable and similar income	8	-	180,109
Interest payable and similar expenses	9	(172,793)	(129,182)
<b>(Loss)/profit before taxation</b>		<b>(719,893)</b>	<b>3,249,830</b>
Tax on (loss)/profit	10	368,833	(770,340)
<b>(Loss)/profit for the financial year</b>		<b>(351,060)</b>	<b>2,479,490</b>

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 2018**

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	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>(Loss)/profit for the year</b>	<b>(351,060)</b>	<b>2,479,490</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>(351,060)</b>	<b>2,479,490</b>

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# ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

## BALANCE SHEET

AS AT 31 JANUARY 2018

		2018		2017 as restated	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	11	9,026,928		8,696,632	
Investments	12	32,438		32,438	
		<u>9,059,366</u>		<u>8,729,070</u>	
<b>Current assets</b>					
Stocks	14	2,166,064		3,535,451	
Debtors	15	36,649,225		23,397,463	
Cash at bank and in hand		2,104,328		3,603,823	
		<u>40,919,617</u>		<u>30,536,737</u>	
<b>Creditors: amounts falling due within one year</b>	16	(34,594,652)		(22,657,931)	
<b>Net current assets</b>		<u>6,324,965</u>		<u>7,878,806</u>	
<b>Total assets less current liabilities</b>		<u>15,384,331</u>		<u>16,607,876</u>	
<b>Creditors: amounts falling due after more than one year</b>	17	(247,158)		(1,085,287)	
<b>Provisions for liabilities</b>	19	(103,000)		(137,356)	
<b>Net assets</b>		<u>15,034,173</u>		<u>15,385,233</u>	
<b>Capital and reserves</b>					
Called up share capital	22	3,000		3,000	
Profit and loss reserves		15,031,173		15,382,233	
<b>Total equity</b>		<u>15,034,173</u>		<u>15,385,233</u>	

The financial statements were approved by the board of directors and authorised for issue on 30/01/18 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 2018

	Share capital £	Profit and loss reserves £	Total £
<b>As restated for the period ended 31 January 2017:</b>			
<b>Balance at 1 February 2016</b>	3,000	13,976,792	13,979,792
Deferred income adjustments	-	(1,074,049)	(1,074,049)
<b>As restated</b>	3,000	12,902,743	12,905,743
<b>Year ended 31 January 2017:</b>			
Profit and total comprehensive income for the year	-	2,479,490	2,479,490
<b>Balance at 31 January 2017</b>	3,000	15,382,233	15,385,233
<b>Year ended 31 January 2018:</b>			
Loss and total comprehensive income for the year	-	(351,060)	(351,060)
<b>Balance at 31 January 2018</b>	3,000	15,031,173	15,034,173

# ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2018

		2018		2017 as restated	
	Notes	£	£	£	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	25	2,218,120		2,281,036	
Interest paid		(172,793)		(129,182)	
Income taxes (paid)/refunded		(1,007,364)		145,979	
<b>Net cash inflow from operating activities</b>		<b>1,037,963</b>		<b>2,297,833</b>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(1,787,649)		(808,024)	
Proceeds on disposal of tangible fixed assets		-		74,780	
Interest received		-		180,109	
<b>Net cash used in investing activities</b>		<b>(1,787,649)</b>		<b>(553,135)</b>	
<b>Financing activities</b>					
Repayment of bank loans		(749,809)		(942,119)	
<b>Net cash used in financing activities</b>		<b>(749,809)</b>		<b>(942,119)</b>	
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,499,495)</b>		<b>802,579</b>	
Cash and cash equivalents at beginning of year		3,603,823		2,801,244	
<b>Cash and cash equivalents at end of year</b>		<b>2,104,328</b>		<b>3,603,823</b>	

# ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 JANUARY 2018

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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.

This 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:

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

The financial statements of the company are consolidated in the financial statements of APS Group Limited. These consolidated financial statements are available from its registered office, Chetham House, Bird Hall Lane, Cheadle Heath, Cheadle, Cheshire, SK3 0ZP.

##### 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.



# ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

### 1 Accounting policies

(Continued)

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:

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.

Land and buildings whose fair value can be measured reliably are held under the revaluation model and are carried at a revalued amount, being their fair value at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value of the land and buildings is usually considered to be their market value in the opinion of the directors.

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or loss or a revaluation loss exceeds the accumulated revaluation gains recognised in equity; such gains and losses are recognised in profit or loss.

#### 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.

# ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

### 1 Accounting policies

(Continued)

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

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

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

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

#### 1.9 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.

# ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

### 1 Accounting policies

(Continued)

#### **Other financial assets**

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

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

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

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

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

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

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the 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.

#### **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.

# ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

### 1 Accounting policies

(Continued)

#### *Other financial liabilities*

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

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

#### *Derecognition of financial liabilities*

Financial liabilities are derecognised when the 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.

##### *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.

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

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 JANUARY 2018**

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### **1 Accounting policies**

**(Continued)**

#### **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 2018

### 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:

	2018 £	2017 £
<b>Turnover</b>	<b>89,458,311</b>	<b>80,400,079</b>
<b>Other significant revenue</b>		
Interest income	-	180,109
<b>Turnover analysed by geographical market</b>		
	2018 £	2017 £
UK	78,390,794	69,018,017
EC	9,693,259	9,293,916
Non - EC	1,374,258	2,182,446
	<b>89,458,311</b>	<b>80,494,379</b>

# ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

### 4 Operating (loss)/profit

	2018	2017
	£	£
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	198,529	(16,252)
Depreciation of owned tangible fixed assets	914,678	702,783
Depreciation of tangible fixed assets held under finance leases	542,675	656,946
(Profit)/loss on disposal of tangible fixed assets	-	56,241
Cost of stocks recognised as an expense	18,137,161	18,108,160
Operating lease charges	512,801	397,966

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £198,529 (2017 - £16,252).

### 5 Auditor's remuneration

	2018	2017
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	24,000	21,250

### 6 Employees

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

	2018	2017
	Number	Number
Directors & employees	595	537

Their aggregate remuneration comprised:

	2018	2017
	£	£
Wages and salaries	20,557,166	19,061,717
Social security costs	2,013,306	1,707,016
Pension costs	333,927	218,330
	22,904,399	20,987,063

### 7 Directors' remuneration

	2018	2017
	£	£
Remuneration for qualifying services	262,329	242,544

# ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

### 7 Directors' remuneration

(Continued)

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

	2018 £	2017 £
Remuneration for qualifying services	102,200	106,026

### 8 Interest receivable and similar income

	2018 £	2017 £
<b>Interest income</b>		
Interest on bank deposits	-	1,494
Interest receivable from group companies	-	178,615
Total income	-	180,109

Investment income includes the following:

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

	2018 £	2017 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	172,793	129,182

### 10 Taxation

	2018 £	2017 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	800,000
Adjustments in respect of prior periods	(334,477)	-
Total current tax	(334,477)	800,000
<b>Deferred tax</b>		
Origination and reversal of timing differences	(34,356)	(29,660)
Total tax (credit)/charge	(368,833)	770,340



# ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

### 10 Taxation

(Continued)

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

	2018 £	2017 £
(Loss)/profit before taxation	(719,893)	3,249,830
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	(136,780)	649,966
Tax effect of expenses that are not deductible in determining taxable profit	7,512	9,579
Group relief	89,624	-
Permanent capital allowances in excess of depreciation	5,288	110,795
Under/(over) provided in prior years	(334,477)	-
Taxation (credit)/charge for the year	(368,833)	770,340

### 11 Tangible fixed assets

	Land and buildings £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>					
At 1 February 2017	3,340,000	10,421,296	3,589,769	87,814	17,438,879
Additions	-	743,571	1,044,078	-	1,787,649
At 31 January 2018	3,340,000	11,164,867	4,633,847	87,814	19,226,528
<b>Depreciation and impairment</b>					
At 1 February 2017	-	5,969,920	2,690,387	81,940	8,742,247
Depreciation charged in the year	-	911,279	540,200	5,874	1,457,353
At 31 January 2018	-	6,881,199	3,230,587	87,814	10,199,600
<b>Carrying amount</b>					
At 31 January 2018	3,340,000	4,283,668	1,403,260	-	9,026,928
At 31 January 2017	3,340,000	4,451,375	899,383	5,874	8,696,632

# ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

### 11 Tangible fixed assets

(Continued)

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

	2018 £	2017 £
Plant and machinery	2,502,321	2,936,171
Depreciation charge for the year in respect of leased assets	542,675	656,946

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:

	2018 £	2017 £
Cost	4,300,000	4,300,000
Accumulated depreciation	-	-
Carrying value	4,300,000	4,300,000

### 12 Fixed asset investments

	Notes	2018 £	2017 £
Investments in subsidiaries		32,438	32,438

#### Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation At 1 February 2017 & 31 January 2018	32,438
Carrying amount At 31 January 2018	32,438
At 31 January 2017	32,438

# ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

### 13 Financial instruments

	2018 £	2017 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	32,670,104	21,496,285
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	33,850,265	22,730,382

### 14 Stocks

	2018 £	2017 £
Raw materials and consumables	1,954,837	1,963,865
Work in progress	211,227	1,440,622
Finished goods and goods for resale	-	130,964
	2,166,064	3,535,451

### 15 Debtors

	2018 £	2017 £
<b>Amounts falling due within one year:</b>		
Trade debtors	19,538,070	11,157,829
Corporation tax recoverable	926,387	-
Amounts owed by group undertakings	9,567,612	9,627,613
Other debtors	3,564,422	710,843
Prepayments and accrued income	3,052,734	1,901,178
	36,649,225	23,397,463

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

	Notes	2018 £	2017 £
Bank loans and overdrafts	18	1,085,250	1,130,264
Trade creditors		16,097,218	8,033,445
Amounts due to group undertakings		4,331,778	1,744,899
Corporation tax		-	415,454
Other taxation and social security		991,545	597,382
Other creditors		1,719,373	1,047,370
Accruals and deferred income		10,369,488	9,689,117
		34,594,652	22,657,931

# ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

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

	Notes	2018 £	2017 £
Bank loans and overdrafts	18	247,158	951,953
Other creditors		-	133,334
		<u>247,158</u>	<u>1,085,287</u>

### 18 Loans and overdrafts

	2018 £	2017 £
Bank loans	1,332,408	2,082,217
Payable within one year	1,085,250	1,130,264
Payable after one year	247,158	951,953
	<u>2,664,816</u>	<u>4,164,434</u>

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

### 19 Provisions for liabilities

	Notes	2018 £	2017 £
Deferred tax liabilities	20	103,000	137,356
		<u>103,000</u>	<u>137,356</u>

### 20 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 2018 £	Liabilities 2017 £
<b>Balances:</b>		
ACAs	103,000	137,356
	<u>103,000</u>	<u>137,356</u>
<b>Movements in the year:</b>		2018 £
Liability at 1 February 2017		137,356
Credit to profit or loss		(34,356)
Liability at 31 January 2018		<u>103,000</u>

# ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

### 20 Deferred taxation (Continued)

### 21 Retirement benefit schemes

	2018 £	2017 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	333,927	218,330

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.

### 22 Share capital

	2018 £	2017 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
3,000 Ordinary shares of £1 each	3,000	3,000
	3,000	3,000

### 23 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:

	2018 £	2017 £
Within one year	832,805	575,262
Between two and five years	3,336,461	1,866,935
In over five years	3,192,732	1,615,611
	7,361,998	4,057,808

### 24 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.

# ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2018

### 25 Cash generated from operations

	2018 £	2017 £
(Loss)/profit for the year after tax	(351,060)	2,479,490
<b>Adjustments for:</b>		
Taxation (credited)/charged	(368,833)	770,340
Finance costs	172,793	129,182
Investment income	-	(180,109)
(Gain)/loss on disposal of tangible fixed assets	-	56,241
Depreciation and impairment of tangible fixed assets	1,457,353	1,359,729
<b>Movements in working capital:</b>		
Decrease in stocks	1,369,387	197,199
(Increase) in debtors	(12,325,375)	(1,393,500)
Increase/(decrease) in creditors	12,263,855	(1,137,536)
<b>Cash generated from operations</b>	<b>2,218,120</b>	<b>2,281,036</b>

# ALLIED PUBLICITY SERVICES (MANCHESTER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

### 26 Prior period adjustment

#### Reconciliation of changes in equity

	Notes	1 February 2016 £	31 January 2017 £
Equity as previously reported		13,979,792	17,056,543
<b>Adjustments to prior year</b>			
Cumulative deferred income and accrued cost adjustments		(1,074,049)	(1,671,310)
Equity as adjusted		<u>12,905,743</u>	<u>15,385,233</u>

#### Reconciliation of changes in profit for the previous financial period

	Notes	2017 £
Profit as previously reported		3,076,751
<b>Adjustments to prior year</b>		
Deferred income and accrued cost adjustments		(597,261)
Profit as adjusted		<u>2,479,490</u>

#### Notes to reconciliation

Prior year adjustments have been made to correct previously under accrued deferred income and accrued costs in the prior three years.