Five by Five Limited

Annual Report and Financial Statements

For the year ended 31 December 2016

Company Registration No. 01444820 (England and Wales)

Five By Five Limited

Company Information

Directors	M Lawton N Lawton
Secretary	A Fisher
Company number	01444820
Registered office	4 Grosvenor Square Southampton Hampshire SO15 2BE
Auditors	Kingston Smith LLP Charlotte Building 17 Gresse Street London W1T 1QL
Bankers	National Westminster Bank plc 309 Templars Way Chandlers Ford Hampshire SO53 3RY

Five By Five Limited

Contents

The directors present their annual report and financial statements for the year ended 31 December 2016.

Principal activities
The principal activity of the company continued to be that of a full-service marketing agency providing a comprehensive range of services, both digital and traditional, through a number of branded agencies both full-service and specialist niche, including media and employee engagement.

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

M Lawton
N Lawton

Auditors
Kingston Smith LLP were appointed auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities
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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement of disclosure to auditors
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 auditors are 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 auditors are aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

N Lawton
Director
28/09/17

Five By Five Limited

Independent Auditors' Report

To the Members of Five By Five Limited

We have audited the financial statements of Five by Five Limited for the year ended 31 December 2016 set out on pages 5 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 December 2016 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.

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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from preparing a strategic report.

Kingston Smith LLP

Esther Carder (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP

29/09/17

Chartered Accountants
Statutory Auditor

Charlotte Building
17 Gresse Street
London
W1T 1QL

Five By Five Limited

Statement of Income and Retained Earnings

For the year ended 31 December 2016

	Notes	2016 £	2015 as restated £
Turnover		3,870,761	4,668,784
Cost of sales		(583,852)	(807,526)
Gross profit		3,286,909	3,861,258
Administrative expenses		(3,827,698)	(3,929,126)
Other operating income		135,000	461,318
Operating (loss)/profit	2	(405,789)	393,450
Interest receivable and similar income		872	923
(Loss)/profit before taxation		(404,917)	394,373
Taxation		35,569	(61,635)
(Loss)/profit for the financial year		(369,348)	332,738
Total comprehensive income for the year		(369,348)	332,738
Retained earnings at 1 January 2016		999,613	890,125
Effect of prior period adjustments		215,706	-
Dividends		-	(7,544)
Retained earnings at 31 December 2016		845,971	1,215,319

Five By Five Limited

Statement of Comprehensive Income

For the year ended 31 December 2016

	2016	2015 as restated
	£	£
(Loss)/profit for the year	(369,348)	332,738
Other comprehensive income	-	-
Total comprehensive income for the year	(369,348)	332,738

Five by Five Limited

Balance Sheet

As at 31 December 2016

	Notes	2016 £	2016 £	2015 as restated £	2015 as restated £
Fixed assets					
Tangible assets	5		220,179		139,896
Current assets					
Debtors	6	1,260,002		2,070,352	
Cash at bank and in hand		558,401		757,230	
		1,818,403		2,827,582	
Creditors: amounts falling due within one year	7	(960,954)		(1,441,020)	
Net current assets			857,449		1,386,562
Total assets less current liabilities			1,077,628		1,526,458
Creditors: amounts falling due after more than one year	8		(200,000)		(300,000)
Provisions for liabilities			(21,657)		(1,139)
Net assets			855,971		1,225,319
Capital and reserves					
Called up share capital	11		7,500		7,500
Capital redemption reserve			2,500		2,500
Profit and loss reserves			845,971		1,215,319
Total equity			855,971		1,225,319

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 28/09/2017 and are signed on its behalf by:

N Lawton
Director

Company Registration No. 01444820

Five By Five Limited

Statement of Changes in Equity

For the year ended 31 December 2016

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
As restated for the period ended 31 December 2015:					
Balance at 1 January 2015		7,500	2,500	890,125	900,125
Period ended 31 December 2015:					
Profit and total comprehensive income for the year		-	-	332,738	332,738
Dividends		-	-	(7,544)	(7,544)
Balance at 31 December 2015		7,500	2,500	1,215,319	1,225,319
Period ended 31 December 2016:					
Profit and total comprehensive income for the year		-	-	(369,348)	(369,348)
Balance at 31 December 2016		7,500	2,500	845,971	855,971

1 Accounting policies

Company information

Five by Five Limited is a private company limited by shares incorporated in England and Wales. The registered office is 4 Grosvenor Square, Southampton, Hampshire, SO15 2BE.

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 as applicable to companies subject to the small companies regime.

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 pound.

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 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 contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.3 Tangible fixed assets

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

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

Leasehold improvements	Over the life of the lease
Plant and machinery	3 years straight line
Fixtures, fittings & equipment	3 years straight line
Computer equipment	3 years straight line
Motor vehicles	3 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1 Accounting policies **(Continued)**

1.4 Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.5 Cash and cash equivalents

Cash and cash equivalents 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.

1.6 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 statement of financial position 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 trade and other receivables 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.

1 Accounting policies **(Continued)**

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

Basic financial liabilities
Basic financial liabilities, including trade and other payables, 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.

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

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.7 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.

1.8 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.

1 Accounting policies **(Continued)**

1.9 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.

The company operates an employee share ownership plan (ESOP) trust and has de facto control of the shares held by the trust and bears their benefits and risks. The company records assets and liabilities of the trust as its own. Consideration paid by the ESOP scheme for shares of the company is deducted from equity. Finance costs and administrative expenses incurred by the company in relation to the ESOP are recognised on an accruals basis.

1.10 Retirement benefits

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

1.11 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 Operating (loss)/profit

	2016	2015
Operating (loss)/profit for the year is stated after charging/(crediting):	£	£
Fees payable to the company's auditors for the audit of the company's financial statements	27,710	22,330

3 Employees

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

	2016 Number	2015 Number
Management	11	15
Administration	16	9
Production	17	30
Account Management	11	29
	55	83

4 *Directors' remuneration*

	2016 £	2015 £
Remuneration paid to directors	107,579	96,553

5 Tangible fixed assets

	Land and buildings £	Plant and machinery etc £	Total £
Cost			
At 1 January 2016	135,796	357,401	493,197
Additions	88,091	79,642	167,733
Disposals	(18,654)	(142,502)	(161,156)
At 31 December 2016	205,233	294,541	499,774
Depreciation and impairment			
At 1 January 2016	121,114	232,187	353,301
Depreciation charged in the year	11,047	76,403	87,450
Eliminated in respect of disposals	(18,654)	(142,502)	(161,156)
At 31 December 2016	113,507	166,088	279,595
Carrying amount			
At 31 December 2016	91,726	128,453	220,179
At 31 December 2015	14,682	125,214	139,896

6 Debtors

Amounts falling due within one year:	2016 £	2015 £
Trade debtors	367,071	1,518,475
Corporation tax recoverable	301	-
Amounts due from group undertakings	523,235	370,454
Other debtors	305,609	173,724
	1,196,216	2,062,653
Deferred tax asset (note 10)	63,786	7,699
	1,260,002	2,070,352

Trade debtors disclosed above are measured at amortised cost.

7 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	344,795	418,324
Amounts due to group undertakings	112,439	25,058
Corporation tax	-	67,641
Other taxation and social security	145,676	378,861
Other creditors	358,044	551,136
	960,954	1,441,020

8 Creditors: amounts falling due after more than one year

	2016 £	2015 £
Other creditors	200,000	300,000

9 Loans and overdrafts

	2016	2015
	£	£
Directors' loans	355,843	462,642
Payable within one year	155,843	162,642
Payable after one year	200,000	300,000

10 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2016	Liabilities 2015	Assets 2016	Assets 2015
Balances:	£	£	£	£
Accelerated capital allowances	21,657	1,139	-	-
Tax losses	-	-	63,786	-
Retirement benefit obligations	-	-	-	7,699
	21,657	1,139	63,786	7,699

	2016
Movements in the year:	£
Liability/(Asset) at 1 January 2016	(6,560)
Credit to profit and loss	(35,569)
Liability/(Asset) at 31 December 2016	(42,129)

The following is the analysis of the deferred tax balances for financial reporting purposes:

A deferred tax asset of £63,786 has been recognised in relation to tax losses, which are expected to be used within a year.

11 Called up share capital

	2016	2015
	£	£
Ordinary share capital		
Authorised		
7,500 Ordinary shares of £1 each	7,500	7,500
Issued and fully paid		
7,500 Ordinary shares of £1 each	7,500	7,500

12 Operating lease commitments

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:

	2016	2015
	£	£
Within one year	128,571	146,571
Between two and five years	42,857	171,429
	171,428	318,000

13 Prior year adjustment

The prior period financial statements have been restated to include a management charge receivable from other group companies. This was previously not included in the comparative figures. The impact of the restatement is an increase of net assets of the Company by £215,706.

14 Related party transactions

No guarantees have been given or received.

The company premises at 4 & 5 Grosvenor Square, Southampton are rented from Michael J Lawton. The rent was on normal rental terms until 30 April 2015 after which the premises was rent-free.

At the balance sheet date, £355,843 (2015: £562,814) is owing to Michael J Lawton of which £200,000 (2015 - £300,000) has been disclosed within creditors over more than one year. This loan is interest free.

At the balance sheet date, £23,004 (2015: £46,502) is owing to Dragonfish Consulting Limited, a fellow group company.

At the balance sheet date, £453,568 (2015: £248,187) is owing to Headstream Limited, a fellow group company.

In accordance with FRS 102 33.1A, transactions with members of the group are not disclosed where the counterparty is a wholly owned subsidiary of the ultimate parent company.

During the year, the company management charges receivable of £35,000 (2015: £28,508) from Dragonfish Consulting Limited, a fellow group company. At the balance sheet date, Dragonfish Consulting Limited owed Five by Five Limited £38,478 (2015: £17,886).

During the year, the company management charges receivable of £100,000 (2015: £241,129) from Headstream Limited, a fellow group company. At the balance sheet date, Five by Five Limited owed Headstream Limited £112,637 (2015: £7,058).

15 Controlling party

The ultimate controlling party is Michael J Lawton by virtue of his shareholding in the ultimate parent company.

The immediate parent company and ultimate parent company is Lawton Communications Group Limited, a company registered in England and Wales.

Lawton Communications Group Limited prepares group financial statements and copies can be obtained from - 4 & 5 Grosvenor Square, Southampton, SO15 2BE.