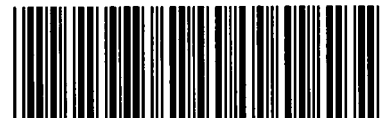


LAVERY ROWE ADVERTISING LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

FRIDAY



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COMPANIES HOUSE

Cole Marie Partners Limited
Chartered Accountants
Priory House, 45-51 High Street
Reigate, Surrey
RH2 9AE

LAVERY ROWE ADVERTISING LIMITED

COMPANY INFORMATION

Directors	P F Foreman N B Rowe P J Payne W Lewis
Secretary	P J Payne
Company number	01481734
Registered office	69-71 Newington Causeway London SE1 6BD
Auditor	Cole Marie Partners Limited Priory House 45-51 High Street Reigate Surrey RH2 9AE
Business address	69-71 Newington Causeway London SE1 6BD
Bankers	National Westminster Bank Plc 216 Bishopsgate London EC2M 4QB

LAVERY ROWE ADVERTISING LIMITED

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LAVERY ROWE ADVERTISING LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present the strategic report for the year ended 31 December 2018.

Fair review of the business

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect to maintain current levels of business.

Principal risks and uncertainties

In common with all businesses, the company faces risks and uncertainties. The Directors adopt prudent policies to minimise risks and are actively involved in reducing the effects of any adverse circumstances which might arise.

Business and regulatory risk

The company operates in a highly regulated and diverse business environment. The Directors therefore perform regular reviews of business and regulatory risks to ensure that these are addressed and minimised as far as possible.

Liquidity risk

Liquidity risk arises from the company's management of working capital. It is the risk that the company will encounter difficulty in meeting its financial obligations as they fall due. At the end of the financial year, projections prepared for the Board of Directors indicated that the company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

The company's principal financial instruments comprise bank balances, trade creditors and trade debtors. The main purpose of these instruments is to provide funds for the company's operations and to finance these operations. The liquidity of the business is regularly reviewed by the Directors to ensure that sufficient resources are maintained to fund the company's transactions.

Bank balances are managed by maintaining a balance between the continuity of funding and flexibility through the use of budgeting facilities. Trade debtors are managed in respect of credit and cash flow risks by policies concerning the credit offered to clients and the regular monitoring of amounts outstanding for both time and credit limits. Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Exchange rate risk

As the company makes only a small number of transactions in foreign currencies, the exposure to exchange rate risk is deemed to be minimal. However, the directors are aware of the impact which variations in foreign currency exchange rates can have on the company's results were this situation to change and will adopt appropriate risk-management policies if needed.

Interest rate risk

The company manages its cash and borrowing requirements to maximise interest income and minimise interest expenses, whilst ensuring that sufficient resources are maintained to meet the operating needs of the business.

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The company is mainly exposed to credit risk from credit sales and it is the company's policy to assess the credit risk of new customers and suppliers before entering contracts with them. Debtor balances are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Operating risk

The Directors will regularly review the operation of the business and have put management committees in place to ensure that operating systems and internal controls are adequate. Risks are identified, assessed and appropriate remedial action decided upon by the Directors and each committee as appropriate. The company maintains sufficient insurance to minimise the risk of loss or damage to its assets.

LAVERY ROWE ADVERTISING LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Analysis of development and performance

The company has performed well during the year under review.

Turnover has increased by £2.26 million (9.28%) this year, and represents the good level of turnover for the company. Gross profit has decreased by £0.42 million (0.099%) to £3.792 million with margins decreasing by 3.03% to 14.19%.

Administrative expenses have decreased by £0.1 million (4.29%) to £2.264 million in the past year due to the constant review of costs undertaken by the company directors.

Net profit before tax of £1.533 million represents a £308,946 drop on levels achieved last year.

The financial position of the company has strengthened in the past year with a £952,267 rise in the balance sheet value of the entity. The directors therefore believe that the company is on a sure footing to continue its strong performance in the current financial period.

Other performance indicators

The company has declared dividends to its parent, Lavery Rowe Holdings Limited, during the year and the Directors anticipate continuing underlying growth and forecasted profits in line with recent years.

Other, non-financial, key performance indicators

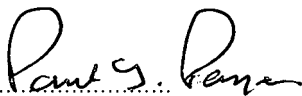
Regulatory and compliance issues

Regulatory and compliance issues form a key part of the business environment and the company's management has enhanced resources in these areas, continually reviewing and updating procedures to ensure any potential breaches are identified and appropriate action is taken as necessary.

Credit control and terms of trade

The company closely monitors its trade debtors and creditors and also cash balances to ensure adherence with all regulatory considerations. Additionally, every effort is made to ensure that monies due to suppliers are paid in accordance with the payment terms provided.

On behalf of the board



P J Payne

Director

24/6/19

LAVERY ROWE ADVERTISING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

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

Principal activities

The principal activity of the company continued to be that of an advertising agency.

Directors

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

P F Foreman
N B Rowe
P J Payne
W Lewis

Results and dividends

The results for the year are set out on page 7.

The directors do not recommend the payment of a final dividend.

Financial instruments

Treasury operations and financial instruments

Details of the financial risk management objectives and policies of the company, as well as the company's exposure to price, credit, liquidity and cash flow risks are provided in the strategic report to these financial statements.

Future developments

The company continues to focus on its growth areas by investing in new producers and new client relationships to grow revenues. The company continues to monitor and reduce costs where possible without damaging the infrastructure of the ongoing activities of the business.


Auditor

In accordance with the company's articles, a resolution proposing that Cole Marie Partners Limited, be reappointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, 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



P J Payne
Director

Date: 24/6/19

LAVERY ROWE ADVERTISING LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

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.

LAVERY ROWE ADVERTISING LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LAVERY ROWE ADVERTISING LIMITED

Opinion

We have audited the financial statements of Lavery Rowe Advertising Limited (the 'company') for the year ended 31 December 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 December 2018 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.

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.

LAVERY ROWE ADVERTISING LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF LAVERY ROWE ADVERTISING LIMITED

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.

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.



Victoria Whitmore (Senior Statutory Auditor)
for and on behalf of Cole Marie Partners Limited

24/6/19

Chartered Accountants
Statutory Auditor

Priory House
45-51 High Street
Reigate
Surrey
RH2 9AE

LAVERY ROWE ADVERTISING LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
Turnover	3	26,711,128	24,442,590
Cost of sales		(22,919,554)	(20,233,739)
Gross profit		3,791,574	4,208,851
Administrative expenses		(2,264,171)	(2,365,813)
Operating profit	4	1,527,403	1,843,038
Interest receivable and similar income	7	6,377	10
Interest payable and similar expenses	8	-	(322)
Profit before taxation		1,533,780	1,842,726
Tax on profit	9	(311,513)	(378,347)
Profit for the financial year		1,222,267	1,464,379

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

LAVERY ROWE ADVERTISING LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £	2017 £
Profit for the year	1,222,267	1,464,379
Other comprehensive income	-	-
Total comprehensive income for the year	<u>1,222,267</u>	<u>1,464,379</u>

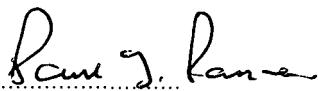
LAVERY ROWE ADVERTISING LIMITED

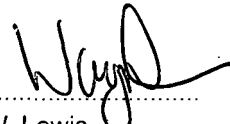
BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	11	258,550		254,352	
Investment properties	12	382,957		382,957	
		<u>641,507</u>		<u>637,309</u>	
Current assets					
Debtors	14	3,356,413		3,187,652	
Cash at bank and in hand		3,453,234		3,183,530	
		<u>6,809,647</u>		<u>6,371,182</u>	
Creditors: amounts falling due within one year	15	(3,962,533)		(4,472,137)	
Net current assets		<u>2,847,114</u>		<u>1,899,045</u>	
Total assets less current liabilities		<u>3,488,621</u>		<u>2,536,354</u>	
Capital and reserves					
Called up share capital	18	277,439		277,439	
Revaluation reserve		54,261		54,261	
Profit and loss reserves	19	3,156,921		2,204,654	
Total equity		<u>3,488,621</u>		<u>2,536,354</u>	

The financial statements were approved by the board of directors and authorised for issue on 24/1/19 and are signed on its behalf by:


P J Payne
Director


W Lewis
Director

Company Registration No. 01481734

LAVERY ROWE ADVERTISING LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital £	Revaluation reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2017		277,439	54,261	1,066,275	1,397,975
Year ended 31 December 2017:					
Profit and total comprehensive income for the year		-	-	1,464,379	1,464,379
Dividends	10	-	-	(326,000)	(326,000)
Balance at 31 December 2017		277,439	54,261	2,204,654	2,536,354
Year ended 31 December 2018:					
Profit and total comprehensive income for the year		-	-	1,222,267	1,222,267
Dividends	10	-	-	(270,000)	(270,000)
Balance at 31 December 2018		277,439	54,261	3,156,921	3,488,621

LAVERY ROWE ADVERTISING LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	24		(138,627)		1,723,872
Interest paid			-		(322)
Income taxes paid			(566,858)		(271,870)
Net cash (outflow)/inflow from operating activities			(705,485)		1,451,680
Investing activities					
Purchase of tangible fixed assets		(16,847)		(12,594)	
Proceeds from other investments and loans		(10,993)		(335)	
Interest received		6,377		10	
Net cash used in investing activities			(21,463)		(12,919)
Financing activities					
Payment of finance leases obligations		(2,546)		(1,092)	
Dividends paid		(270,000)		(326,000)	
Net cash used in financing activities			(272,546)		(327,092)
Net (decrease)/increase in cash and cash equivalents			(999,494)		1,111,669
Cash and cash equivalents at beginning of year			3,183,530		2,071,861
Cash and cash equivalents at end of year			2,184,036		3,183,530
Relating to:					
Cash at bank and in hand			3,453,234		3,183,530
Bank overdrafts included in creditors payable within one year			(1,269,198)		-

LAVERY ROWE ADVERTISING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

Lavery Rowe Advertising Limited is a company limited by shares incorporated in England and Wales. The registered office is 69-71 Newington Causeway, London, SE1 6BD.

The principal activity of the company continued to be that of an advertising agency.

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 represents amounts receivable for goods and services net of VAT. Turnover is recognised at the time that the advertisement appears.

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 it is probable will be recovered.

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

Freehold land and buildings	No depreciation
Leasehold land and buildings	12.5% Straight line
Fixtures, fittings & equipment	25% Reducing balance

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.

LAVERY ROWE ADVERTISING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.5 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured using the fair value model and stated at its fair value as the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

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 Cash at bank and in hand

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.

1.8 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.

LAVERY ROWE ADVERTISING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

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.

LAVERY ROWE ADVERTISING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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.

1.9 Equity instruments

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

1.10 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.

LAVERY ROWE ADVERTISING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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.

1.11 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 directors have concluded that no provision is required for unused holiday entitlement either at 1 January 2018 or 31 December 2018.

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.

1.12 Retirement benefits

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

1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

LAVERY ROWE ADVERTISING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.14 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.

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.

1.15 Liquid resources

Liquid resources comprise of short-term deposits of less than one year and investments which are readily realisable and held on a short-term basis.

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.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Treatment of leases

Determine whether leases entered into by the company either as a lessor or lessee are operating leases or finance leases. These decisions depend upon an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Impairment of tangible fixed assets

Determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Assessing the functional currency

The Directors are required to identify the functional currency of the company. In making this judgement the Directors have considered factors such as the currency which mainly influences both sales and cost prices, and the countries whose competitive forces and regulations affect those prices. Where functional currency is not clearly identifiable, the Directors have used judgement to determine which currency most faithfully represents the economic effects of the underlying transactions, events and conditions.

LAVERY ROWE ADVERTISING LIMITED

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

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Estimating fair value and value in use

The Directors have made estimates of the fair value of financial instruments using suitable, available evidence. Where third party valuations are available, these have been incorporated by the Directors in any estimates made, taking into account the valuer's qualifications and the reasonableness of any assumptions that have been used.

Where there is an indication that fixed assets have been impaired, the Directors have carried out an impairment review to determine the recoverable amount, which is the higher of fair value less cost to sell and value in use. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the asset or the cash generating unit, and a suitable discount rate in order to calculate present value.

Provisions and contingent liabilities

Where the company becomes obligated to make a future payment as a result of past events, the Directors make a estimate of the provision required in the accounts. Where it is deemed likely that a future payment is required but no reliable estimate can be made of its value, the Directors will assess whether it is more suitable to make a disclosure of these contingencies in the accounts rather than making a provision.

Tangible fixed assets

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issued such as future market conditions, the remaining life of the asset and projected disposal values.

3 Turnover and other revenue

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

	2018 £	2017 £
Turnover analysed by class of business		
Media billings	26,406,502	24,221,428
Production billings	270,048	198,188
Rent	34,578	22,974
	<u>26,711,128</u>	<u>24,442,590</u>
	2018 £	2017 £
Other significant revenue		
Interest income	6,377	10
	<u></u>	<u></u>

LAVERY ROWE ADVERTISING LIMITED

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

3 Turnover and other revenue

(Continued)

	2018 £	2017 £
Turnover analysed by geographical market		
UK	25,460,693	22,035,181
Europe	386,796	290,864
USA	153,072	780,152
Rest of the world	710,567	1,336,393
	<u>26,711,128</u>	<u>24,442,590</u>

4 Operating profit

	2018 £	2017 £
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(25)	(97)
Fees payable to the company's auditor for the audit of the company's financial statements	12,000	14,200
Depreciation of owned tangible fixed assets	12,649	10,804
Depreciation of tangible fixed assets held under finance leases	-	1,633
Operating lease charges	<u>114,431</u>	<u>165,458</u>

5 Employees

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

	2018 Number	2017 Number
Sales and administration	27	28
Artwork production	3	3
	<u>30</u>	<u>31</u>

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	1,238,981	1,301,856
Social security costs	125,471	138,624
Pension costs	117,130	66,260
	<u>1,481,582</u>	<u>1,506,740</u>

LAVERY ROWE ADVERTISING LIMITED

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

6 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	180,802	220,326
Company pension contributions to defined contribution schemes	106,000	64,000
	<u>286,802</u>	<u>284,326</u>

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

	2018 £	2017 £
Remuneration for qualifying services	n/a	100,500
	<u>n/a</u>	<u>100,500</u>

As total directors' remuneration was less than £200,000 in the current year, no disclosure is provided for that year.

7 Interest receivable and similar income

	2018 £	2017 £
Interest income		
Interest on bank deposits	6,353	10
Other interest income	24	-
	<u>6,377</u>	<u>10</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>6,353</u>	<u>10</u>
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8 Interest payable and similar expenses

	2018 £	2017 £
Other finance costs:		
Other interest	-	322
	<u>-</u>	<u>322</u>

9 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	311,513	379,294
Adjustments in respect of prior periods	-	(947)
	<u>311,513</u>	<u>378,347</u>

LAVERY ROWE ADVERTISING LIMITED

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

9 Taxation

(Continued)

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

	2018 £	2017 £
Profit before taxation	1,533,780	1,842,726
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	291,418	368,545
Tax effect of expenses that are not deductible in determining taxable profit	19,842	25,994
Permanent capital allowances in excess of depreciation	253	(398)
Under/(over) provided in prior years	-	(947)
Tax at marginal rate	-	(14,847)
Taxation charge for the year	311,513	378,347

10 Dividends

	2018 £	2017 £
Interim paid	270,000	326,000

11 Tangible fixed assets

	Freehold land and buildings £	Leasehold land and buildings £	Fixtures, fittings & equipment £	Total £
Cost or valuation				
At 1 January 2018	217,043	-	126,253	343,296
Additions	-	7,125	9,722	16,847
At 31 December 2018	217,043	7,125	135,975	360,143
Depreciation and impairment				
At 1 January 2018	-	-	88,944	88,944
Depreciation charged in the year	-	891	11,758	12,649
At 31 December 2018	-	891	100,702	101,593
Carrying amount				
At 31 December 2018	217,043	6,234	35,273	258,550
At 31 December 2017	217,043	-	37,309	254,352

LAVERY ROWE ADVERTISING LIMITED

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

11 Tangible fixed assets

(Continued)

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

	2018 £	2017 £
Fixtures, fittings & equipment	-	4,898

The freehold land and buildings were valued on an open market basis by the directors on 31 December 2018.

No tax charge is expected to arise on the future disposal of these properties and, as such, no provision for deferred tax has therefore been made.

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	162,782	162,782
Accumulated depreciation	-	-
Carrying value	162,782	162,782

12 Investment property

2018
£

Fair value

At 1 January 2018 and 31 December 2018

382,957

The company owns a property at Ludgate House, 28d Ludgate Hill, Birmingham, B3 1DX. This property comprises of three floors, two of which are currently rented out and have been disclosed in the accounts under investment property. The third floor is used by Lavery Rowe Advertising Limited and has been included within the accounts under freehold land and buildings.

The fair value of the investment property has been arrived at on the basis of a valuation carried out at 31 December 2018 by the directors of the company. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

LAVERY ROWE ADVERTISING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

13 Financial instruments

	2018 £	2017 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	2,665,366	2,536,927
Carrying amount of financial liabilities		
Measured at amortised cost	3,722,122	3,989,268

14 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	2,647,862	2,531,896
Other debtors	17,504	5,031
Prepayments and accrued income	691,047	650,725
	3,356,413	3,187,652

15 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Bank loans and overdrafts		1,269,198	-
Obligations under finance leases	16	-	2,546
Trade creditors		1,739,684	3,691,186
Amounts owed to group undertakings		27,144	52,270
Corporation tax		124,271	379,616
Other taxation and social security		116,140	103,253
Other creditors		629,287	2,934
Accruals and deferred income		56,809	240,332
		3,962,533	4,472,137

16 Finance lease obligations

	2018 £	2017 £
Future minimum lease payments due under finance leases:		
Within one year	-	2,546

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is two years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

LAVERY ROWE ADVERTISING LIMITED

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

17 Retirement benefit schemes

	2018 £	2017 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	117,130	66,260

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.

18 Share capital

	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
277,419 Ordinary shares of £1 each	277,419	277,419
10 Ordinary A shares of £1 each	10	10
10 Ordinary B shares of £1 each	10	10
	277,439	277,439

19 Profit and loss reserves

As at the balance sheet date the company had distributable reserves of £3,156,921 (2017: £2,204,654).

20 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	125,028	125,940
Between two and five years	440,000	440,000
In over five years	192,500	412,500
	757,528	978,440

Lessor

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

	2018 £	2017 £
Within one year	35,760	29,800

LAVERY ROWE ADVERTISING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

21 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

The following amounts were outstanding at the reporting end date:

	2018	2017
	£	£
Amounts due to related parties		
Entities with control, joint control or significant influence over the company	27,144	52,270

During the year dividends amounting to £270,000 (2017: £326,000) were paid to the parent, Lavery Rowe Holdings Limited.

22 Directors' transactions

Dividends totalling £nil (2016: £40,990) were paid in year in respect of shares held by the company's directors.

At the balance sheet date other debtors included a balance of £10,993 (2017: £nil) due from P Foreman, a director of the company.

At the balance sheet date other debtors included a balance of £840 (2017: £840) due from N Rowe, a director of the company.

23 Ultimate controlling party

The parent and immediate controlling party of the entity is Lavery Rowe Holdings Limited, a company incorporated in England and Wales. As at the balance sheet date there was no ultimate controlling party of Lavery Rowe Holdings Limited.

24 Cash generated from operations

	2018	2017
	£	£
Profit for the year after tax	1,222,267	1,464,379
Adjustments for:		
Taxation charged	311,513	378,347
Finance costs	-	322
Investment income	(6,377)	(10)
Depreciation and impairment of tangible fixed assets	12,649	12,437
Movements in working capital:		
(Increase) in debtors	(157,768)	(720,951)
(Decrease)/increase in creditors	(1,520,911)	589,348
Cash (absorbed by)/generated from operations	(138,627)	1,723,872