

Company Registration No. 01481734 (England and Wales)

LAVERY ROWE ADVERTISING LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Galloways Accounting
Atlas Chambers
33 West Street
Brighton
East Sussex
BN1 2RE



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	Galloways Accounting Atlas Chambers 33 West Street Brighton East Sussex BN1 2RE
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 2022

The directors present the strategic report for the year ended 31 December 2022.

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.

Analysis of development and performance & of other key performance indicators

The company has performed well during the year under review.

Turnover has decreased by £7.2 million (23.4%) this year to £23.6 million, and represents a good level of turnover for the company. Gross profit has decreased by £1.3 million (28.1%) to £3.3 million with margins decreasing by 1.0% to 14.2%.

Administrative expenses have increased by £0.04 million (1.3%) to £2.8 million in the past year. The company continue to constantly review costs undertaken in order to achieve possible future savings.

Net profit before tax of £0.6 million is lower than the £1.9 million achieved last year.

The financial position of the company has suffered in the past year with a £1.0 million drop in the balance sheet value of the entity, mainly due to the dividend paid to Lavery Rowe Holdings. Net assets now stand at £2.7 million. The directors therefore believe that the company is on a sure footing to continue its strong performance in the current financial period.

The company has declared dividends of £1.5 million (2021: £3 million) 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.

LAVERY ROWE ADVERTISING LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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 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, 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.

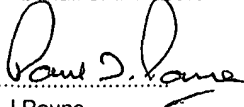
Credit risk

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.

On behalf of the board



P J Payne
Director

Date: 14.02.2023

LAVERY ROWE ADVERTISING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

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

Results and dividends

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

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

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

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 manage costs whilst supporting the infrastructure of the ongoing activities of the business.

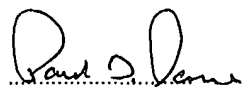
Auditor

In accordance with the company's articles, a resolution proposing that Galloways Accounting, 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: 14.08.2023

LAVERY ROWE ADVERTISING LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

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.

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 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 2022 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected, or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur, including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102 and the Companies Act 2006. We performed audit procedures to detect non-compliance which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The audit team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included, but were not limited to, testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

LAVERY ROWE ADVERTISING LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF LAVERY ROWE ADVERTISING LIMITED

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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.

Galloways Accounting

Mark Crowter BSc FCA (Senior Statutory Auditor)
For and on behalf of Galloways Accounting

16 AUGUST 2022

Statutory Auditor

Atlas Chambers
33 West Street
Brighton
East Sussex
BN1 2RE

LAVERY ROWE ADVERTISING LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Turnover	3	23,622,115	30,853,441
Cost of sales		(20,262,412)	(26,175,973)
Gross profit		3,359,703	4,677,468
Administrative expenses		(2,779,468)	(2,742,303)
Other operating income		21,700	26,747
Operating profit	4	601,935	1,961,912
Interest receivable and similar income	7	3,934	312
Profit before taxation		605,869	1,962,224
Tax on profit	8	(124,608)	(366,689)
Profit for the financial year and total comprehensive income		481,261	1,595,535

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

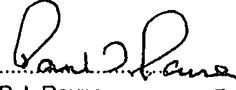
LAVERY ROWE ADVERTISING LIMITED

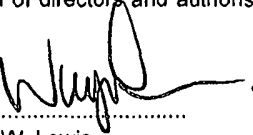
BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022		2021	
		£	£	£	£
Fixed assets					
Tangible assets	10		271,817		266,644
Investment property	11		382,957		382,957
			<u>654,774</u>		<u>649,601</u>
Current assets					
Debtors	12	3,144,382		4,312,668	
Cash at bank and in hand		2,156,500		3,373,146	
		<u>5,300,882</u>		<u>7,685,814</u>	
Creditors: amounts falling due within one year	13	(3,223,286)		(4,584,306)	
Net current assets			<u>2,077,596</u>		<u>3,101,508</u>
Net assets			<u>2,732,370</u>		<u>3,751,109</u>
Capital and reserves					
Called up share capital	15		277,439		277,439
Revaluation reserve			54,261		54,261
Profit and loss reserves	16		2,400,670		3,419,409
Total equity			<u>2,732,370</u>		<u>3,751,109</u>

The financial statements were approved by the board of directors and authorised for issue on 14.08.2023 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 2022

	Notes	Share capital £	Revaluation reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2021		277,439	54,261	4,863,884	5,195,584
Year ended 31 December 2021:					
Profit and total comprehensive income for the year		-	-	1,595,535	1,595,535
Dividends	9	-	-	(3,040,010)	(3,040,010)
Balance at 31 December 2021		277,439	54,261	3,419,409	3,751,109
Year ended 31 December 2022:					
Profit and total comprehensive income for the year		-	-	481,261	481,261
Dividends	9	-	-	(1,500,000)	(1,500,000)
Balance at 31 December 2022		277,439	54,261	2,400,670	2,732,370

LAVERY ROWE ADVERTISING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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. 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 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Lavery Rowe Holdings Limited. These consolidated financial statements are available from its registered office, First Floor, Ridgeland House, 15 Carfax, Horsham, West Sussex, RH12 1DY.

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 the placement of adverts is recognised when the significant risks and rewards of ownership of the advert have passed to the buyer (usually on the publication of the advert), 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.

Revenue rebates are obtained and recognised based upon whether revenue thresholds are exceeded. These thresholds are based upon the level of insertions placed during the year.

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.

LAVERY ROWE ADVERTISING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

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.

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.

1.6 Cash and cash equivalents

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

1.7 Financial instruments

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

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

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

Basic financial assets

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

Other financial assets

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

LAVERY ROWE ADVERTISING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

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 and loans from fellow group companies 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.

Derecognition of financial liabilities

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

1.8 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.

1.9 Taxation

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

LAVERY ROWE ADVERTISING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

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.

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The directors have concluded that no provision is required for unused holiday entitlement either at 1 January 2022 or 31 December 2022 because if holiday is not taken by an employee it is lost. The holiday year end is co-terminus with the financial year end.

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.

1.11 Retirement benefits

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

1.12 Leases

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.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.13 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

LAVERY ROWE ADVERTISING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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 in the period are included in profit or loss.

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.

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.

Value of freehold property

The key accounting estimate in preparing these financial statements relates to the carrying value of the freehold property which are stated at fair value. The company uses lease terms, market conditions and sales prices based upon known market transactions for similar properties as a basis for determining the directors' estimation of the fair value of the freehold property. However, the valuation of the company's freehold property is inherently subjective, as it is made on the basis of valuation assumptions which may in future not prove to be accurate.

Value of investment property

The key accounting estimate in preparing these financial statements relates to the carrying value of the investment property which are stated at fair value. The company uses lease terms, market conditions and sales prices based upon known market transactions for similar properties as a basis for determining the directors' estimation of the fair value of the investment property. However, the valuation of the company's investment property is inherently subjective, as it is made on the basis of valuation assumptions which may in future not prove to be accurate.

3 Turnover and other revenue

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

	2022	2021
	£	£
Turnover analysed by class of business		
Media billings	23,434,441	30,701,435
Production billings	187,674	152,006
	<u>23,622,115</u>	<u>30,853,441</u>

LAVERY ROWE ADVERTISING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

3 Turnover and other revenue (Continued)

	2022 £	2021 £
Turnover analysed by geographical market		
UK	22,677,814	30,180,154
Europe	794,650	587,825
USA	149,651	76,872
Rest of the world	-	8,590
	<u>23,622,115</u>	<u>30,853,441</u>

	2022 £	2021 £
Other revenue		
Interest income	3,934	312
Grants received	-	10,914
	<u></u>	<u></u>

4 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	2,155	291
Government grants	-	(10,914)
Fees payable to the company's auditor for the audit of the company's financial statements	12,000	12,000
Depreciation of owned tangible fixed assets	15,855	16,238
Operating lease charges	88,657	88,193
	<u></u>	<u></u>

5 Employees

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

	2022 Number	2021 Number
Sales and administration	29	29
Artwork production	3	3
	<u>32</u>	<u>32</u>

LAVERY ROWE ADVERTISING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

5 Employees (Continued)

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	1,786,448	1,752,707
Social security costs	216,165	204,194
Pension costs	24,057	22,737
	<u>2,026,670</u>	<u>1,979,638</u>

6 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	523,863	522,467
Company pension contributions to defined contribution schemes	1,321	1,320
	<u>525,184</u>	<u>523,787</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2021 - 2).

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

	2022 £	2021 £
Remuneration for qualifying services	205,179	205,044
Company pension contributions to defined contribution schemes	1,321	1,100
	<u>206,500</u>	<u>206,144</u>

7 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Interest on bank deposits	3,934	312
	<u>3,934</u>	<u>312</u>

8 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	123,515	366,689
Adjustments in respect of prior periods	1,093	-
Total current tax	<u>124,608</u>	<u>366,689</u>

LAVERY ROWE ADVERTISING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

8 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:

	2022 £	2021 £
Profit before taxation	605,869	1,962,224
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	115,115	372,823
Tax effect of expenses that are not deductible in determining taxable profit	14,277	12,610
Adjustments in respect of prior years	1,093	-
Group relief	(3,600)	(16,744)
Permanent capital allowances in excess of depreciation	(2,277)	(2,000)
Taxation charge for the year	124,608	366,689

9 Dividends

	2022 £	2021 £
Interim paid	1,500,000	3,040,010

10 Tangible fixed assets

	Freehold land and buildings £	Leasehold land and buildings £	Fixtures, fittings & equipment £	Total £
Cost or valuation				
At 1 January 2022	217,043	7,125	182,960	407,128
Additions	-	-	21,028	21,028
At 31 December 2022	217,043	7,125	203,988	428,156
Depreciation and impairment				
At 1 January 2022	-	3,564	136,920	140,484
Depreciation charged in the year	-	891	14,964	15,855
At 31 December 2022	-	4,455	151,884	156,339
Carrying amount				
At 31 December 2022	217,043	2,670	52,104	271,817
At 31 December 2021	217,043	3,561	46,040	266,644

LAVERY ROWE ADVERTISING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

10 Tangible fixed assets

(Continued)

The freehold land and buildings were valued on an open market basis by the directors on 31 December 2022.

No tax charge is expected to arise on the future disposal of these properties as the original cost plus the indexation allowance is greater than the sales proceeds 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:

	2022 £	2021 £
Cost	<u>138,044</u>	<u>138,044</u>

11 Investment property

	2022 £
Fair value	
At 1 January 2022 and 31 December 2022	<u>382,957</u>

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 2022 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.

12 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	2,146,265	2,944,765
Amounts owed by group undertakings	178,480	150,480
Other debtors	36,582	14,560
Prepayments and accrued income	783,055	1,202,863
	<u>3,144,382</u>	<u>4,312,668</u>

LAVERY ROWE ADVERTISING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

13 Creditors: amounts falling due within one year

	Notes	2022 £	2021 £
Bank loans and overdrafts		24,933	29,078
Trade creditors		2,344,686	2,784,394
Amounts owed to group undertakings		27,066	27,383
Corporation tax		127,174	279,447
Other taxation and social security		89,174	165,283
Other creditors		499,077	1,188,402
Accruals and deferred income		111,176	110,319
		<u>3,223,286</u>	<u>4,584,306</u>

14 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>24,057</u>	<u>22,737</u>

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

15 Share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	<u>277,439</u>	<u>277,439</u>	<u>277,439</u>	<u>277,439</u>

16 Reserves

Profit and Loss Reserves

Retained earnings represent cumulative profit and loss net of distributions to owners.

As at the balance sheet date the company had distributable reserves of £2,304,931 (2021: £3,323,670).

Revaluation Reserve

Surplus of freehold property valuation over historical cost, less deferred tax on property values.

As at the balance sheet date the company had revaluation reserves of £54,261 (2021: £54,261).

LAVERY ROWE ADVERTISING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

17 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:

	2022 £	2021 £
Within one year	85,002	85,002
Between two and five years	144,375	226,875
	<u>229,377</u>	<u>311,877</u>

18 Related party transactions

Transactions with related parties

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

	Purchases 2022 £	Purchases 2021 £
Other related parties	<u>1,382</u>	<u>785</u>
	<u>2022 £</u>	<u>2021 £</u>
Amounts due from related parties		
LR Digital Limited (fellow subsidiary)	<u>178,480</u>	<u>150,480</u>

Other information

During the year amounts were advanced from Lavery Rowe Advertising Limited to LR Digital Limited as a loan, totalling £28,000 (2021: £50,000).

19 Directors' transactions

Interest free loans have been granted by the company to its directors as follows:

Description	% Rate	Opening balance £	Amounts advanced £	Closing balance £
Directors loan account	-	<u>11,258</u>	<u>14,222</u>	<u>25,480</u>
		<u>11,258</u>	<u>14,222</u>	<u>25,480</u>

LAVERY ROWE ADVERTISING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

20 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. Lavery Rowe Holdings Limited will prepare consolidated group accounts.