

REGISTERED NUMBER: 04604217 (England and Wales)

**Group Strategic Report, Report of the Directors and  
Consolidated Financial Statements  
for the Year Ended 31st December 2016  
for  
THE SPECIALIST WORKS LIMITED**

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**Contents of the Consolidated Financial Statements  
for the year ended 31st December 2016**

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Group Strategic Report</b>	<b>2</b>
<b>Report of the Directors</b>	<b>3</b>
<b>Report of the Independent Auditors</b>	<b>6</b>
<b>Consolidated Statement of Comprehensive Income</b>	<b>8</b>
<b>Consolidated Statement of Financial Position</b>	<b>9</b>
<b>Company Statement of Financial Position</b>	<b>10</b>
<b>Consolidated Statement of Changes in Equity</b>	<b>11</b>
<b>Company Statement of Changes in Equity</b>	<b>12</b>
<b>Consolidated Statement of Cash Flows</b>	<b>13</b>
<b>Notes to the Consolidated Statement of Cash Flows</b>	<b>14</b>
<b>Notes to the Consolidated Financial Statements</b>	<b>15</b>

**THE SPECIALIST WORKS LIMITED**

**Company Information  
for the year ended 31st December 2016**

**DIRECTORS:**

C S J Lewcock  
M Woolley  
M Lewcock  
G Whyte  
P Jones  
J Moss  
T Wilson  
G Maull  
D Swannell  
M Whelan  
R Downey  
J T Wheele  
M Pover  
Ms V Brown

**SECRETARY:**

M Lewcock

**REGISTERED OFFICE:**

30 Tower View  
Kings Hill  
West Malling  
Kent  
ME19 4UY

**REGISTERED NUMBER:**

04604217 (England and Wales)

**AUDITORS:**

Simpson Wreford & Partners  
Chartered Accountants & Statutory Auditors  
Suffolk House  
George Street  
Croydon  
Surrey  
CR0 0YN

**Group Strategic Report  
for the year ended 31st December 2016**

The directors present their strategic report of the company and the group for the year ended 31st December 2016.

**REVIEW OF BUSINESS**

The Specialist Works (TSW) provides media services to ecommerce and mcommerce companies utilising a disruptive innovation model. The core operation is in the UK, where TSW is a full-service media and creative agency with over 100 clients. Services include TV, Print and Digital/mobile planning & buying and creative & production, generating significant revenues in each activity. TSW also has a mature sales & marketing process, which consistently generates new client wins.

Through wholly-owned subsidiary Transactional Media Limited, trading as itransact, TSW also operates a profitable sales business. The itransact sales agency represents retail and ecommerce clients, on whose behalf it sells digital and print advertising inventory to the whole media market.

Both brands are international. itransact (with offices in UK and USA) and TSW (UK, USA, Germany, Ireland and China) have increased their global footprint. In addition, TSW has added international TV and digital planning and buying to its services, responding to demand from global ecommerce and mcommerce clients.

All parts of TSW's business are growing significantly, aligned with the growth of ecommerce and mcommerce sectors such as retail, mobile gaming and broader mobile services.

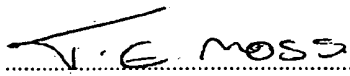
Given the above activity the results of the group for the year met expectations, with gross profits up from £10.3m to £11.5m. Profit before tax, excluding exceptional items increased from £0.7m to over £1.5m.

The group saw a number of acquisitions in the period, with the intention of bringing together core advertising companies, with common control, for the first time. The companies acquired were The Broadcast House Limited, The Digital House (UK) Limited and Outburst Creative Works Limited, details of which are included in the notes to the financial statements.

The group also took the opportunity to dispose of non-core business - Bluecrest Health Screening Limited, a subsidiary which provides health screening services, was disposed of at the beginning of the year.

The directors consider the key performance indicators to be turnover and gross margin

**ON BEHALF OF THE BOARD:**

  
.....  
J Moss - Director

Date: 28/9/2017

**THE SPECIALIST WORKS LIMITED (REGISTERED NUMBER: 04604217)**

**Report of the Directors  
for the year ended 31st December 2016**

The directors present their report with the financial statements of the company and the group for the year ended 31st December 2016.

**PRINCIPAL ACTIVITY**

The principal activity of the group in the year under review was that of the sale of advertising inserts and associated products and services, and the provision of health screening services.

The group companies are as follows:-

The Specialist Works Limited - sale of advertising inserts and associated products and services.

Transactional Media Limited - sale of advertising products and services.

Insert House Sweden AB - sale of advertising products and services.

The Specialist Works EM LLC - sales of advertising products and services, from 2016.

The Press House Limited - dormant company following acquisition by The Specialist Works Limited in 2016.

The Broadcast House Limited - dormant company following acquisition by The Specialist Works Limited in 2016. Subsequently dissolved in July 2017.

The Digital House (UK) Limited - dormant company following acquisition by The Specialist Works Limited in 2016. Subsequently dissolved in July 2017.

Outburst Creative Works Limited - dormant company following acquisition by The Specialist Works Limited in 2016.

TSW Creative Limited - dormant company following acquisition by The Specialist Works Limited in 2016.

The Insert House Limited - dormant company.

**DIVIDENDS**

During the year dividends of £250,000 were paid (2015: £NIL).

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1st January 2016 to the date of this report.

C S J Lewcock

M Woolley

M Lewcock

G Whyte

P Jones

J Moss

T Wilson

G Maull

D Swannell

Other changes in directors holding office are as follows:

M Whelan - appointed 6th May 2016

R Downey - appointed 6th May 2016

J T Wheele - appointed 6th May 2016

M Pover - appointed 6th May 2016

Ms V Brown was appointed as a director after 31st December 2016 but prior to the date of this report.

J Bartys ceased to be a director after 31st December 2016 but prior to the date of this report.

**CHARITABLE DONATIONS AND EXPENDITURE**

During the year, the group made charitable donations of £3,742 (2015: £7,573). No political donations were made.

**Report of the Directors  
for the year ended 31st December 2016**

**FINANCIAL RISK MANAGEMENT**

The company has a policy of retaining sufficient reserves to fund working capital and planned sustainable growth. With no external funding, the company has limited its exposure to financial risks to just credit risk and liquidity risk.

**Credit risk**

The company has policies and procedures that require appropriate credit checks to be undertaken on potential customers before sales are made. In addition, appropriate credit insurance covers all major clients. The level of exposure to individual customers is subject to regular review by the directors.

**Liquidity risk**

The company maintains significant cash balances to ensure that it has sufficient available liquid funds for operations and for continued planned expansion. The company is liable to its bankers in respect of overdrafts and loans operated by them and ensure that sufficient working capital is available to cover scheduled payments required under the terms of the funding.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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 the group and of the profit or loss of the group 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**THE SPECIALIST WORKS LIMITED (REGISTERED NUMBER: 04604217)**

**Report of the Directors  
for the year ended 31st December 2016**

**AUDITORS**

The auditors, Simpson Wreford & Partners, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

 J. E. MOSS.

J Moss - Director

Date: 28/9/2017.

**Report of the Independent Auditors to the Members of  
The Specialist Works Limited**

We have audited the financial statements of The Specialist Works Limited for the year ended 31st December 2016 on pages eight to twenty nine. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31st December 2016 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter 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 Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements, and has been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the group and the parent company and its environment, we have not identified any material misstatements in the Group Strategic Report or the Report of the Directors.



**Report of the Independent Auditors to the Members of  
The Specialist Works Limited**

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

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

*Simpson Wreford + Partners*

Alasdair Weaks (Senior Statutory Auditor)  
for and on behalf of Simpson Wreford & Partners  
Chartered Accountants & Statutory Auditors  
Suffolk House  
George Street  
Croydon  
Surrey  
CR0 0YN

Date: *28<sup>th</sup> September 2017*

**THE SPECIALIST WORKS LIMITED (REGISTERED NUMBER: 04604217)**

**Consolidated Statement of Comprehensive Income  
for the year ended 31st December 2016**

	Notes	31.12.16 £	31.12.15 £
<b>REVENUE</b>	3	98,271,096	76,952,543
Cost of sales		86,821,676	66,650,931
<b>GROSS PROFIT</b>		11,449,420	10,301,612
Administrative expenses		10,049,217	9,182,357
		1,400,203	1,119,255
Other operating income		90,038	(113,422)
<b>OPERATING PROFIT</b>	5	1,490,241	1,005,833
Profit on sale of operations	6	2,053,311	-
		3,543,552	1,005,833
Interest receivable and similar income		270	2,504
<b>PROFIT BEFORE TAXATION</b>		3,543,822	1,008,337
Tax on profit	7	571,423	321,745
<b>PROFIT FOR THE FINANCIAL YEAR</b>		2,972,399	686,592
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		2,972,399	686,592
Profit attributable to:			
Owners of the parent		2,946,660	770,728
Non-controlling interests		25,739	(84,136)
		2,972,399	686,592
Total comprehensive income attributable to:			
Owners of the parent		2,946,660	770,728
Non-controlling interests		25,739	(84,136)
		2,972,399	686,592

The notes form part of these financial statements

**THE SPECIALIST WORKS LIMITED (REGISTERED NUMBER: 04604217)**

**Consolidated Statement of Financial Position  
31st December 2016**

	Notes	31.12.16 £	31.12.15 £
<b>FIXED ASSETS</b>			
Intangible assets	10	2,200,561	2,632,485
Property, plant and equipment	11	7,225,020	7,508,247
Investments	12	59,865	-
		<u>9,485,446</u>	<u>10,140,732</u>
<b>CURRENT ASSETS</b>			
Inventories	13	-	612
Debtors	14	19,303,760	12,616,497
Cash at bank		2,992,490	2,166,255
		<u>22,296,250</u>	<u>14,783,364</u>
<b>CREDITORS</b>			
Amounts falling due within one year	15	17,931,033	14,343,077
<b>NET CURRENT ASSETS</b>		<u>4,365,217</u>	<u>440,287</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>13,850,663</u>	<u>10,581,019</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	16	(2,396,491)	(2,551,109)
<b>PROVISIONS FOR LIABILITIES</b>	20	(696,048)	(687,766)
<b>NET ASSETS</b>		<u><u>10,758,124</u></u>	<u><u>7,342,144</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	21	23,724	23,724
Share premium	22	43,677	43,677
Revaluation reserve	22	2,562,496	2,628,256
Merger reserve	22	1,435,532	1,435,532
Retained earnings	22	6,683,885	3,921,465
<b>SHAREHOLDERS' FUNDS</b>		<u>10,749,314</u>	<u>8,052,654</u>
<b>NON-CONTROLLING INTERESTS</b>	23	8,810	(710,510)
<b>TOTAL EQUITY</b>		<u><u>10,758,124</u></u>	<u><u>7,342,144</u></u>

The financial statements were approved by the Board of Directors on 28/1/2017 and were signed on its behalf by:

J. E. MOSS  
J Moss - Director

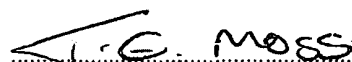
The notes form part of these financial statements

**THE SPECIALIST WORKS LIMITED (REGISTERED NUMBER: 04604217)**

**Company Statement of Financial Position  
31st December 2016**

	Notes	31.12.16		31.12.15	
		£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	10		159,997		-
Property, plant and equipment	11		7,231,121		7,369,238
Investments	12		4,122,942		4,008,495
			<u>11,514,060</u>		<u>11,377,733</u>
<b>CURRENT ASSETS</b>					
Debtors	14	17,272,327		12,619,103	
Cash at bank		<u>2,233,461</u>		<u>122,723</u>	
		19,505,788		12,741,826	
<b>CREDITORS</b>					
Amounts falling due within one year	15	<u>17,137,775</u>		<u>11,322,372</u>	
<b>NET CURRENT ASSETS</b>			<u>2,368,013</u>		<u>1,419,454</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			13,882,073		12,797,187
<b>CREDITORS</b>					
Amounts falling due after more than one year	16		(2,396,491)		(2,551,109)
<b>PROVISIONS FOR LIABILITIES</b>	20		<u>(698,843)</u>		<u>(683,646)</u>
<b>NET ASSETS</b>			<u><u>10,786,739</u></u>		<u><u>9,562,432</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	21		19,710		19,710
Revaluation reserve	22		2,562,496		2,628,256
Retained earnings	22		<u>8,204,533</u>		<u>6,914,466</u>
<b>SHAREHOLDERS' FUNDS</b>			<u><u>10,786,739</u></u>		<u><u>9,562,432</u></u>
 Company's profit for the financial year			 <u><u>1,474,307</u></u>		 <u><u>667,522</u></u>

The financial statements were approved by the Board of Directors on 28/9/2017 and were signed on its behalf by:

  
J Moss - Director

The notes form part of these financial statements

**THE SPECIALIST WORKS LIMITED (REGISTERED NUMBER: 04604217)**

**Consolidated Statement of Changes in Equity  
for the year ended 31st December 2016**

	Called up share capital £	Retained earnings £	Share premium £	Revaluation reserve £
<b>Balance at 1st January 2015</b>	19,423	3,084,977	-	2,694,016
<b>Changes in equity</b>				
Issue of share capital	4,301	-	43,677	-
Total comprehensive income	-	836,488	-	(65,760)
<b>Balance at 31st December 2015</b>	<u>23,724</u>	<u>3,921,465</u>	<u>43,677</u>	<u>2,628,256</u>
<b>Changes in equity</b>				
Dividends	-	(250,000)	-	-
Total comprehensive income	-	3,012,420	-	(65,760)
<b>Balance at 31st December 2016</b>	<u>23,724</u>	<u>6,683,885</u>	<u>43,677</u>	<u>2,562,496</u>
	Merger reserve £	Total £	Non-controlling interests £	Total equity £
<b>Balance at 1st January 2015</b>	1,435,532	7,233,948	(626,374)	6,607,574
<b>Changes in equity</b>				
Issue of share capital	-	47,978	-	47,978
Total comprehensive income	-	770,728	(84,136)	686,592
<b>Balance at 31st December 2015</b>	<u>1,435,532</u>	<u>8,052,654</u>	<u>(710,510)</u>	<u>7,342,144</u>
<b>Changes in equity</b>				
Dividends	-	(250,000)	-	(250,000)
Total comprehensive income	-	2,946,660	25,739	2,972,399
<b>Balance at 31st December 2016</b>	<u>1,435,532</u>	<u>10,749,314</u>	<u>(684,771)</u>	<u>10,064,543</u>

The notes form part of these financial statements

**THE SPECIALIST WORKS LIMITED (REGISTERED NUMBER: 04604217)**

**Company Statement of Changes in Equity  
for the year ended 31st December 2016**

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
<b>Balance at 1st January 2015</b>	19,423	6,181,184	2,694,016	8,894,623
<b>Changes in equity</b>				
Issue of share capital	287	-	-	287
Total comprehensive income	-	733,282	(65,760)	667,522
<b>Balance at 31st December 2015</b>	<u>19,710</u>	<u>6,914,466</u>	<u>2,628,256</u>	<u>9,562,432</u>
<b>Changes in equity</b>				
Dividends	-	(250,000)	-	(250,000)
Total comprehensive income	-	1,540,067	(65,760)	1,474,307
<b>Balance at 31st December 2016</b>	<u><u>19,710</u></u>	<u><u>8,204,533</u></u>	<u><u>2,562,496</u></u>	<u><u>10,786,739</u></u>

The notes form part of these financial statements

**THE SPECIALIST WORKS LIMITED (REGISTERED NUMBER: 04604217)**

**Consolidated Statement of Cash Flows  
for the year ended 31st December 2016**

	Notes	31.12.16 £	31.12.15 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	2,187,502	2,342,609
Tax paid		(642,592)	(26,751)
<b>Net cash from operating activities</b>		<u>1,544,910</u>	<u>2,315,858</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		(199,997)	(3,002,378)
Purchase of tangible fixed assets		(129,688)	(508,589)
Purchase of fixed asset investments		(207,143)	-
Sale of tangible fixed assets		-	(1,554)
Cash acquired on purchase of subsidiary		470,257	2,909,203
Cash outflow on disposal of subsidiary		(402,374)	-
Interest received		270	2,504
<b>Net cash from investing activities</b>		<u>(468,675)</u>	<u>(600,814)</u>
<b>Cash flows from financing activities</b>			
Amount withdrawn by directors		-	(13,027)
Share issue		-	4,301
Equity dividends paid		(250,000)	-
<b>Net cash from financing activities</b>		<u>(250,000)</u>	<u>(8,726)</u>
<b>Increase in cash and cash equivalents</b>		<u>826,235</u>	<u>1,706,318</u>
<b>Cash and cash equivalents at beginning of year</b>	2	2,166,255	459,937
<b>Cash and cash equivalents at end of year</b>	2	<u><u>2,992,490</u></u>	<u><u>2,166,255</u></u>

The notes form part of these financial statements

**THE SPECIALIST WORKS LIMITED (REGISTERED NUMBER: 04604217)**

**Notes to the Consolidated Statement of Cash Flows  
for the year ended 31st December 2016**

**1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	31.12.16	31.12.15
	£	£
Profit before taxation	3,543,822	1,008,337
Depreciation charges	1,003,208	919,350
Loss on disposal of fixed assets	-	1,554
Finance income	(270)	(2,504)
	<u>4,546,760</u>	<u>1,926,737</u>
Decrease in inventories	612	159,534
Increase in trade and other debtors	(5,884,195)	(3,091,040)
Increase in trade and other creditors	<u>3,524,325</u>	<u>3,347,378</u>
<b>Cash generated from operations</b>	<u><u>2,187,502</u></u>	<u><u>2,342,609</u></u>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Consolidated Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

**Year ended 31st December 2016**

	31.12.16	1.1.16
	£	£
Cash and cash equivalents	<u><u>2,992,490</u></u>	<u><u>2,166,255</u></u>

**Year ended 31st December 2015**

	31.12.15	1.1.15
	£	£
Cash and cash equivalents	<u><u>2,166,255</u></u>	<u><u>459,937</u></u>

The notes form part of these financial statements



**THE SPECIALIST WORKS LIMITED (REGISTERED NUMBER: 04604217)**

**Notes to the Consolidated Financial Statements  
for the year ended 31st December 2016**

**1. STATUTORY INFORMATION**

The Specialist Works Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

**Basis of preparation**

The group continues to provide advertising and print services, but ceased its health screening business at the end of the previous year. Activity is in line with forecast, trading profitably in the current year. The directors monitor cash flow on a regular basis and believe that the business has sufficient resources for the foreseeable future. As a result, the going concern basis of accounting has been adopted.

The consolidated profit and loss account and balance sheet include the financial statements of the company and subsidiary undertakings made up to 31 December 2016. The results of the subsidiaries acquired are included in the profit and loss account from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

**Turnover**

Turnover represents net invoiced sales of advertising inserts and associated products and services that have been inserted in publications, and invoiced sales of health screening services which have been provided during the year.

**Goodwill**

Goodwill, being the amount paid in connection with the acquisition of two companies in 2014, one company in 2015, and one company in 2016, is being amortised evenly over their estimated useful lives of five years. Goodwill arising on acquisition of a company in 2013 and one in 2016 was fully written off in that year.

**Intangible assets**

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2% on cost
Improvements to property	- 20% on cost
Plant and machinery	- 33% on cost
Fixtures and fittings	- 25% on cost and 20% on cost
Computer equipment	- 33% on cost and 16.67% on cost

Freehold property is are stated at deemed cost less accumulated depreciation, being its valuation at the date of transition to FRS 102, less accumulated depreciation.

Notes to the Consolidated Financial Statements - continued  
for the year ended 31st December 2016

2. ACCOUNTING POLICIES - continued

**Financial instruments**

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income Statement.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Leasing commitments**

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

**Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**THE SPECIALIST WORKS LIMITED (REGISTERED NUMBER: 04604217)**

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31st December 2016**

**2. ACCOUNTING POLICIES - continued**

**Creditors**

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

**Provisions for liabilities**

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

**3. REVENUE**

With regards non UK derived sales, during the period to 31st December 2016 1.6% of the company's turnover was to markets within the European Union.

**4. EMPLOYEES AND DIRECTORS**

The average number of employees during the year was as follows:

	31.12.16	31.12.15
Selling	77	67
Administration	75	68
Health screening professionals	-	27
	<u>152</u>	<u>162</u>

	31.12.16	31.12.15
	£	£
Directors' remuneration	1,968,131	1,491,463
Directors' pension contributions to money purchase schemes	<u>77,306</u>	<u>86,199</u>

Information regarding the highest paid director is as follows:

	31.12.16	31.12.15
	£	£
Emoluments etc	275,300	381,857
Pension contributions to money purchase schemes	<u>40,000</u>	<u>39,995</u>

Notes to the Consolidated Financial Statements - continued  
for the year ended 31st December 2016

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	31.12.16	31.12.15
	£	£
Other operating leases	280,584	192,341
Depreciation - owned assets	316,706	330,944
Loss on disposal of fixed assets	-	1,554
Goodwill amortisation	686,501	588,406
Auditors' remuneration	33,000	31,900
Foreign exchange differences	(90,038)	113,422
	<u>          </u>	<u>          </u>

6. EXCEPTIONAL ITEMS

Included within administrative expenses is a charge of £622,708 relating to the full amortisation of goodwill arising on acquisition of The Broadcast House Limited.

At the start of the year the company disposed of its shareholding in Bluecrest Health Screening Limited, resulting in a profit on disposal of £2,053,31, there was no income or expenditure. In the previous year the subsidiary's turnover totalled £6,440,340, leading to losses attributable to the group of £201,622. Further details are given in note 27.

7. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	31.12.16	31.12.15
	£	£
Current tax:		
UK corporation tax	574,218	321,622
Deferred tax	(2,795)	123
	<u>          </u>	<u>          </u>
Tax on profit	<u>571,423</u>	<u>321,745</u>

Notes to the Consolidated Financial Statements - continued  
for the year ended 31st December 2016

7. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.16 £	31.12.15 £
Profit before tax	3,543,822	1,008,337
Profit multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20.149%)	708,764	203,170
Effects of:		
Expenses not deductible for tax purposes	30,730	194,233
Capital allowances in excess of depreciation	-	(75,776)
Depreciation in excess of capital allowances	154,876	-
Losses carried forward	39,597	118
Profit on disposal of subsidiary	(410,662)	-
Goodwill amortisation	129,100	-
Research & Development Credit	(80,982)	-
Total tax charge	571,423	321,745

8. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

9. DIVIDENDS

	31.12.16 £	31.12.15 £
Ordinary shares of 1p each		
Interim	250,000	-

Notes to the Consolidated Financial Statements - continued  
for the year ended 31st December 2016

10. INTANGIBLE FIXED ASSETS

Group	Goodwill £
<b>COST</b>	
At 1st January 2016	3,232,392
Additions	880,286
	<hr/>
At 31st December 2016	4,112,678
	<hr/>
<b>AMORTISATION</b>	
At 1st January 2016	599,907
Amortisation for year	686,501
Impairments	625,709
	<hr/>
At 31st December 2016	1,912,117
	<hr/>
<b>NET BOOK VALUE</b>	
At 31st December 2016	2,200,561
	<hr/>
At 31st December 2015	2,632,485
	<hr/>

Goodwill arising during the year relates to the acquisition of a 100% shareholding in The Broadcast House Limited and Outburst Creative Works Limited. Further details are given in note 27 of how this goodwill arose.

Company	Goodwill £
<b>COST</b>	
Additions	825,706
	<hr/>
At 31st December 2016	825,706
	<hr/>
<b>AMORTISATION</b>	
Amortisation for year	40,000
Impairments	625,709
	<hr/>
At 31st December 2016	665,709
	<hr/>
<b>NET BOOK VALUE</b>	
At 31st December 2016	159,997
	<hr/>

**THE SPECIALIST WORKS LIMITED (REGISTERED NUMBER: 04604217)**

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31st December 2016**

**11. PROPERTY, PLANT AND EQUIPMENT**

**Group**

	Freehold property £	Improvements to property £	Plant and machinery £
<b>COST</b>			
At 1st January 2016	7,000,000	326,124	144,497
Additions	-	15,307	-
Disposals	-	-	(144,497)
At 31st December 2016	7,000,000	341,431	-
<b>DEPRECIATION</b>			
At 1st January 2016	140,000	26,764	82,094
Charge for year	140,000	32,977	-
Eliminated on disposal	-	-	(82,094)
At 31st December 2016	280,000	59,741	-
<b>NET BOOK VALUE</b>			
At 31st December 2016	6,720,000	281,690	-
At 31st December 2015	6,860,000	299,360	62,403
	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>			
At 1st January 2016	373,767	624,672	8,469,060
Additions	15,307	99,074	129,688
Disposals	(13,807)	(117,383)	(275,687)
At 31st December 2016	375,267	606,363	8,323,061
<b>DEPRECIATION</b>			
At 1st January 2016	221,996	489,959	960,813
Charge for year	62,478	81,251	316,706
Eliminated on disposal	(8,388)	(88,996)	(179,478)
At 31st December 2016	276,086	482,214	1,098,041
<b>NET BOOK VALUE</b>			
At 31st December 2016	99,181	124,149	7,225,020
At 31st December 2015	151,771	134,713	7,508,247

Notes to the Consolidated Financial Statements - continued  
for the year ended 31st December 2016

11. PROPERTY, PLANT AND EQUIPMENT - continued

Group

The company applied the transitional arrangements of Section 35 of FRS 102 and used a previous valuation as the deemed cost for freehold property. The property is being depreciated from the valuation date. As the assets are depreciated or sold an appropriate transfer is made from the revaluation reserve to retained earnings.

The historical cost at date of transition was £3,712,025, and the deemed cost was £7,000,000. The directors are of the opinion that the current market value of the property is greater than deemed cost.

Company

	Freehold property £	Improvements to property £	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>					
At 1st January 2016	7,000,000	316,166	279,266	270,260	7,865,692
Additions	-	15,307	20,314	99,074	134,695
Acquisitions	-	9,958	82,185	344,213	436,356
At 31st December 2016	7,000,000	341,431	381,765	713,547	8,436,743
<b>DEPRECIATION</b>					
At 1st January 2016	140,000	16,806	143,170	196,478	496,454
Charge for year	140,000	32,977	62,478	81,251	316,706
Acquisitions	-	9,958	73,629	308,875	392,462
At 31st December 2016	280,000	59,741	279,277	586,604	1,205,622
<b>NET BOOK VALUE</b>					
At 31st December 2016	6,720,000	281,690	102,488	126,943	7,231,121
At 31st December 2015	6,860,000	299,360	136,096	73,782	7,369,238

12. FIXED ASSET INVESTMENTS

Group

	Interest in other participating interests £
<b>COST</b>	
Additions	59,865
At 31st December 2016	59,865
<b>NET BOOK VALUE</b>	
At 31st December 2016	59,865



**THE SPECIALIST WORKS LIMITED (REGISTERED NUMBER: 04604217)**

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31st December 2016**

**12. FIXED ASSET INVESTMENTS - continued**

**Company**

	Shares in group undertakings £	Interest in other participating interests £	Totals £
<b>COST</b>			
At 1st January 2016	4,008,497	-	4,008,497
Additions	54,580	59,865	114,445
	<hr/>	<hr/>	<hr/>
At 31st December 2016	4,063,077	59,865	4,122,942
	<hr/>	<hr/>	<hr/>
<b>NET BOOK VALUE</b>			
At 31st December 2016	4,063,077	59,865	4,122,942
	<hr/>	<hr/>	<hr/>
At 31st December 2015	4,008,497	-	4,008,497
	<hr/>	<hr/>	<hr/>

The group or the company's investments at the Statement of Financial Position date in the share capital of companies include the following:

**Subsidiaries**

**Specialist Works EM LLC**

Registered office: United States

Nature of business: Advertising Services

	%	
Class of shares:	holding	
Ordinary	100.00	
		31.12.16
		£
Aggregate capital and reserves		9
Profit for the year		9
		<hr/>

The company disposed of its investment in Bluecrest Health Screening Limited on 5th January 2016 for a nominal consideration.

**The Press House Limited**

Registered office: United Kingdom

Nature of business: A dormant company

	%		
Class of shares:	holding		
Ordinary	100.00		
A Ordinary	100.00		
		31.12.16	31.12.15
		£	£
Aggregate capital and reserves		112	112
		<hr/>	<hr/>

**THE SPECIALIST WORKS LIMITED (REGISTERED NUMBER: 04604217)**

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31st December 2016**

**12. FIXED ASSET INVESTMENTS - continued**

**TSW Creative Limited**

Registered office: United Kingdom

Nature of business: A dormant company

	%		
Class of shares:	holding		
Ordinary	100.00		
A Ordinary	100.00		
		31.12.16	31.12.15
		£	£
Aggregate capital and reserves		<u>25</u>	<u>25</u>

**The Insert House Sweden AB**

Registered office: Sweden

Nature of business: Advertising services

	%		
Class of shares:	holding		
Ordinary	87.00		
		31.12.16	31.12.15
		£	£
Aggregate capital and reserves		(343,556)	(130,222)
Loss for the year		<u>(213,334)</u>	<u>(130,222)</u>

**Transactional Media Limited**

Registered office: United Kingdom

Nature of business: Advertising services

	%		
Class of shares:	holding		
Ordinary	100.00		
		31.12.16	31.12.15
		£	£
Aggregate capital and reserves		2,337,308	2,047,963
Profit for the year		<u>289,345</u>	<u>843,621</u>

**The Broadcast House Limited**

Registered office: United Kingdom

Nature of business: A dormant company

	%		
Class of shares:	holding		
Ordinary	100.00		
		31.12.16	
		£	
Aggregate capital and reserves		<u>(622,708)</u>	

**THE SPECIALIST WORKS LIMITED (REGISTERED NUMBER: 04604217)**

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31st December 2016**

**12. FIXED ASSET INVESTMENTS - continued**

**The Digital House (UK) Limited**

Registered office: United Kingdom

Nature of business: A dormant company

	%	
Class of shares:	holding	
Ordinary	100.00	
		31.12.16
		£
Aggregate capital and reserves		<u>92,246</u>

**Outburst Creative Works Limited**

Registered office: United Kingdom

Nature of business: A dormant company

	%	
Class of shares:	holding	
Ordinary	100.00	
		31.12.16
		£
Aggregate capital and reserves		<u>61,317</u>

**13. STOCKS**

No stock was held by the group at the 31 December 2016 (2015: £612).

**14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	31.12.16	31.12.15	31.12.16	31.12.15
	£	£	£	£
Trade debtors	15,100,225	11,876,285	12,876,172	10,348,614
Amounts owed by associates	2,756,900	-	2,756,900	-
Other debtors	227,743	284,976	221,643	2,160,797
Directors' loan accounts	-	27,041	-	27,041
VAT	1,132,930	23,216	1,333,271	-
Prepayments and accrued income	85,962	404,979	84,341	82,651
	<u>19,303,760</u>	<u>12,616,497</u>	<u>17,272,327</u>	<u>12,619,103</u>

**THE SPECIALIST WORKS LIMITED (REGISTERED NUMBER: 04604217)**

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31st December 2016**

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	31.12.16	31.12.15	31.12.16	31.12.15
	£	£	£	£
Bank loans and overdrafts (see note 17)	244,220	244,220	244,220	244,220
Trade creditors	14,757,712	10,741,389	13,605,053	8,050,023
Amounts owed to group undertakings	-	-	1,069,179	1,315,721
Tax	225,788	294,162	(25,550)	34,735
Social security and other taxes	279,621	223,945	257,245	181,528
VAT	-	-	-	57,184
Other creditors	422,825	135,232	422,825	853,992
Directors' current accounts	-	10,000	-	-
Directors' loan accounts	142,005	-	142,005	-
Accruals and deferred income	1,858,862	2,694,129	1,422,798	584,969
	<u>17,931,033</u>	<u>14,343,077</u>	<u>17,137,775</u>	<u>11,322,372</u>

**16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	31.12.16	31.12.15	31.12.16	31.12.15
	£	£	£	£
Bank loans (see note 17)	<u>2,396,491</u>	<u>2,551,109</u>	<u>2,396,491</u>	<u>2,551,109</u>

**17. LOANS**

An analysis of the maturity of loans is given below:

	<b>Group</b>		<b>Company</b>	
	31.12.16	31.12.15	31.12.16	31.12.15
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank loans	<u>244,220</u>	<u>244,220</u>	<u>244,220</u>	<u>244,220</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	<u>244,220</u>	<u>244,220</u>	<u>244,220</u>	<u>244,220</u>
Amounts falling due between two and five years:				
Bank loans - 2-5 years	<u>2,152,271</u>	<u>2,306,889</u>	<u>2,152,271</u>	<u>2,306,889</u>

**18. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

**THE SPECIALIST WORKS LIMITED (REGISTERED NUMBER: 04604217)**

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31st December 2016**

**18. LEASING AGREEMENTS - continued**

**Company**

	<b>Non-cancellable operating leases</b>	
	<b>31.12.16</b>	<b>31.12.15</b>
	<b>£</b>	<b>£</b>
Within one year	10,535	63,212
Between one and five years	-	10,535
	<u>10,535</u>	<u>73,747</u>

**19. SECURED DEBTS**

The following secured debts are included within creditors:

	<b>Group</b>		<b>Company</b>	
	<b>31.12.16</b>	<b>31.12.15</b>	<b>31.12.16</b>	<b>31.12.15</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans	<u>2,640,711</u>	<u>2,795,329</u>	<u>2,640,711</u>	<u>2,795,329</u>

Bank borrowings are secured by a charge over freehold property held by the group.

**20. PROVISIONS FOR LIABILITIES**

	<b>Group</b>		<b>Company</b>	
	<b>31.12.16</b>	<b>31.12.15</b>	<b>31.12.16</b>	<b>31.12.15</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Deferred tax				
Accelerated capital allowances	698,843	-	698,843	-
Other timing differences	-	673,504	-	673,504
Deferred tax	(2,795)	14,262	-	10,142
	<u>696,048</u>	<u>687,766</u>	<u>698,843</u>	<u>683,646</u>

**Group**

	<b>Deferred tax £</b>
Balance at 1st January 2016	687,766
Provided during year	8,282
Balance at 31st December 2016	<u>696,048</u>

**THE SPECIALIST WORKS LIMITED (REGISTERED NUMBER: 04604217)**

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31st December 2016**

**20. PROVISIONS FOR LIABILITIES - continued**

**Company**

	Deferred tax £
Balance at 1st January 2016	683,646
Provided during year	15,197
Balance at 31st December 2016	<u>698,843</u>

**21. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.16 £	31.12.15 £
1,737,260	Ordinary	1p	21,298	21,387
233,729	Ordinary A	1p	2,426	2,337
			<u>23,724</u>	<u>23,724</u>

**22. RESERVES**

**Group**

	Retained earnings £	Share premium £	Revaluation reserve £	Merger reserve £	Totals £
At 1st January 2016	3,921,465	43,677	2,628,256	1,435,532	8,028,930
Profit for the year	2,946,660				2,946,660
Dividends	(250,000)				(250,000)
Revaluation	65,760	-	(65,760)	-	-
At 31st December 2016	<u>6,683,885</u>	<u>43,677</u>	<u>2,562,496</u>	<u>1,435,532</u>	<u>10,725,590</u>

**Company**

	Retained earnings £	Revaluation reserve £	Totals £
At 1st January 2016	6,914,466	2,628,256	9,542,722
Profit for the year	1,474,307		1,474,307
Dividends	(250,000)		(250,000)
Revaluation	65,760	(65,760)	-
At 31st December 2016	<u>8,204,533</u>	<u>2,562,496</u>	<u>10,767,029</u>

**THE SPECIALIST WORKS LIMITED (REGISTERED NUMBER: 04604217)**

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31st December 2016**

**23. NON-CONTROLLING INTERESTS**

The minority interest of £8,810 represents the minority shareholders' share of the net liabilities in subsidiary companies.

**24. RELATED PARTY DISCLOSURES**

**Entities with control, joint control or significant influence over the entity**

	31.12.16	31.12.15
	£	£
Amount due to C S J Lewcock	142,005	-

Of the amount due to C S J Lewcock at the year end, £130,365 related to the acquisition of Outburst Creative Works Limited (see note 27), a company in which he had a 50% shareholding. The remaining £11,640 due to Mr Lewcock arises as a result of expenditure paid personally.

**25. ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is C S J Lewcock.

**26. SHARE-BASED PAYMENT TRANSACTIONS**

Certain employees of the company have been granted options over the shares in The Specialist Works Limited. The options are granted with a fixed exercise price, and are only exercisable in the event of a sale of the company. Employees are required to remain in employment with the group.

During the year the company issued its first share options to employees. This amounted to 315,360 shares at an exercise price of £7.187 per share.

As there is uncertainty on when the shares may be exercised, if ever, no charge for the granting of these options has been made to the profit and loss account.

**27. ACQUISITIONS AND DISPOSALS**

The group purchased a 100% stake in The Digital House (UK) Ltd on 1st January 2016 for £92,246, which represented the value of net assets at that time. The net assets, together with trading relationships were hived up into the parent company, The Specialist Works Limited on that date.

The group purchased a 100% stake in Outburst Creative Works Limited 1st January 2016 for £261,314, which represented net assets of the company at that time in addition to goodwill of £199,997. The net assets, together with trading relationships were hived up into the parent company, The Specialist Works Limited on that date.

The group acquired a 100% stake in The Broadcast House Limited on 1st January 2016 for nil consideration. The net liabilities of the company at that time was £622,708 which were hived up into The Specialist Works and capitalised as goodwill. This was subsequently amortised in full during the year.

The group purchased the trade of an American business on 31st May 2016 for £54,580, and subsequently formed a company in Delaware, Specialist Works EM LLC to carry on the trade in the USA market.

The group disposed of its shareholding in Bluecrest Health Screening Limited on the 5th January 2016 for nil consideration. The net liabilities previously consolidated in the group accounts totalled £2,053,311 which represented a profit on disposal.