

Financial Statements Sketch Studios Limited

For the year ended 30 April 2015

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COMPANIES HOUSE

Registered number: 05719973

Company Information

Directors

A Stamatis
J M R Odey
C G Lucking
R J King
N Hudson
L Day
J M Bass

Company secretary

N Hudson

Registered number

05719973

Registered office

The Old Post Office
33 Station Road
EGHAM
Surrey
TW20 9LA

Independent auditor

Grant Thornton UK LLP
Chartered Accountants & Statutory Auditor
1020 Eskdale Road
Winnersh
READING
Berkshire
RG41 5TS

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Strategic Report

For the year ended 30 April 2015

Introduction

The principal activity of Sketch Studios Limited is the procurement and installation of furniture. Sketch Studios Limited together with Area Sq Limited, Cube Interior Solutions Limited and 360 Workplace Limited (formerly 360 Design Studios Limited), are wholly owned subsidiaries of Fourfront Group. Although each business is independent, they complement each other and this assists the Group's robust financial growth.

Business review

The Directors are pleased with the financial results for the year ended 30 April 2015. Despite an increasingly challenging market, Sketch Studios has maintained a level of growth in its turnover and has continued to invest heavily in recruitment in order to support its future growth. The Directors continue to focus on cementing the company's market position and further improving processes and delivery.

Through Sketch Studio's reputation for delivering exceptional work, the company has continued to maintain a significant proportion of its turnover from existing clients. These clients include organisations such as Selex, Bechtel, Nabarro, Telecom Plus, Citrix, Cameron and Kimberley Clarke and account for 65% of the company's turnover.

This year, the company has completed a flagship project worth more than £1.5m for Nabarro LLP.

Sketch Studios has firmly established itself as UK industry leader. It has restructured its sales organisations and processes to better align with the evolving role of professional teams and client organisations. The company also conducts regular client satisfaction surveys once projects are completed, which have demonstrated high levels of client satisfaction.

With continual investment in IT, HR, marketing, compliance and financial systems and processes, the company is confident that it has built the infrastructure to generate and deliver significant future growth.

Principal risks and uncertainties

The Directors of Sketch Studios assess the main risks facing the company for the forthcoming year as the challenging economy, reduced margins, slow take up of commercial office space and continuing to recruit and retain the highest calibre personnel. The Directors will therefore continue to invest heavily in strengthening relationships with all our clients and industry partners, as well the continued investment in staff training through 'The Fourfront Academy'.

The Directors of Sketch Studios believe that membership of Fourfront Group continues to add to Sketch Studios existing strength by offering alternative procurement solutions for clients and raising awareness of Sketch Studios to clients of other Fourfront Group businesses. Together these enable both Fourfront Group and Sketch Studios to continue to enjoy a sizeable market share.

Financial key performance indicators

The 12 month summary of trading for the year ending 30 April 2015 is:

	2014-15	2013-14
	£	£
Turnover	15,484,896	14,616,543
Gross profit	4,237,869	4,395,895
Net profit before tax	198,925	1,026,522

Sketch Studios Limited

Strategic Report (continued)

For the year ended 30 April 2015

The Directors are satisfied with these results and acknowledge that trading conditions during the year were difficult. Strong working capital, a healthy pipeline and investment in personnel keep Sketch Studios in a strong trading position for 2015-2016.

This report was approved by the board on

1/12/15

and signed on its behalf.

C G Lucking
Director



Directors' Report

For the year ended 30 April 2015

The directors present their report and the audited financial statements for the year ended 30 April 2015.

Results and dividends

The profit for the year, after taxation, amounted to £145,727 (2014 - £786,416).

Particulars of dividends paid are detailed in note 16 to the financial statements.

Directors

The directors who served during the year were:

A Stamatis
J M R Odey
C G Lucking
R J King
N Hudson
L Day
J M Bass

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' 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 judgments 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.

Directors' Report

For the year ended 30 April 2015

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

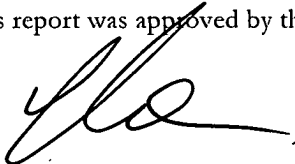
Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on

1/12/15

and signed on its behalf.



C G Lucking
Director



Independent Auditor's Report to the Members of Sketch Studios Limited

We have audited the financial statements of Sketch Studios Limited for the year ended 30 April 2015, which comprise the Profit and loss account, the Balance sheet and the related notes. 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).

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.

Respective responsibilities of directors and auditor

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. 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2015 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.



Independent Auditor's Report to the Members of Sketch Studios 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, 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.

A handwritten signature in black ink, appearing to read "Grant Thornton" followed by a stylized name, likely James Rogers.

James Rogers (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Reading

Date: 1 December 2015

Profit and Loss Account

For the year ended 30 April 2015

	Note	2015 £	2014 £
Turnover	1,2	15,484,896	14,616,543
Cost of sales		<u>(11,247,027)</u>	<u>(10,220,648)</u>
Gross profit		4,237,869	4,395,895
Administrative expenses		<u>(4,040,190)</u>	<u>(3,382,191)</u>
Operating profit	3	197,679	1,013,704
Interest receivable and similar income		1,361	12,848
Interest payable and similar charges	6	<u>(115)</u>	<u>(30)</u>
Profit on ordinary activities before taxation		198,925	1,026,522
Tax on profit on ordinary activities	7	<u>(53,198)</u>	<u>(240,106)</u>
Profit for the financial year	14	<u>145,727</u>	<u>786,416</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2015 or 2014 other than those included in the Profit and loss account.

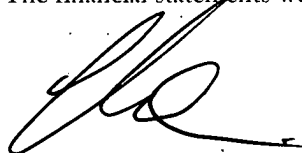
The notes on pages 9 to 17 form part of these financial statements.

Balance Sheet

As at 30 April 2015

	Note	£	2015 £	2014 £
Fixed assets				
Tangible assets	8		110,994	163,381
Current assets				
Stocks	9	642,896		235,541
Debtors	10	1,611,142		1,509,726
Cash at bank		2,106,391		1,808,869
		<u>4,360,429</u>		<u>3,554,136</u>
Creditors: amounts falling due within one year	11	<u>(4,065,980)</u>		<u>(2,884,152)</u>
Net current assets			<u>294,449</u>	<u>669,984</u>
Total assets less current liabilities			<u>405,443</u>	<u>833,365</u>
Provisions for liabilities				
Deferred tax	12		<u>(1,331)</u>	<u>(3,989)</u>
Net assets			<u><u>404,112</u></u>	<u><u>829,376</u></u>
Capital and reserves				
Called up share capital	13		1,000	1,000
Profit and loss account	14		<u>403,112</u>	<u>828,376</u>
Shareholders' funds	15		<u><u>404,112</u></u>	<u><u>829,376</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



C G Lucking
Director

11/12/15

The notes on pages 9 to 17 form part of these financial statements.

Notes to the Financial Statements

For the year ended 30 April 2015

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Going concern

The directors have prepared the financial statements on the going concern basis and believe that the company can continue to meet its liabilities as and when they fall due.

1.3 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.4 Turnover

Turnover represents amounts charged to clients for the performance of the design of commercial interiors provided during the period excluding VAT and trade discounts.

Turnover is recognised when a right to consideration has been obtained through performance under each contract. This occurs when the equipment has been delivered and installation is substantially complete.

Turnover is not recognised where the right to payment is contingent on events outside the control of the Company. Unbilled revenue is included in debtors as accrued income. Amounts billed on account of contracts in progress are shown as deferred revenue, to the extent that they are not recognised as revenue.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Land and Building	-	20 - 50% straight line
Other plant & machinery	-	50% straight line

1.6 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

Notes to the Financial Statements

For the year ended 30 April 2015

1. Accounting Policies (continued)

1.7 Stocks

Stock is valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.8 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.9 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

1.10 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. The assets of the scheme are held separately from those of the company in an independently administered fund.

1.11 Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. Turnover

The whole of the turnover is attributable to the principal activity of the company.

0.6% of the company's turnover (2014 - 0.1%) is attributable to geographical markets outside the United Kingdom.

Notes to the Financial Statements

For the year ended 30 April 2015

3. Operating profit

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

	2015 £	2014 £
Depreciation of tangible fixed assets:		
- owned by the company	75,781	45,604
Auditor's remuneration	7,560	6,475
Auditor's remuneration - non-audit	2,355	1,888
Operating lease rentals:		
- plant and machinery	6,624	7,638
- other operating leases	190,325	213,801
Difference on foreign exchange	6,058	-
	<u>278,479</u>	<u>275,197</u>

4. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2015 £	2014 £
Wages and salaries	1,968,385	1,743,034
Social security costs	226,767	205,222
Other pension costs	56,842	41,959
	<u>2,251,994</u>	<u>1,990,215</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2015 No.	2014 No.
Design and production	23	19
Sales and marketing	11	9
Administration	5	4
	<u>39</u>	<u>32</u>

Notes to the Financial Statements

For the year ended 30 April 2015

5. Directors' remuneration

	2015 £	2014 £
Remuneration	<u>452,734</u>	<u>454,993</u>
Company pension contributions to defined contribution pension schemes	<u>26,355</u>	<u>25,704</u>

During the year retirement benefits were accruing to 4 directors (2014 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £133,591 (2014 - £127,389).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £17,754 (2014 - £17,559).

6. Interest payable

	2015 £	2014 £
On bank loans and overdrafts	<u>115</u>	<u>30</u>

7. Taxation

	2015 £	2014 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	53,520	226,923
Adjustments in respect of prior periods	2,336	-
Total current tax	<u>55,856</u>	<u>226,923</u>
Deferred tax (see note 12)		
Origination and reversal of timing differences	(2,658)	13,183
Tax on profit on ordinary activities	<u>53,198</u>	<u>240,106</u>

Notes to the Financial Statements

For the year ended 30 April 2015

7. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2014 - lower than) the standard rate of corporation tax in the UK of 20.92% (2014 - 22.84%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	198,925	1,026,522
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.92% (2014 - 22.84%)	41,615	234,458
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	4,167	3,256
Depreciation for year in excess of capital allowances	2,780	(13,683)
Fixed asset differences	4,958	2,892
Adjustments to tax charge in respect of prior periods	2,336	-
Current tax charge for the year (see note above)	55,856	226,923

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

8. Tangible fixed assets

	Leasehold improvements £	Other plant & machinery £	Total £
Cost			
At 1 May 2014	123,658	122,580	246,238
Additions	4,294	19,100	23,394
At 30 April 2015	127,952	141,680	269,632
Depreciation			
At 1 May 2014	19,459	63,398	82,857
Charge for the year	38,166	37,615	75,781
At 30 April 2015	57,625	101,013	158,638
Net book value			
At 30 April 2015	70,327	40,667	110,994
At 30 April 2014	104,199	59,182	163,381

Notes to the Financial Statements

For the year ended 30 April 2015

9. Stocks

	2015	2014
	£	£
Work in progress	642,896	235,541

10. Debtors

	2015	2014
	£	£
Trade debtors	1,101,006	961,593
Amounts owed by group undertakings	24,606	-
Other debtors	20,506	24,177
Prepayments and accrued income	465,024	523,956
	<u>1,611,142</u>	<u>1,509,726</u>

11. Creditors:

Amounts falling due within one year

	2015	2014
	£	£
Trade creditors	679,052	832,957
Amounts owed to group undertakings	321,157	26,989
Corporation tax	40,364	148,198
Other taxation and social security	362,864	311,062
Dividend proposed	-	218,410
Other creditors	2,662,543	1,346,536
	<u>4,065,980</u>	<u>2,884,152</u>

12. Deferred taxation

	2015	2014
	£	£
At beginning of year	3,989	(9,194)
(Released during)/charge for year (P&L)	(2,658)	13,183
At end of year	<u>1,331</u>	<u>3,989</u>

Notes to the Financial Statements

For the year ended 30 April 2015

12. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2015	2014
	£	£
Accelerated capital allowances	1,331	3,989

13. Share capital

	2015	2014
	£	£
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	1,000	1,000

14. Reserves

	Profit and loss account
	£
At 1 May 2014	828,376
Profit for the financial year	145,727
Other movements	(570,991)
At 30 April 2015	403,112

The other movement relates to a contribution made to the Fourfront Group Limited Employee Benefit Trust, a trust controlled by the company's parent.

15. Reconciliation of movement in shareholders' funds

	2015	2014
	£	£
Opening shareholders' funds	829,376	699,147
Profit for the financial year	145,727	786,416
Dividends (Note 16)	-	(656,187)
Other movements in profit and loss reserve	(570,991)	-
Closing shareholders' funds	404,112	829,376

Notes to the Financial Statements

For the year ended 30 April 2015

16. Dividends

	2015	2014
	£	£
Dividends paid or declared on equity capital	-	656,187

17. Contingent liabilities

The company is party to a cross guarantee in respect of a loan facility taken out by Fourfront Group Limited, its parent undertaking. At 30 April 2015, the amount owed by Fourfront Group Limited in respect of this loan was £3,027,019. Since the year end, the value of this contingent liability has fallen as a result of scheduled capital repayments made by Fourfront Group Limited. In May 2015 a repayment of £1,000,000 was made, followed by a repayment of £333,333 in August 2015.

18. Capital commitments

The company had no capital commitments at 30 April 2015 (2014 - £nil).

19. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independent administered fund. Contributions totalling £56,842 (2014 - £41,959) were payable to the fund during the year. No contributions were outstanding at 30 April 2015 or 30 April 2014.

20. Operating lease commitments

At 30 April 2015 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2015	2014	2015	2014
	£	£	£	£
Expiry date:				
Between 2 and 5 years	58,486	29,243	6,360	6,360

21. Related party transactions

The company has taken advantage of the exemption in the Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that it is a wholly owned subsidiary.

Notes to the Financial Statements

For the year ended 30 April 2015

22. Ultimate parent undertaking

The ultimate parent company and both the smallest and largest group for which consolidated accounts, which include Sketch Studios Limited, are available is Fourfront Group Limited, a company incorporated in England & Wales Consolidated accounts for the group are available from Fourfront Group Limited, The Old Post Office, 33 Station Road, Egham, Surrey, TW20 9LA.