

Company Registration No. 10649756 (England and Wales)

ADVANCED DIRECT MAIL HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2020

ADVANCED DIRECT MAIL HOLDINGS LIMITED

COMPANY INFORMATION

Directors	Mr T R Barratt Mrs J E Ray
Company number	10649756
Registered office	Ventura House Ventura Park Road Tamworth Staffordshire B78 3HL
Auditor	Azets Ventura House Ventura Park Road Tamworth Staffordshire B78 3HL
Business address	Unit 2, The Washington Centre Halesowen Road Netherton Dudley DY2 9RE

ADVANCED DIRECT MAIL HOLDINGS LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2
Directors' responsibilities statement	3
Independent auditor's report	4 - 6
Profit and loss account	7
Group statement of comprehensive income	8
Group balance sheet	9
Company balance sheet	10
Group statement of changes in equity	11
Company statement of changes in equity	12
Group statement of cash flows	13
Notes to the financial statements	14 - 26

ADVANCED DIRECT MAIL HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2020

The directors present the strategic report for the year ended 28 February 2020.

Business Review

Turnover for the year has increased from £22,568,285 to £23,548,524 which represents an increase of 4.3%. Gross profit has increased from £2,568,690 to £3,473,590. The gross margin has risen from 11.4% to 14.8%, notwithstanding this the company continues to generate significant Gross and Net Profits.

The profit before tax and dividends has increased from £1,342,679 to £1,871,284, a increase of 39.4%.

The net assets of the group have increased from £3,182,285 to £3,935,013 and the net current assets have increased from £2,857,238 to £3,271,851 as the company continues to build strength.

Key Performance Indicators

The directors assess the Group based on the below key performance indicators:

- 1) Revenue - £23,548,524 (2019 - £22,568,285)
- 2) Gross Profit - £3,473,590 (2019 - £2,568,690)
- 3) Profit after tax - £1,512,432 (2019 - £1,086,252)
- 4) Net assets - £3,935,013 (2019 - £3,182,085)

Covid-19 & Going Concern

In March 2020 the impact of the Covid-19 pandemic was apparent globally. In assessing the appropriateness of the going concern assumption, the Directors have reviewed detailed profit and loss forecasts, considering all reasonably foreseeable potential scenarios and uncertainties in relation to revenue and expenditure, including the cash position of the Group, for a period of at least 12 months from the date these financial statements have been signed.

Based on these forecasts, the Directors have a reasonable expectation that the Group can meet its liabilities as they fall due and the Directors have therefore concluded that the Covid-19 pandemic does not create a material uncertainty in relation to going concern and as such have deemed it appropriate for the financial statements to be prepared on the going concern basis.

On behalf of the board

Mr T R Barratt
Director
26 February 2021

ADVANCED DIRECT MAIL HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2020

The directors present their annual report and financial statements for the year ended 28 February 2020.

Principal activities

The principal activity of the company and group continued to be that of providing direct marketing services.

Directors

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

Mr T R Barratt

Mrs J E Ray

Results and dividends

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

Ordinary dividends were paid amounting to £759,704. The directors do not recommend payment of a further dividend.

Auditor

Baldwins Audit Services were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of 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 auditor of the company 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 auditor of the company is aware of that information.

On behalf of the board

Mr T R Barratt

Director

26 February 2021

ADVANCED DIRECT MAIL HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 28 FEBRUARY 2020

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 group and company, 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ADVANCED DIRECT MAIL HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ADVANCED DIRECT MAIL HOLDINGS LIMITED

Opinion

We have audited the financial statements of Advanced Direct Mail Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 28 February 2020 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 28 February 2020 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

ADVANCED DIRECT MAIL HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ADVANCED DIRECT MAIL HOLDINGS LIMITED

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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept 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.

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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

ADVANCED DIRECT MAIL HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ADVANCED DIRECT MAIL HOLDINGS LIMITED

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.

Mr Mitesh Thakrar (Senior Statutory Auditor)
for and on behalf of Azets
Chartered Accountants
Statutory Auditor

26 February 2021

Ventura House
Ventura Park Road
Tamworth
Staffordshire
B78 3HL

ADVANCED DIRECT MAIL HOLDINGS LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 28 FEBRUARY 2020

	Notes	2020 £	2019 £
Turnover	3	23,548,524	22,568,285
Cost of sales		(20,074,934)	(19,999,595)
Gross profit		3,473,590	2,568,690
Administrative expenses		(1,602,306)	(1,226,011)
Operating profit	4	1,871,284	1,342,679
Tax on profit	7	(358,852)	(256,427)
Profit for the financial year		1,512,432	1,086,252

Profit for the financial year is all attributable to the owners of the parent company.

ADVANCED DIRECT MAIL HOLDINGS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 28 FEBRUARY 2020

	2020	2019
	£	£
Profit for the year	1,512,432	1,086,252
Other comprehensive income	-	-
Total comprehensive income for the year	<u>1,512,432</u>	<u>1,086,252</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

ADVANCED DIRECT MAIL HOLDINGS LIMITED

GROUP BALANCE SHEET

AS AT 28 FEBRUARY 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	9		794,549		373,263
Current assets					
Stocks	12	99,219		105,519	
Debtors	13	5,682,882		4,794,012	
Cash at bank and in hand		1,371,489		1,999,753	
		<u>7,153,590</u>		<u>6,899,284</u>	
Creditors: amounts falling due within one year	14	<u>(3,881,739)</u>		<u>(4,042,046)</u>	
Net current assets			3,271,851		2,857,238
Total assets less current liabilities			<u>4,066,400</u>		<u>3,230,501</u>
Provisions for liabilities	15		<u>(131,387)</u>		<u>(48,216)</u>
Net assets			<u>3,935,013</u>		<u>3,182,285</u>
Capital and reserves					
Called up share capital	17		200		200
Profit and loss reserves			<u>3,934,813</u>		<u>3,182,085</u>
Total equity			<u>3,935,013</u>		<u>3,182,285</u>

The financial statements were approved by the board of directors and authorised for issue on 26 February 2021 and are signed on its behalf by:

Mr T R Barratt
Director

ADVANCED DIRECT MAIL HOLDINGS LIMITED

COMPANY BALANCE SHEET

AS AT 28 FEBRUARY 2020

		2020		2019	
	Notes	£	£	£	£
Fixed assets					
Investments	10		100		100
Current assets					
Debtors	13	200		200	
Creditors: amounts falling due within one year	14	(100)		(100)	
Net current assets			100		100
Total assets less current liabilities			200		200
Capital and reserves					
Called up share capital	17		200		200

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £759,704 (2019 - £945,391 profit).

The financial statements were approved by the board of directors and authorised for issue on 26 February 2021 and are signed on its behalf by:

Mr T R Barratt
Director

Company Registration No. 10649756

ADVANCED DIRECT MAIL HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 28 FEBRUARY 2020

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 March 2018		200	3,041,225	3,041,425
Profit and total comprehensive income for the year		-	1,086,252	1,086,252
Dividends	8	-	(945,392)	(945,392)
Balance at 28 February 2019		200	3,182,085	3,182,285
Year ended 28 February 2020:				
Profit and total comprehensive income for the year		-	1,512,432	1,512,432
Dividends	8	-	(759,704)	(759,704)
Balance at 28 February 2020		200	3,934,813	3,935,013

ADVANCED DIRECT MAIL HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 28 FEBRUARY 2020

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 March 2018		200	-	200
Profit and total comprehensive income for the year		-	945,391	945,391
Dividends	8	-	(945,391)	(945,391)
Balance at 28 February 2019		200	-	200
Year ended 28 February 2020:				
Profit and total comprehensive income for the year		-	759,704	759,704
Dividends	8	-	(759,704)	(759,704)
Balance at 28 February 2020		200	-	200

ADVANCED DIRECT MAIL HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 28 FEBRUARY 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from operations	23	899,062		2,167,877	
Income taxes paid		(228,539)		(229,876)	
Net cash inflow from operating activities		670,523		1,938,001	
Investing activities					
Purchase of tangible fixed assets		(539,083)		(195,097)	
Net cash used in investing activities		(539,083)		(195,097)	
Financing activities					
Dividends paid to equity shareholders		(759,704)		(945,392)	
Net cash used in financing activities		(759,704)		(945,392)	
Net (decrease)/increase in cash and cash equivalents		(628,264)		797,512	
Cash and cash equivalents at beginning of year		1,999,753		1,202,241	
Cash and cash equivalents at end of year		1,371,489		1,999,753	

ADVANCED DIRECT MAIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2020

1 Accounting policies

Company information

Advanced Direct Mail Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Ventura House, Ventura Park Road, Tamworth, Staffordshire, B78 3HL.

The group consists of Advanced Direct Mail Holdings Limited and all of its subsidiaries.

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. The principal accounting policies adopted are set out below.

The consolidated financial statements incorporate those of Advanced Direct Mail Holdings Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 28 February 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.2 Going concern

In March 2020 the impact of the Covid-19 pandemic was apparent globally. In assessing the appropriateness of the going concern assumption, the Directors have reviewed detailed profit and loss forecasts, considering all reasonably foreseeable potential scenarios and uncertainties in relation to revenue and expenditure, including the cash position of the Group, for a period of at least 12 months from the date these financial statements have been signed.

Based on these forecasts, the Directors have a reasonable expectation that the Group can meet its liabilities as they fall due and the Directors have therefore concluded that the Covid-19 pandemic does not create a material uncertainty in relation to going concern and as such have deemed it appropriate for the financial statements to be prepared on the going concern basis.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), 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.

ADVANCED DIRECT MAIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2020

1 Accounting policies

(Continued)

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.5 Tangible fixed assets

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

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

Leasehold land and buildings	10% straight line
Plant and equipment	10% straight line
Fixtures and fittings	33% straight line

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

1.6 Fixed asset investments

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.7 Impairment of fixed assets

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

ADVANCED DIRECT MAIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2020

1 Accounting policies

(Continued)

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 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.

1.10 Financial instruments

The group 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 group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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.

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 group 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.

ADVANCED DIRECT MAIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2020

1 Accounting policies

(Continued)

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

1.11 Equity instruments

Equity instruments issued by the group 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 group.

1.12 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group'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 if, and only if, there is 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.

ADVANCED DIRECT MAIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2020

1 Accounting policies

(Continued)

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

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

1.15 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 leased asset are consumed.

1.16 Employee Benefit Trust

The group has established an employee benefit trust (EBT), the assets and liabilities of which are solely for the benefit of the employees of the group. The assets and liabilities of the EBT are consolidated within the group accounts.

2 Judgements and key sources of estimation uncertainty

In the application of the group'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.

3 Turnover and other revenue

	2020	2019
	£	£
Turnover analysed by class of business		
Direct Mail Services	23,548,524	22,568,285

ADVANCED DIRECT MAIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2020

4 Operating profit

	2020 £	2019 £
Operating profit for the year is stated after charging:		
Research and development costs	92,799	85,814
Depreciation of owned tangible fixed assets	117,797	68,336
Operating lease charges	45,731	10,625
	<u>256,327</u>	<u>164,775</u>

5 Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	2,000	2,000
Audit of the financial statements of the company's subsidiaries	12,500	12,500
	<u>14,500</u>	<u>14,500</u>

6 Employees

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

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Direct Production	2	2	-	-
Indirect Production	15	13	-	-
Management and administration	17	14	2	2
	<u>34</u>	<u>29</u>	<u>2</u>	<u>2</u>

Their aggregate remuneration comprised:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Wages and salaries	1,497,123	1,418,037	-	-
Social security costs	67,334	58,401	-	-
Pension costs	13,157	36,467	-	-
	<u>1,577,614</u>	<u>1,512,905</u>	<u>-</u>	<u>-</u>

ADVANCED DIRECT MAIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2020

7 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	275,681	228,539
Deferred tax		
Origination and reversal of timing differences	83,171	27,888
Total tax charge	358,852	256,427

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:

	2020 £	2019 £
Profit before taxation	1,871,284	1,342,679
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	355,544	255,109
Tax effect of expenses that are not deductible in determining taxable profit	2,266	1,318
Depreciation on assets not qualifying for tax allowances	1,042	-
Taxation charge	358,852	256,427

8 Dividends

	2020 £	2019 £
Final paid	759,704	945,391

ADVANCED DIRECT MAIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2020

9 Tangible fixed assets

Group	Leasehold land and buildings	Plant and equipment	Fixtures and fittings	Total
	£	£	£	£
Cost				
At 1 March 2019	63,956	1,083,715	44,308	1,191,979
Additions	-	538,198	885	539,083
At 28 February 2020	63,956	1,621,913	45,193	1,731,062
Depreciation and impairment				
At 1 March 2019	14,577	765,646	38,493	818,716
Depreciation charged in the year	5,486	109,149	3,162	117,797
At 28 February 2020	20,063	874,795	41,655	936,513
Carrying amount				
At 28 February 2020	43,893	747,118	3,538	794,549
At 28 February 2019	49,379	318,069	5,815	373,263

The company had no tangible fixed assets at 28 February 2020 or 28 February 2019.

10 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	11	-	-	100	100

Movements in fixed asset investments

Company	Shares in group undertakings
	£
Cost or valuation	
At 1 March 2019 and 28 February 2020	100
Carrying amount	
At 28 February 2020	100
At 28 February 2019	100

11 Subsidiaries

Details of the company's subsidiaries at 28 February 2020 are as follows:

ADVANCED DIRECT MAIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2020

11 Subsidiaries (Continued)

Name of undertaking	Registered office	Class of shares held	% Held Direct
Advanced Direct Mail Limited	Unit 2, The Washington Centre, Halesowen Road, Netherton, Dudley, DY2 9RE	Ordinary	100.00

12 Stocks

	Group 2020 £	2019 £	Company 2020 £	2019 £
Raw materials and consumables	99,219	105,519	-	-

13 Debtors

	Group 2020 £	2019 £	Company 2020 £	2019 £
Amounts falling due within one year:				
Trade debtors	3,367,394	3,040,220	-	-
Other debtors	1,825,320	1,317,904	200	200
Prepayments and accrued income	490,168	435,888	-	-
	5,682,882	4,794,012	200	200

Other debtors include loans to the directors of £1,172,000 (2019: £1,172,000)

14 Creditors: amounts falling due within one year

	Group 2020 £	2019 £	Company 2020 £	2019 £
Trade creditors	2,694,642	3,052,432	-	-
Corporation tax payable	275,681	228,539	-	-
Other taxation and social security	247,614	232,701	-	-
Other creditors	571,003	442,560	100	100
Accruals and deferred income	92,799	85,814	-	-
	3,881,739	4,042,046	100	100

ADVANCED DIRECT MAIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2020

15 Deferred taxation

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

	Liabilities 2020 £	Liabilities 2019 £
Group		
Accelerated capital allowances	131,387	48,216

The company has no deferred tax assets or liabilities.

	Group 2020 £	Company 2020 £
Movements in the year:		
Liability at 1 March 2019	48,216	-
Charge to profit or loss	83,171	-
Liability at 28 February 2020	131,387	-

16 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	13,157	36,467

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

17 Share capital

	Group and company 2020 £	2019 £
Ordinary share capital		
Issued and fully paid		
4 Ordinary Shares of £1 each	4	4
166 A Ordinary Shares of £1 each	166	166
30 B Ordinary Shares of £1 each	30	30
	200	200

ADVANCED DIRECT MAIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2020

18 Employee Benefit Trust

The company established an employee benefit trust (EBT) on 24 November 2010. The assets and liabilities of the EBT are solely for the benefit of the employees of the Company.

In accordance with UITF 32 the assets and liabilities of the EBT have been consolidated within the company accounts at 28 February 2020. The company has control over the trust, and hence its assets and so all loans to the EBT are considered recoverable by the company. There is no effect on the company's net assets and result for the year.

The loans to employees are made up of the following balances:

Mr Barratt £937,600 (2019- £937,600)

Mrs Ray £234,400 (2019- £234,400)

19 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Within one year	109,725	114,014	-	-
Between two and five years	258,333	368,059	-	-
	<u>368,058</u>	<u>482,073</u>	<u>-</u>	<u>-</u>

20 Events after the reporting date

Since the year end, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. The Company has been fortunate enough to be able to postpone some of its non essential contracts whilst servicing others remotely.

Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions and the Company has utilised the furlough measures introduced by the Government.

The Company has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 28 February 2020 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

ADVANCED DIRECT MAIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2020

21 Related party transactions

Transactions with related parties

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

	Sales		Purchases	
	2020	2019	2020	2019
	£	£	£	£
Other related parties	1,104,443	554,779	553,845	427,474
	<u>1,104,443</u>	<u>554,779</u>	<u>553,845</u>	<u>427,474</u>

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2020	2019
	£	£
Other related parties	-	3,877
	<u>-</u>	<u>3,877</u>

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2020	2019
	Balance	Balance
	£	£
Other related parties	653,020	145,604
	<u>653,020</u>	<u>145,604</u>

22 Controlling party

The ultimate controlling party is T R Barratt.

23 Cash generated from group operations

	2020	2019
	£	£
Profit for the year after tax	1,512,432	1,086,252
Adjustments for:		
Taxation charged	358,852	256,427
Depreciation and impairment of tangible fixed assets	117,797	86,055
Movements in working capital:		
Decrease/(increase) in stocks	6,300	(3,707)
Increase in debtors	(888,870)	(892,698)
(Decrease)/increase in creditors	(207,449)	362,754
Cash generated from operations	<u>899,062</u>	<u>895,083</u>

ADVANCED DIRECT MAIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2020

24 Cash absorbed by operations - company

	2020 £	2019 £
Profit for the year after tax	759,704	945,391
Adjustments for:		
Investment income	(759,704)	(945,391)
Cash absorbed by operations	<u>-</u>	<u>-</u>

25 Analysis of changes in net funds - group

	1 March 2019 £	Cash flows £	28 February 2020 £
Cash at bank and in hand	1,999,753	(628,264)	1,371,489
	<u>1,999,753</u>	<u>(628,264)</u>	<u>1,371,489</u>

26 Analysis of changes in net funds - company

	1 March 2019 £	28 February 2020 £
	<u></u>	<u></u>

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