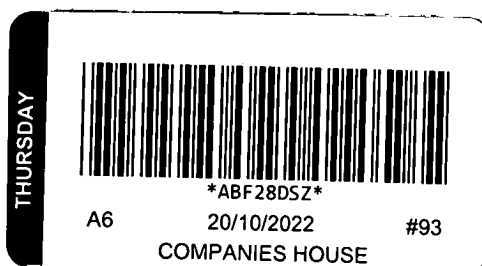


Company Registration No. SC369510 (Scotland)

**APS GROUP (SCOTLAND) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JANUARY 2022**



# APS GROUP (SCOTLAND) LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	N J Snelson A Doyle J Holmes
<b>Company number</b>	SC369510
<b>Registered office</b>	21 Tennant Street Edinburgh United Kingdom EH6 5NA
<b>Auditor</b>	Azets Audit Services Alpha House 4 Greek Street Stockport Cheshire United Kingdom SK3 8AB

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# **APS GROUP (SCOTLAND) LIMITED**

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# **APS GROUP (SCOTLAND) LIMITED**

## **STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 JANUARY 2022**

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"APS Group Scotland is an international marketing services business providing integrated communications and customer experience programs to local and global brands. APS Group provides contracted services to a range of customers across a board spectrum of business sectors. It has specifically targeted propositions for the financial services, retail, charity, automotive and public sectors.

The customer solutions APS delivers are underpinned by a broad range of services supported by great people, enabling technology and significant infrastructure. The core service offering includes strategy, content creation and content management, multi-channel output management and associated logistics. The company is differentiated in the marketplace by its ability to integrate services and solutions which reduce complexity, deliver efficiencies, improve speed and maximise return for our customers."

### **Performance**

Turnover in the year to January 2022 was £20.2 million (2021: £20.6 million). Gross profit in the year being £6.3 million at a margin percentage of 31.3% (2021: 24.8%) and operating profit of £3.7 million (2021: £2.6 million).

As a result of strong trading the Company continues to demonstrate a strong balance sheet position at the year-end with net assets of £10.9m following the restructure to Employee Ownership. The cash balance is reported as £0.8m as at 31 January 2022.

### **Risk**

APS Group (Scotland) Limited has continued maintained strong performance following the rapid growth in previous years. Careful consideration has been taken to ensure that the business manages and controls the growth to ensure the Customer experience continues to the high standards and quality expected. Further investment has been made in our innovations solution and new business, support function and project solutions team. These investments continue to increase our ability to nurture and grow our existing Customer business as evidenced by another year of Customer retention and service line development.

The directors have closely monitored the impact on the business to date and taken necessary mitigating action as necessary, including government support through the job retention scheme.

The future potential risks and uncertainties arising from the pandemic have been reflected in forecasts of profit and loss and cashflow which demonstrate a robust business and commitment to continue to invest in the infrastructure of the business to ensure future efficiencies.

### **Looking Forward**

The advent of increasing technology giving consumer's wider access to content with both choice and preference of communication, has increased the complexity required to manage solutions for Customers and resulted in considerable market consolidation. In response to the Customer's requirements for comprehensive, cost effective co-ordinated planning and delivery APS Group Scotland has enhanced its expertise and capabilities. APS continues to develop distinctive and highly effective operational delivery infrastructure to cater for the 21st Century needs of the local, national and international Customers wishing to "reach" their Customers in local, national and international markets.

Having successfully retained and expanded a number of important customer contracts APS continues to invest in its market leading retention strategy and the solid track record of building the business through organic customer wins continues. However this build capability will be supplemented with a buy strategy to enable APS to expand existing service lines and further develop its technologies to continue its reach across the geographies it operates in.

# **APS GROUP (SCOTLAND) LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 JANUARY 2022**

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On behalf of the board



.....  
N J Snelson  
Director

Date: 17/10/2022.....

# **APS GROUP (SCOTLAND) LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 JANUARY 2022**

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

#### **Results and dividends**

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### **Directors**

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

N J Snelson  
A Doyle  
J Holmes

#### **Financial instruments**

##### ***Treasury operations and financial instruments***

The company operates a treasury function which is responsible for managing the liquidity, interest and foreign currency risks associated with the company's activities.

The company's principal financial instruments include derivative financial instruments, the purpose of which is to manage currency risks and interest rate risks arising from the company's activities, and bank overdrafts, loans and corporate bonds, the main purpose of which is to raise finance for the company's operations. In addition, the company has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from its operations. Derivative transactions which the company enters into principally comprise forward exchange contracts. In accordance with company's treasury policy, derivative instruments are not entered into for speculative purposes.

##### ***Liquidity risk***

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

##### ***Interest rate risk***

The company is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on floating rate deposits, bank overdrafts and loans. The company uses interest rate derivatives to manage the mix of fixed and variable rate debt so as to reduce its exposure to changes in interest rates.

##### ***Foreign currency risk***

The company's principal foreign currency exposures arise from trading with overseas companies. Company policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling. This hedging activity involves the use of foreign exchange forward contracts.

##### ***Credit risk***

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

#### **Auditor**

In accordance with the company's articles, a resolution proposing that Azets Audit Services be reappointed as auditor of the company will be put at a General Meeting.

# APS GROUP (SCOTLAND) LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 JANUARY 2022**

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### Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



N J Snelson

Director

Date: 17/10/2022

# APS GROUP (SCOTLAND) LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF APS GROUP (SCOTLAND) LIMITED

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#### Opinion

We have audited the financial statements of APS Group (Scotland) Limited (the 'company') for the year ended 31 January 2022 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### Conclusions relating to going concern

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

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

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

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



# **APS GROUP (SCOTLAND) LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF APS GROUP (SCOTLAND) LIMITED**

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#### **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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# **APS GROUP (SCOTLAND) LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF APS GROUP (SCOTLAND) LIMITED**

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#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

# APS GROUP (SCOTLAND) LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF APS GROUP (SCOTLAND) LIMITED

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#### 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.

*Azets Audit Services*

**Don Bancroft (Senior Statutory Auditor)**  
**For and on behalf of Azets Audit Services**

Date: *18 October 2022*

**Chartered Accountants**  
**Statutory Auditor**

Alpha House  
4 Greek Street  
Stockport  
Cheshire  
United Kingdom  
SK3 8AB

# APS GROUP (SCOTLAND) LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JANUARY 2022

	Notes	2022 £	2021 £
Turnover	3	20,158,072	20,631,260
Cost of sales		(13,841,431)	(15,505,710)
<b>Gross profit</b>		<b>6,316,641</b>	<b>5,125,550</b>
Administrative expenses		(2,670,541)	(2,798,423)
Other operating income		28,741	257,047
<b>Operating profit</b>	<b>4</b>	<b>3,674,841</b>	<b>2,584,174</b>
Interest payable and similar expenses	6	(10,873)	(30)
<b>Profit before taxation</b>		<b>3,663,968</b>	<b>2,584,144</b>
Tax on profit	7	(686,049)	(409,917)
<b>Profit for the financial year</b>		<b>2,977,919</b>	<b>2,174,227</b>

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

# **APS GROUP (SCOTLAND) LIMITED**

## **STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JANUARY 2022**

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	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Profit for the year</b>	<b>2,977,919</b>	<b>2,174,227</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b><u>2,977,919</u></b>	<b><u>2,174,227</u></b>


# APS GROUP (SCOTLAND) LIMITED

## BALANCE SHEET

AS AT 31 JANUARY 2022

	Notes	2022 £	£	2021 £	£
<b>Fixed assets</b>					
Tangible assets	8		97,487		115,710
<b>Current assets</b>					
Stocks	9	118,546		311,662	
Debtors	10	15,139,965		12,290,953	
Cash at bank and in hand		773,551		810,629	
		16,032,062		13,413,244	
<b>Creditors: amounts falling due within one year</b>	11	(5,241,301)		(5,649,850)	
<b>Net current assets</b>			10,790,761		7,763,394
<b>Total assets less current liabilities</b>			10,888,248		7,879,104
<b>Provisions for liabilities</b>					
Deferred tax liability	12	-		(31,225)	
					31,225
<b>Net assets</b>			10,888,248		7,910,329
<b>Capital and reserves</b>					
Called up share capital	14		100		100
Profit and loss reserves			10,888,148		7,910,229
<b>Total equity</b>			10,888,248		7,910,329

The financial statements were approved by the board of directors and authorised for issue on 17/10/2022 and are signed on its behalf by:

  
 N J Snelson  
 Director

Company Registration No. SC369510

# APS GROUP (SCOTLAND) LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JANUARY 2022

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	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 February 2020	100	5,736,002	5,736,102
Year ended 31 January 2021:			
Profit and total comprehensive income for the year	-	2,174,227	2,174,227
Balance at 31 January 2021	100	7,910,229	7,910,329
Year ended 31 January 2022:			
Profit and total comprehensive income for the year	-	2,977,919	2,977,919
Balance at 31 January 2022	100	10,888,148	10,888,248

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# APS GROUP (SCOTLAND) LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2022

	Notes	2022 £	£	2021 £	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	20		(4,535)		208,209
Interest paid			(10,873)		(30)
Income taxes paid			-		(97,945)
<b>Net cash (outflow)/inflow from operating activities</b>			(15,408)		110,234
<b>Investing activities</b>					
Purchase of tangible fixed assets		(21,670)		(19,430)	
Proceeds on disposal of tangible fixed assets		-		458	
<b>Net cash used in investing activities</b>			(21,670)		(18,972)
<b>Net (decrease)/increase in cash and cash equivalents</b>			(37,078)		91,262
Cash and cash equivalents at beginning of year			810,629		719,367
<b>Cash and cash equivalents at end of year</b>			773,551		810,629



# APS GROUP (SCOTLAND) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 JANUARY 2022

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#### 1 Accounting policies

##### Company information

APS Group (Scotland) Limited is a private company limited by shares incorporated in Scotland. The registered office is 21 Tennant Street, Edinburgh, United Kingdom, EH6 5NA.

##### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of APS Group Limited. These consolidated financial statements are available from its registered office, Chetham House, Bird Hall Lane, Cheadle Heath, Cheadle, Cheshire, SK3 0ZP.

##### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

##### 1.3 Turnover

Turnover 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.

# APS GROUP (SCOTLAND) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2022

#### 1 Accounting policies

(Continued)

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.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

#### 1.4 Tangible fixed assets

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

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:

Plant and machinery	33% straight line and 20% reducing balance
Fixtures, fittings & equipment	33% and 20% straight line
Motor vehicles	100% 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 credited or charged to profit or loss.

#### 1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

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 is estimated to be less than its carrying amount, the carrying amount of the asset 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 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 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.

# APS GROUP (SCOTLAND) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2022

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### 1 Accounting policies

(Continued)

#### 1.6 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.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

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.

#### 1.7 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.

#### 1.8 Financial instruments

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

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

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

##### **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.

# APS GROUP (SCOTLAND) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

---

### 1 Accounting policies

(Continued)

#### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### ***Classification of financial liabilities***

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

#### ***Basic financial liabilities***

Basic financial liabilities, including creditors, bank loans, 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 company's contractual obligations expire or are discharged or cancelled.

### 1.9 Equity instruments

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

### 1.10 Taxation

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

#### ***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# APS GROUP (SCOTLAND) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

### 1 Accounting policies

(Continued)

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.11 Employee benefits**

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

The 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.

#### **1.12 Retirement benefits**

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

#### **1.13 Leases**

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

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods. Management do not believe there are any key accounting estimates within the financial statements.

Management have deemed there to be no key accounting estimates.

# APS GROUP (SCOTLAND) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2022

#### 3 Turnover and other revenue

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

	2022 £	2021 £
<b>Turnover analysed by geographical market</b>		
UK	20,158,072	20,631,260

#### 4 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	919	(3,578)
Fees payable to the company's auditor for the audit of the company's financial statements	7,650	7,500
Depreciation of owned tangible fixed assets	39,893	45,934
Operating lease charges	211,946	218,878

#### 5 Employees

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

	2022 Number	2021 Number
Studio & production	55	59
Marketing & sales	55	48
Administration	10	12
Total	120	119

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	3,703,322	3,063,813
Social security costs	283,953	242,103
Pension costs	43,127	40,687
	4,030,402	3,346,603

# APS GROUP (SCOTLAND) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

### 6 Interest payable and similar expenses

	2022 £	2021 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	10,873	30

### 7 Taxation

	2022 £	2021 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	691,128	411,212
<b>Deferred tax</b>		
Origination and reversal of timing differences	(5,079)	(1,295)
<b>Total tax charge</b>	<b>686,049</b>	<b>409,917</b>

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

	2022 £	2021 £
Profit before taxation	3,663,968	2,584,144
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	696,154	490,987
Tax effect of expenses that are not deductible in determining taxable profit	-	(117)
Tax effect of income not taxable in determining taxable profit	(157)	-
Effect of change in corporation tax rate	(8,713)	-
Group relief	-	(78,024)
Other non-reversing timing differences	(1,235)	(2,929)
<b>Taxation charge for the year</b>	<b>686,049</b>	<b>409,917</b>

# APS GROUP (SCOTLAND) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2022

### 8 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
<b>Cost</b>				
At 1 February 2021	306,743	676,071	3,348	986,162
Additions	20,146	1,149	375	21,670
At 31 January 2022	326,889	677,220	3,723	1,007,832
<b>Depreciation and impairment</b>				
At 1 February 2021	232,555	635,660	2,237	870,452
Depreciation charged in the year	15,465	23,192	1,236	39,893
At 31 January 2022	248,020	658,852	3,473	910,345
<b>Carrying amount</b>				
At 31 January 2022	78,869	18,368	250	97,487
At 31 January 2021	74,188	40,411	1,111	115,710

### 9 Stocks

	2022 £	2021 £
Raw materials and consumables	118,546	311,662

### 10 Debtors

	2022 £	2021 £
<b>Amounts falling due within one year:</b>		
Trade debtors	1,654,518	2,498,089
Unpaid share capital	100	100
Amounts owed by group undertakings	12,816,719	7,806,225
Other debtors	-	7,843
Prepayments and accrued income	632,324	1,978,696
	15,103,661	12,290,953
Deferred tax asset (note 12)	36,304	-
	15,139,965	12,290,953



# APS GROUP (SCOTLAND) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

### 11 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	1,428,735	1,745,555
Amounts owed to group undertakings	350,785	349,866
Corporation tax	1,215,327	524,199
Other taxation and social security	547,428	629,416
Other creditors	40,308	56,145
Accruals and deferred income	1,658,718	2,344,669
	<u>5,241,301</u>	<u>5,649,850</u>

### 12 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2022 £	Liabilities 2021 £	Assets 2022 £	Assets 2021 £
<b>Balances:</b>				
Capital Allowances	-	-	36,304	31,225
	<u>-</u>	<u>-</u>	<u>36,304</u>	<u>31,225</u>
<b>Movements in the year:</b>				2022 £
Asset at 1 February 2021				(31,225)
Credit to profit or loss				(5,079)
Asset at 31 January 2022				<u>(36,304)</u>

### 13 Retirement benefit schemes

	2022 £	2021 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>43,127</u>	<u>40,687</u>

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

There are liabilities outstanding of £20,887 (2021: £20,618) as at 31 January 2022 in relation to pensions.

# APS GROUP (SCOTLAND) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2022

#### 14 Share capital

	2022 £	2021 £
Ordinary share capital Issued and not fully paid 100 ordinary shares of £1 each	100	100

#### 15 Financial commitments, guarantees and contingent liabilities

The company is a party to a cross company guarantee with the other members of the group. The total amount of the facility being utilised in the year ended 31 January 2022 amounts to £8,607,269 (2021: nil).

The facility has been secured against specified plant and machinery as well as approved land and buildings owned within the group.

#### 16 Operating lease commitments

##### Lessee

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

	2022 £	2021 £
Within one year	175,238	186,480
Between two and five years	451,751	609,496
	626,989	795,976

#### 17 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2022 £	2021 £
Acquisition of tangible fixed assets	47,007	-

#### 18 Related party transactions

Included within debtors are amounts owed from companies with the APS Group of £12,816,719 (2021: £7,806,225).

Included within creditors are amounts due to companies within the APS Group amounting to £350,785 (2021: £349,866)

# APS GROUP (SCOTLAND) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

### 19 Ultimate controlling party

The company is a wholly owned subsidiary of APS Group Limited, and its results are included in the consolidated accounts of that company which are on public record. The registered office of APS Group Limited is Chetham House, Bird Hall Lane, Stockport, England, SK3 0ZP.

APS Group Limited is controlled by APS Group Holdco Limited which is owned by an Employee Ownership Trust (EOT). The EOT is the ultimate controlling party.

### 20 Cash (absorbed by)/generated from operations

	2022 £	2021 £
Profit for the year after tax	2,977,919	2,174,227
<b>Adjustments for:</b>		
Taxation charged	686,049	409,917
Finance costs	10,873	30
Depreciation and impairment of tangible fixed assets	39,893	45,934
<b>Movements in working capital:</b>		
Decrease/(increase) in stocks	193,116	(190,755)
Increase in debtors	(2,812,708)	(4,402,172)
(Decrease)/increase in creditors	(1,099,677)	2,171,028
<b>Cash (absorbed by)/generated from operations</b>	<b>(4,535)</b>	<b>208,209</b>

### 21 Analysis of changes in net funds

	1 February 2021 £	Cash flows £	31 January 2022 £
Cash at bank and in hand	810,629	(37,078)	773,551