

Registered number: 00137552

W & J LINNEY LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 3 MAY 2020

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W & J LINNEY LIMITED

COMPANY INFORMATION

Directors

N S Linney
M J H Linney
C H C Linney

Company secretary

S Finn

Registered number

00137552

Registered office

Adamsway
Mansfield
Nottingham
NG18 4FW

Independent auditor

Cooper Parry Group Limited
Chartered Accountants & Statutory Auditor
Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA

Bankers

HSBC Bank Plc
East Midlands Corporate Banking Centre
Donington Court
Pegasus Business Park
Herald Way
Castle Donington
DE74 2BU

Solicitors

Browne Jacobson
Castle Meadow Road
Nottingham
NG2 1BJ

W & J LINNEY LIMITED

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W & J LINNEY LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 3 MAY 2020

Introduction

The directors present their report and the financial statements for the year ended 3 May 2020.

The company's principal activities during the year were in marketing services, supply chain management and in particular design, film, digital screen content management, insight, print and distribution services. There have not been any significant changes to the company's principal activities in the year under review.

Business review

As shown in the profit and loss account on page 10, turnover has decreased by 3% this year, from £102.8m to £100.2m. Profit on ordinary activities before taxation for the year was £2.50m compared to £3.25m in 2019.

Whilst we were on target to surpass last year's sales and profit numbers; the last 2 months of this financial year (March and April) saw the Coronavirus pandemic have a great impact on the business. Up until March we had continued to have a busy year with considerable investment in people, buildings and machinery. We were particularly pleased when we took possession of our new 100,000 sq ft warehouse, ahead of our busy Christmas period, that was delivered both on time and to budget. This gave us additional space for new contract wins and latterly the unintended consequence of helping us to operate in a more Covid secure way, with lots of office and warehousing space to separate our people and to have even better and safer operational workflows across our site.

We continue to develop our strong proposition and reputation in the marketing services field and have worked on many exciting projects with our clients. We have attracted and recruited some very talented people as well as developing and coaching our current teams. Sadly due to the Coronavirus situation we decided to postpone our yearly Client Survey – we believe our strongest and most informative indicator we have in the business of our performance – as many clients were on furlough at our year end, when we ask for their contribution. This will be picked back up in due course and we thank all our clients in advance for their participation and great feedback.

Like any business we measure our performance using both financial and non-financial criteria. Our financial key performance measures relate to sales, value-added, profit, average return on capital employed, stock turns and cash-flow. As previously mentioned these were impacted on greatly in the last two months trading with the Lockdown across the country. Nevertheless we are very pleased with the final numbers and certainly the performance for the first 10 months of the financial year.

Again, our accreditations for ISO 27001 (Information Security), ISO 14001 (Environmental) and our ISO 9001 (Quality Management) have all been successfully renewed.

We are pleased to report that our charitable contributions, mainly to Mansfield based organisations, was £103,000 for the 12 month period.

Future developments

The directors do not foresee any changes to the principal activity of the company. Despite the uncertainties arising as a result of Coronavirus, trading remains strong, with performance being in line with expectations.

W & J LINNEY LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 3 MAY 2020

Principal risks and uncertainties

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. Where risks are identified that are not acceptable, action plans are developed to mitigate these with clear allocation of responsibilities and progress towards completion is monitored and reported on. The directors have identified the following key business risks that could have a material impact on the future performance of the company and the controls in place to manage the risk:

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitability. Short-term flexibility is achieved by banking facilities. The company also has long term bank borrowing against which some of its fixed assets are secured.

Credit risk

The company's principal financial assets are cash and trade debtors. The principal credit risk arises therefore from its trade debtors. In order to manage credit risk, the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

Brexit

Like all businesses we await the outcome and subsequent impact of the Brexit negotiations. In light of our limited operations overseas, the directors do not believe Brexit will have a material effect on the short term performance.

Coronavirus

At the date of signing these financial statements, Coronavirus represents both a risk to the business and its people. The company is taking active measures to ensure our people remain safe and healthy. Measures include additional education on cleanliness, self-isolation, social distancing and the ability to work from home or in shift patterns where necessary. There are weekly business continuity meetings to ensure compliance with the measures introduced.

The directors routinely monitor all these risks and uncertainties and appropriate actions are taken to mitigate the risks or the potential outcomes.

Section 172 (1) Statement

The directors have acted in the way they consider, in good faith, promotes the success of the company for the benefit of its members as a whole, and in doing so have given regard to (amongst other matters):

People

We remain a very proud family business and very loyal to our roots in Mansfield and North Nottinghamshire. Our culture and approach is based on a very long term, highly supportive and collaborative partnership and we work hard to make sure this permeates through the whole of our business. It's what we believe sets us apart from many other companies.

We continue our programme of work experience and school visits although this has been somewhat curtailed by the Coronavirus situation. A great deal of thanks go to our own Linney people who have given up their time to mentor and support our work experience programme. The written thanks we receive is circulated across the business in our fortnightly e-mail bulletin and it's clear we make an impact on people's perceptions of not only our industry but also what working life can and does "feel" like. We are very proud in supporting less able-bodied people and have built up relationships with many support groups across the county to give people a chance to experience working life. Often these work experience sessions turn into full or part-time employment.

Details of the number of people and related costs can be found in note 7 of the financial statements.

W & J LINNEY LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 3 MAY 2020

Section 172 (1) Statement (continued)

Health and safety

The company promotes the Health and safety of all its employees as well as suppliers, customers or visitors whilst on our premises. We are committed as a company to prevent injury and ill health and strive towards continual improvement in all our operations. We consult with our employees, who have an active participation in all our activities that have a safety related context to eliminate hazards and reduce risks.

Environment

The company is continually trying to minimise any negative effect its activities may have on the environment and have maintained the ISO 14001 accreditation (environmental management) and our Forestry Stewardship Council (FSC) Chain of Custody Certificate.

We are working to improve process efficiency via our internal Continuous Improvement Groups in our businesses and those of our print supply partners to reduce the adverse effect of the production process.

Less-abled bodied people

It is the company's policy to give full and fair consideration to suitable applications for employment from less able-bodied people. Once employed, they receive equal opportunities for training, career development and promotion. Opportunities also exist for our people who become less-abled to continue in their employment or to be trained for other positions within the company.

Employee involvement

The maintenance of a highly skilled workforce is essential to the future of the company. Every effort is made to ensure the future career development of our existing people, particularly in areas of new technology and quality. The health and safety at work of all our people is constantly reviewed by the directors to ensure the high standards set in previous years are maintained.

Modern Slavery Act 2015

The products and services delivered by the company are sourced from a broad range of both local and national suppliers. These supplier relationships are sourced and managed by the dedicated internal operational and management team.

The company has defined policies on legislation, child labour, conditions of employment, wages and benefits, health and safety and the environment. These policies have recently been updated to include our policy of anti-slavery and zero tolerance of human trafficking.

The company undertakes all reasonable and practical steps to ensure that standards are being implemented throughout the company's own operational and administrative business, along with that of our suppliers, in addition to local legislation and regulations being complied with. Any instances of non-compliance will be assessed on a case by case basis with appropriate remedial action when required.

The company will only trade with those who fully comply with this policy or are taking verifiable steps towards full compliance. This statement is approved and will be reviewed on a timely basis by the full Board of Directors pursuant to section 54(1) of the Modern Slavery Act 2015.

Shareholders

The management team is committed and openly engaged with our Shareholders through regular Board Meetings and effective dialogue. The Shareholders and their representatives are actively engaged in understanding our strategy, culture, people and the performance of our shared objectives for the short, mid and longer terms.

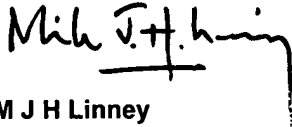
W & J LINNEY LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 3 MAY 2020**

Political donations

The company has not made any donations to any political party or organisation.

This report was approved by the board and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'M J H Linney', with a horizontal line drawn under the first part of the signature.

M J H Linney
Director

Date: 22.10.20

W & J LINNEY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 3 MAY 2020

The directors present their report and the financial statements for the year ended 3 May 2020.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the company's financial statements 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to 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.

Results and dividends

The profit for the year, after taxation, amounted to £2,217,000 (2019: £2,656,000).

The directors paid equity dividends in the year of £2,449,000 (2019: £2,449,000).

Directors

The directors who served during the year are shown on the company information page.

Charitable contributions

During the year charitable donations totalled £103,000 (2019: £113,000).

W & J LINNEY LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 3 MAY 2020

Coronavirus

At the date of signing these financial statements, the directors have considered the effect on the company with the information available to it and do not believe it will affect the company's ability to continue to trade for the foreseeable future. As with most businesses there will be short-term practical difficulties which we have addressed and are managing. However, there are also positive signs from our customers that continue to operate normally. See note 1.2 for further details.

Strategic report

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's Strategic Report information required by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 Schedule 7 to be contained in the directors' report.

Streamlined energy and carbon reporting (SECR)

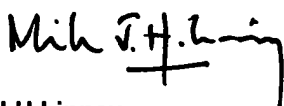
Information regarding SECR can be found in the WJL Group Limited accounts. A copy of the respective group accounts can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ, as disclosed in note 25.

Disclosure of information to auditor

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

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

This report was approved by the board and signed on its behalf by:



M J H Linney
Director

Date: 22.10.20

W & J LINNEY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF W & J LINNEY LIMITED

Opinion

We have audited the financial statements of W & J Linney Limited (the 'company') for the year ended 3 May 2020, which comprise the profit and loss account, the balance sheet, the statement of changes in equity and the related notes, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 3 May 2020 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 United Kingdom, including the Financial Reporting Council'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 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.

W & J LINNEY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF W & J LINNEY LIMITED (CONTINUED)

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the 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 or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 5, 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.

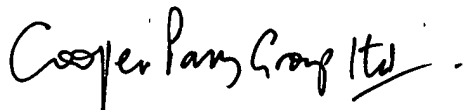
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

W & J LINNEY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF W & J LINNEY LIMITED (CONTINUED)

Use of our report

This report is made solely to the company's members 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 for our audit work, for this report, or for the opinions we have formed.



Andrew Honarmand (Senior Statutory Auditor)

for and on behalf of
Cooper Parry Group Limited

Chartered Accountants
Statutory Auditor

Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA

Date: 22.10.20

W & J LINNEY LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 3 MAY 2020**

		Year ended 3 May 2020 £000	Year ended 28 April 2019 £000
	Note		
Turnover	1.4,3	100,199	102,799
Cost of sales		(69,574)	(74,901)
Gross profit		<u>30,625</u>	<u>27,898</u>
 Administrative expenses		 (21,483)	 (17,076)
Exceptional administrative expenses	12	(468)	-
Total administrative expenses		<u>(21,951)</u>	<u>(17,076)</u>
Distribution costs		(7,456)	(7,407)
Other operating income	4	1,874	400
Operating profit	5	<u>3,092</u>	<u>3,815</u>
Interest and similar charges	9	(587)	(570)
Profit on ordinary activities before taxation		<u>2,505</u>	<u>3,245</u>
Taxation on profit on ordinary activities	10	(288)	(589)
Profit for the financial year		<u><u>2,217</u></u>	<u><u>2,656</u></u>

There were no recognised gains and losses for 2020 or 2019 other than those included in the profit and loss account.

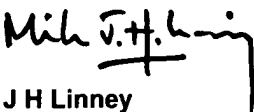
The notes on pages 13 to 30 form part of these financial statements.

W & J LINNEY LIMITED
REGISTERED NUMBER: 00137552

BALANCE SHEET
AS AT 3 MAY 2020

	Note	3 May 2020 £000	28 April 2019 £000
Fixed assets			
Tangible fixed assets	13	13,147	13,858
Investments	14	20	20
		<u>13,167</u>	<u>13,878</u>
Current assets			
Stocks	15	7,393	6,751
Debtors	16	24,001	27,898
Cash at bank and in hand		1,860	1,990
		<u>33,254</u>	<u>36,639</u>
Creditors: amounts falling due within one year	17	(29,509)	(35,931)
Net current assets		<u>3,745</u>	<u>708</u>
Total assets less current liabilities		<u>16,912</u>	<u>14,586</u>
Creditors: amounts falling due after more than one year	18	(9,001)	(6,349)
Provisions for liabilities			
Deferred taxation	20	70	(24)
Net assets		<u><u>7,981</u></u>	<u><u>8,213</u></u>
Capital and reserves			
Called up share capital	21	186	186
Capital redemption reserve	22	64	64
Profit and loss account	22	7,731	7,963
Shareholders' funds		<u><u>7,981</u></u>	<u><u>8,213</u></u>

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


M J H Linney
 Director

Date: 22.10.20

The notes on pages 13 to 30 form part of these financial statements.

W & J LINNEY LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 3 MAY 2020**

	Share capital £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
At 29 April 2019	186	64	7,963	8,213
Profit for the financial year	-	-	2,217	2,217
Dividends paid	-	-	(2,449)	(2,449)
At 3 May 2020	186	64	7,731	7,981

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 APRIL 2019**

	Share capital £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
At 29 April 2018	186	64	7,756	8,006
Profit for the financial year	-	-	2,656	2,656
Dividends paid	-	-	(2,449)	(2,449)
At 28 April 2019	186	64	7,963	8,213

The notes on pages 13 to 30 form part of these financial statements.

W & J LINNEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 3 MAY 2020

1. Accounting policies

W & J Linney Limited (the "company") is a limited liability company incorporated and domiciled in the United Kingdom. The address of its registered office is shown on the company information page.

The financial statements are prepared in Sterling (£), which is the functional currency of the company and are presented in round thousands (£000). The financial statements are for the year ended 3 May 2020 (2019: year ended 28 April 2019).

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard (FRS) 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in applying the company's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The following accounting policies have been applied consistently throughout the year:

1.2 Coronavirus and going concern

At the balance sheet date the company had a significant cash balance and a strong net asset position.

At the time of signing these accounts, the directors have considered the effect of coronavirus on the going concern position and consider that this does indicate that the company will continue to trade for a period of at least 12 months from the date of signing these accounts, due to the financial support of the directors, the banking facilities available to it and the UK Government support available to businesses during this difficult time.

Based on the financial forecasts prepared by the directors the company will be able to operate within the facilities available to it. On that basis, the directors have prepared these financial statements on a going concern basis.

1.3 Disclosure exemptions

As permitted by FRS 102 section 1.12, the company has taken advantage of the disclosure exemptions available under that standard in relation to the presentation of a cash flow statement, analysis of net debt, and the aggregate remuneration of key management personnel. Where required, equivalent disclosures are given in the parent company accounts. The parent company group accounts are available to the public and can be obtained as set out in note 26.

As the company is a wholly-owned subsidiary of a company whose consolidated accounts include the results of the subsidiary and are publicly available, the company has taken advantage of the FRS 102 Section 33.1A exemption from disclosing transactions with group undertakings.

W & J LINNEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 3 MAY 2020

1. Accounting policies (continued)

1.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

1.5 Government grants

Grants of a revenue nature are recognised in the profit and loss account in the same period as the related expenditure.

1.6 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

W & J LINNEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 3 MAY 2020

1. Accounting policies (continued)

1.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the directors.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised.

Repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases:

- Plant and machinery - 5 - 15 years
- Furniture, fittings, equipment and motor vehicles - 1 - 20 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'administrative expenses' in the profit and loss account.

At each balance sheet date, the company reviews the carrying amounts of its tangible fixed assets to determine whether there is any indication that any items have suffered an impairment loss. If any such indication exists, the recoverable amount of an 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 the asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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. Impairment loss is recognised as an expense immediately in the profit and loss account.

1.8 Assets in the course of construction

Assets in the course of construction are capitalised and included within tangible fixed assets on the balance sheet. These assets are not depreciated until they have been brought fully into use. At this point the assets are transferred out of assets in the course of construction into the relevant category of tangible fixed assets.

1.9 Valuation of investments

Investments in subsidiaries are initially valued at cost and reviewed annually for signs of impairment. If an impairment loss is identified this is recognised immediately in the profit and loss account and the value of the investment is reduced accordingly.

Investments in listed company shares are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the profit and loss account for the year.

W & J LINNEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 3 MAY 2020

1. Accounting policies (continued)

1.10 Stocks and work in progress

Stocks are stated at lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the profit and loss account.

1.11 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors, loans from short term banking facilities and loans with related parties.

All financial assets and liabilities are initially measured at transaction price and subsequently measured at amortised cost.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

1.12 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the spot exchange rate at the date of the transaction.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and are not retranslated.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account in the period to which they relate.

1.13 Leases

Assets that are held by the company under leases which transfer substantially all the risks and rewards of ownership are classified as being held under finance leases and hire purchase contracts. Leases which do not transfer substantially all the risks and rewards of ownership are classed as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Obligations under such arrangements are included in creditors net of the finance charge allocated to future periods.

The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

W & J LINNEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 3 MAY 2020

1. Accounting policies (continued)

1.14 Sale and leaseback

Where a sale and leaseback transaction results in a finance lease, no gain is immediately recognised for any excess of sales proceeds over the carrying amount of the asset. Instead, the proceeds are presented as a liability and subsequently measured at amortised cost using the effective interest method.

When a sale and leaseback transaction results in an operating lease, and it is clear that the transition is established at fair value any profit or loss is recognised immediately. If the sale price is below fair value, any profit or loss is recognised immediately unless the loss is compensated for by the future lease payments at below market price. In that case any such loss is amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value is amortised over the period for which the asset is expected to be used.

1.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the profit and loss account in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

1.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders.

1.17 Pensions

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations.

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in other creditors as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

1.18 Research and development

Research and development expenditure is written off to the consolidated profit and loss account within cost of sales in the year in which it is incurred.

Any tax credits arising in respect of research and development are credited to other operating income within the consolidated profit and loss account when it is reliably measured and it is probable that the credit will be received.

W & J LINNEY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 MAY 2020**

1. Accounting policies (continued)

1.19 Current and deferred taxation

The tax charge for the year comprises current and deferred tax.

Current tax is recognised for the amount of corporation tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only 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. Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

W & J LINNEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 3 MAY 2020

2. Judgements in applying accounting policies and key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The directors are also required to exercise judgement in the process of applying the company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

In preparing these financial statements, the directors have made the following judgements:

Impairment of tangible fixed assets

The company assesses the impairment of tangible fixed assets subject to depreciation whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that could trigger an impairment review include the following:

- significant underperformance relative to historical or projected future operating results;
- significant changes in the manner of the use of the acquired assets or the strategy for the overall business; and
- significant negative industry or economic trends.

Depreciation and residual values

The directors have reviewed the asset lives and associated residual values of all fixed asset classes and have concluded that asset lives and residual values are appropriate.

The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projects disposal values.

Carrying value of stocks

The directors review the market value of and demand for its stocks on a periodic basis to ensure stock is recorded in the financial statements at the lower of cost and net realisable value. Any provision for impairment is recorded against the carrying value of stocks. The directors use their knowledge of market conditions, historical experiences and estimates of future events to assess future demand for the company's products and achievable selling prices.

Recoverability of trade debtors

Trade and other debtors are recognised to the extent that they are judged recoverable. The directors' reviews are performed to estimate the level of reserves required for irrecoverable debt. Provisions are made specifically against invoices where recoverability is uncertain.

The directors make allowances for doubtful debts based on an assessment of the recoverability of debtors. Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The directors specifically analyse historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the provision for doubtful debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of debtors and the charge in the profit and loss account.

W & J LINNEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 3 MAY 2020

2. Judgements in applying accounting policies (continued)

Provisions

A provision is recognised when the company has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flow at a rate that reflects the time value of money and the risks specific to the liability.

Whether a present obligation is probable or not requires judgement. The nature and type of risks for these provisions differ and management's judgement is applied regarding the nature and extent of obligations in deciding if an outflow of resources is probable or not.

Leasing

The directors determine whether leases entered into by the company either as a lessor or a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis based on an evaluation of the terms and conditions of the arrangements, and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet.

Taxation

There are many transactions and calculations for which the ultimate tax determination is uncertain. The company takes professional advice on its tax affairs and recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due.

W & J LINNEY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 MAY 2020**

3. Turnover

All turnover arose within the United Kingdom.

The whole of the turnover is attributable to the principal activities of the business. In the opinion of the directors it is not considered to be in the company's interests to provide additional disclosure on turnover.

4. Other operating income

	Year ended 3 May 2020 £000	Year ended 28 April 2019 £000
Other operating income	21	30
Government grants receivable	1,853	370
	<u>1,874</u>	<u>400</u>

5. Operating profit

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

	Year ended 3 May 2020 £000	Year ended 28 April 2019 £000
Depreciation of owned tangible fixed assets	455	1,703
Depreciation of leased tangible fixed assets	2,962	1,515
Difference on foreign exchange	13	(3)
Operating lease rentals - plant and machinery	421	381
Operating lease rentals - land and buildings	2,390	1,531
Profit on disposal of tangible fixed assets	(35)	(89)
	<u></u>	<u></u>

6. Auditor's remuneration

	Year ended 3 May 2020 £000	Year ended 28 April 2019 £000
Fees payable to the company's auditor for the audit of the company's annual financial statements	42	39
	<u></u>	<u></u>

The company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company.

W & J LINNEY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 MAY 2020**

7. People

People costs, including directors, were as follows:

	Year ended 3 May 2020 £000	Year ended 28 April 2019 £000
Admin - staff costs	36,493	34,962
Social security costs	3,273	3,082
Cost of defined contribution scheme	2,105	1,469
	<u>41,871</u>	<u>39,513</u>

The average number of people employed, including the directors, during the year was as follows:

	Year ended 3 May 2020 No.	Year ended 28 April 2019 No.
Production	728	620
Distribution, sales and administrative	404	406
	<u>1,132</u>	<u>1,026</u>

8. Directors' remuneration

	Year ended 3 May 2020 £000	Year ended 28 April 2019 £000
Directors' remuneration	280	386

The highest paid director received remuneration of £112,000 (2019: £111,000).

No retirement benefits were accruing for directors in respect of defined contribution pension schemes (2019: £Nil).

W & J LINNEY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 MAY 2020**

9. Interest and similar expenses

	Year ended 3 May 2020 £000	Year ended 28 April 2019 £000
Bank interest payable	238	228
Finance leases and hire purchase contracts	349	342
	<u>587</u>	<u>570</u>

10. Taxation

	Year ended 3 May 2020 £000	Year ended 28 April 2019 £000
Corporation tax		
Current tax on profits for the year	346	666
Adjustments in respect of previous periods	36	(42)
Total current tax	<u>382</u>	<u>624</u>
Deferred tax		
Origination and reversal of timing differences	(90)	(71)
Adjustments in respect of previous periods	(4)	36
Total deferred tax	<u>(94)</u>	<u>(35)</u>
Taxation on profit on ordinary activities	<u>288</u>	<u>589</u>

W & J LINNEY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 MAY 2020**

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	Year ended 3 May 2020 £000	Year ended 28 April 2019 £000
Profit on ordinary activities before tax	2,505	3,245
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	476	622
Effects of:		
Expenses not deductible for tax purposes	21	33
Fixed asset differences	7	7
Income not taxable	(47)	(70)
Adjustments in respect of previous periods - current tax	36	(42)
Adjustments in respect of previous periods - deferred tax	(3)	36
Adjustment to deferred tax rates	2	3
Group relief	(204)	-
Total tax charge for the year	288	589

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

11. Dividends

	Year ended 3 May 2020 £000	Year ended 28 April 2019 £000
Ordinary		
Dividends paid	2,449	2,449

W & J LINNEY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 MAY 2020**

12. Exceptional items

	Year ended 3 May 2020 £000	Year ended 28 April 2019 £000
Impairment of trade debtors	468	-
	<u>468</u>	<u>-</u>

13. Tangible fixed assets

	Plant and machinery £000	Furniture, fittings, equipment and motor vehicles £000	Assets in the course of construction £000	Total £000
Cost				
At 29 April 2019	25,813	11,183	454	37,450
Additions	1,693	803	240	2,736
Disposals	(58)	(307)	-	(365)
Transfers between classes	35	295	(330)	-
At 3 May 2020	<u>27,483</u>	<u>11,974</u>	<u>364</u>	<u>39,821</u>
Depreciation				
At 29 April 2019	16,292	7,300	-	23,592
Charge for the year	2,257	1,160	-	3,417
Disposals	(54)	(281)	-	(335)
At 3 May 2020	<u>18,495</u>	<u>8,179</u>	<u>-</u>	<u>26,674</u>
Net book value				
At 3 May 2020	<u>8,988</u>	<u>3,795</u>	<u>364</u>	<u>13,147</u>
At 28 April 2019	<u>9,521</u>	<u>3,883</u>	<u>454</u>	<u>13,858</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	3 May 2020 £000	28 April 2019 £000
Plant, machinery, furniture and fittings	<u>8,154</u>	<u>8,685</u>

W & J LINNEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 3 MAY 2020

14. Investments

	Listed investments £000
Valuation	
At 29 April 2019 and at 3 May 2020	20
	<hr/>
Net book value	
At 28 April 2019 and at 3 May 2020	20
	<hr/> <hr/>

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Linney Design Limited	Ordinary	100%	Dormant
Linney Group Limited	Ordinary	100%	Dormant
Quadrant Offset Limited	Ordinary	100%	Dormant
Linney Print Limited	Ordinary	100%	Dormant
Linney Direct Limited	Ordinary	100%	Dormant
Linney Make Limited	Ordinary	100%	Dormant
Linney Create Limited	Ordinary	100%	Dormant
Linney Activate Limited	Ordinary	100%	Dormant
Linney Evaluate Limited	Ordinary	100%	Dormant

The above companies share the same registered office as W & J Linney Limited which is displayed on the company information page.

W & J LINNEY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 MAY 2020**

15. Stocks and work in progress

	3 May 2020 £000	28 April 2019 £000
Raw materials	1,314	1,512
Work in progress	7,548	6,952
Less payments on account	(2,888)	(2,939)
Finished goods and goods for resale	1,419	1,226
	<u>7,393</u>	<u>6,751</u>

Stock recognised in cost of sales during the year as an expense was £33,567,000 (2019: £37,762,000).

16. Debtors

	3 May 2020 £000	28 April 2019 £000
Trade debtors	16,099	20,051
Amounts owed by group undertakings	2,906	1,543
Other debtors	3,014	2,292
Prepayments and accrued income	836	1,192
Amounts recoverable on contracts	1,146	2,820
	<u>24,001</u>	<u>27,898</u>

An impairment charge of £468,000 (2019: £352,000) was recognised in administrative expenses against trade debtors during the year.

W & J LINNEY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 MAY 2020**

17. Creditors: amounts falling due within one year

	3 May 2020 £000	28 April 2019 £000
Other short term banking facilities	9,207	10,208
Trade creditors	7,964	13,851
Other taxation and social security	3,952	2,740
Net obligations under finance lease and hire purchase contracts	1,549	2,616
Other creditors	377	499
Accruals and deferred income	6,460	6,017
	<u>29,509</u>	<u>35,931</u>

The other short term banking facilities are secured by first legal charge over certain freehold land and property held by the parent company, a charge over the book debts of the company and a charge over contract monies.

Amounts of £14,075,000 (2019: £16,614,000) included in trade debtors provide security for other short term banking facilities, of which £9,207,000 was in use at the year end.

Net obligations under finance lease and hire purchase contracts are secured on the assets to which they relate.

18. Creditors: amounts falling due after more than one year

	3 May 2020 £000	28 April 2019 £000
Net obligations under finance leases and hire purchase contracts	9,001	6,199
Accruals and deferred income	-	150
	<u>9,001</u>	<u>6,349</u>

19. Hire purchase and finance leases

Minimum lease payments under hire purchase and finance leases fall due as follows:

	3 May 2020 £000	28 April 2019 £000
Within one year	1,549	2,616
Between 1-5 years	8,437	5,917
Over 5 years	564	282
	<u>10,550</u>	<u>8,815</u>

W & J LINNEY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 MAY 2020**

20. Deferred taxation

	2020 £000	2019 £000
At beginning of year	24	60
Credited to the profit and loss account	(94)	(36)
At end of year	(70)	24

The deferred taxation balance is made up as follows:

	3 May 2020 £000	28 April 2019 £000
Accelerated capital allowances	48	113
Short term timing differences	(118)	(89)
	(70)	24

21. Share capital

	3 May 2020 £000	28 April 2019 £000
Allotted, called up and fully paid		
186,000 Ordinary shares of £1 each	186	186

22. Reserves

Capital redemption reserve

This reserve records the nominal value of shares repurchased by the company.

Profit and loss account

Represents all current and prior period accumulated profits less dividends paid.

23. Pension commitments

The company contributes to two defined contribution pension schemes the costs of which are charged to the profit and loss account in the period in which they are incurred, and amounted to £2,105,000 (2019: £1,469,000).

W & J LINNEY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 MAY 2020**

24. Commitments under operating leases

At 3 May 2020 the company had future minimum lease payments under non-cancellable operating leases as follows:

	3 May 2020 £000	28 April 2019 £000
Not later than 1 year	2,951	2,393
Later than 1 year and not later than 5 years	11,366	8,065
Later than 5 years	297	2,322
	14,614	12,780

Included in operating lease commitments above is £13,869,000 (2019: £12,634,000) which is payable to the parent company in relation to property.

25. Ultimate parent undertaking and controlling party

The parent company is WJL Group Limited which is incorporated in Great Britain and registered in England and Wales. The parent company is jointly controlled by N S Linney, M J H Linney and C H C Linney by virtue of their shareholdings and their role as trustees of discretionary trusts.

The largest and smallest group which consolidates the company's accounts is WJL Group Limited, copies of which are available from Companies House, Cardiff, CF14 3UZ.