

Registered number: 00137552

W & J LINNEY LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 29 APRIL 2018

THURSDAY



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COMPANIES HOUSE

## **W & J LINNEY LIMITED**

### **COMPANY INFORMATION**

|                            |  |
|----------------------------|--|
| <b>Directors</b>           | N S Linney<br>M J H Linney<br>C H C Linney<br>R R N Munro (retired 12 January 2018)  |
| <b>Company secretary</b>   | S Finn (appointed 25 May 2018)<br>C D Drake (resigned 25 May 2018)   |
| <b>Registered number</b>   | 00137552   |
| <b>Registered office</b>   | Adamsway<br>Mansfield<br>Nottingham<br>NG18 4FW  |
| <b>Independent auditor</b> | PKF Cooper Parry Group Limited<br>Chartered Accountants & Statutory Auditor<br>Sky View<br>Argosy Road<br>East Midlands Airport<br>Castle Donington<br>Derby<br>DE74 2SA |
| <b>Bankers</b>             | HSBC Bank Plc<br>East Midlands Corporate Banking Centre<br>Donington Court<br>Pegasus Business Park<br>Herald Way<br>Castle Donington<br>DE74 2BU                        |
| <b>Solicitors</b>          | Browne Jacobson<br>Castle Meadow Road<br>Nottingham<br>NG2 1BJ   |

## **W & J LINNEY LIMITED**

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## **W & J LINNEY LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 29 APRIL 2018**

#### **Introduction**

The directors present their report and the financial statements for the year ended 29 April 2018.

The company's principal activities during the year were in marketing services, supply chain management and in particular design, film, in-sight, 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 8, turnover has increased by 2% this year, to £82.0m, with gross margins at 28%, compared to 29% in 2017. Profit on ordinary activities before taxation for the year was £3.3m compared to £3.4m in 2017.

We again invested heavily in the business during the year and we remain in a strong position to be able to develop the business for the many "channels to market" that a progressive and modern marketing services business needs to offer. We continue to attract some great and talented people as well as mentoring and advancing our current teams. Our client Survey again highlighted some very positive points and offered some great insight into our clients' direction of travel and what products and services we need to offer to support them on their journey. We thank all our clients for the time and effort they take in helping us to identify how we are performing and how we can shape our business to help them grow.

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-throw. I am pleased to report that we achieved our targets in all of these areas for this financial period.

Again this year, 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 £102,000 for the 12 month period.

#### **Principal risks and uncertainties**

##### **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 profitably. Short-term flexibility is achieved by overdraft 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 by the credit controller on a regular basis in conjunction with debt ageing and collection history. The Executive Board also review this at monthly meetings.

## W & J LINNEY LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 29 APRIL 2018

#### 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.

#### 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. We accommodated nearly 90 people during the year across all aspects of our business. 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 6 of the financial statements.

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



M J H Linney  
Director

Date: 10 October 2018

## **W & J LINNEY LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 29 APRIL 2018**

The directors present their report and the financial statements for the year ended 29 April 2018.

#### **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 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 £2,572,000 (2017: £3,117,000).

The directors paid equity dividends in the year of £2,449,000 (2017: £2,630,000).

#### **Directors**

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

#### **Charitable contributions**

During the year charitable donations totalled £102,000 (2017: £135,000).

#### **Future developments**

The directors do not foresee any changes to the principal activity of the company.

#### **People 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.

**W & J LINNEY LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 29 APRIL 2018**

**Less able-bodied people**

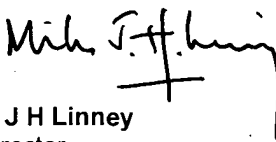
It is the company's policy to give full and fair consideration to suitable applications for employment from less able-bodied people. Once employed, they receive equal opportunities for training, career development and promotion. Opportunities also exist for our people who become less-abled to continue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

**Disclosure of information to auditors**

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: 10 October 2018

## **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 29 April 2018, which comprise the profit and loss, the balance sheet 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 29 April 2018 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.



## **W & J LINNEY LIMITED**

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

#### **Other information**

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

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

We have nothing to report in this regard.

#### **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 3, 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.

## W & J LINNEY LIMITED

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

#### 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### 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.



Andrew Honarmand (Senior Statutory Auditor)

for and on behalf of

**PKF Cooper Parry Group Limited**

Chartered Accountants  
Statutory Auditor

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

Date:

17/10/18

**W & J LINNEY LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 29 APRIL 2018**

|  | Note  | 2018<br>£000        | 2017<br>£000        |
|--|-------|---------------------|---------------------|
| <b>Turnover</b>                                      | 1,3,3 | 82,035              | 80,096              |
| Cost of sales  |       | (58,924)            | (56,836)            |
| <b>Gross profit</b>                                  |       | <u>23,111</u>       | <u>23,260</u>       |
| Distribution costs                                   |       | (5,784)             | (5,824)             |
| Administrative expenses                              |       | (13,631)            | (13,602)            |
| Other operating income                               |       | 29                  | 29                  |
| <b>Operating profit</b>                              | 4     | <u>3,725</u>        | <u>3,863</u>        |
| Interest payable and similar charges                 | 8     | (417)               | (436)               |
| <b>Profit on ordinary activities before taxation</b> |       | <u>3,308</u>        | <u>3,427</u>        |
| Taxation on profit on ordinary activities            | 9     | (729)               | (310)               |
| <b>Profit for the financial year</b>                 |       | <u><u>2,579</u></u> | <u><u>3,117</u></u> |

There were no recognised gains and losses for 2018 or 2017 other than those included in the profit and loss account.

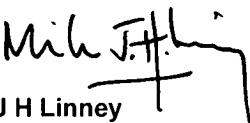
The notes on pages 11 to 26 form part of these financial statements.

**W & J LINNEY LIMITED**  
**REGISTERED NUMBER: 00137552**

**BALANCE SHEET**  
**AS AT 29 APRIL 2018**

|  | Note | 2018<br>£000        | 2017<br>£000        |
|--|------|---------------------|---------------------|
| <b>Fixed assets</b>  |      |                     |                     |
| Tangible fixed assets  | 11   | 12,465              | 10,424              |
| Investments  | 12   | 20                  | 20                  |
|  |      | <u>12,485</u>       | <u>10,444</u>       |
| <b>Current assets</b>  |      |                     |                     |
| Stocks   | 13   | 8,221               | 5,746               |
| Debtors: amounts falling due within one year                   | 14   | 19,662              | 18,770              |
| Cash at bank   |      | 1,328               | 1,639               |
|  |      | <u>29,211</u>       | <u>26,155</u>       |
| <b>Creditors: amounts falling due within one year</b>          | 15   | <u>(28,647)</u>     | <u>(25,483)</u>     |
| <b>Net current assets</b>                                      |      | <u>564</u>          | <u>672</u>          |
| <b>Total assets less current liabilities</b>                   |      | <u>13,049</u>       | <u>11,116</u>       |
| <b>Creditors: amounts falling due after more than one year</b> | 16   | (4,983)             | (3,085)             |
| <b>Provisions for liabilities</b>                              |      |                     |                     |
| Deferred taxation  | 18   | (60)                | (155)               |
| <b>Net assets</b>  |      | <u><u>8,006</u></u> | <u><u>7,876</u></u> |
| <b>Capital and reserves</b>                                    |      |                     |                     |
| Called up share capital  | 19   | 186                 | 186                 |
| Capital redemption reserve                                     | 20   | 64                  | 64                  |
| Profit and loss account  | 20   | 7,756               | 7,626               |
|  |      | <u><u>8,006</u></u> | <u><u>7,876</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: 10 October 2018

The notes on pages 11 to 26 form part of these financial statements.

**W & J LINNEY LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 29 APRIL 2018**

|                               | Share<br>capital<br>£000 | Capital<br>redemption<br>reserve<br>£000 | Profit and<br>loss account<br>£000 | Total equity<br>£000 |
|-------------------------------|--------------------------|--|------------------------------------|----------------------|
| At 30 April 2017              | 186                      | 64                                       | 7,626                              | 7,876                |
| Profit for the financial year | -                        | -  | 2,579                              | 2,579                |
| Dividends paid                | -                        | -  | (2,449)                            | (2,449)              |
| <b>At 29 April 2018</b>       | <b>186</b>               | <b>64</b>                                | <b>7,756</b>                       | <b>8,006</b>         |

The notes on pages 11 to 26 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 APRIL 2017**

|                               | Share<br>capital<br>£000 | Capital<br>redemption<br>reserve<br>£000 | Profit and<br>loss account<br>£000 | Total equity<br>£000 |
|-------------------------------|--------------------------|--|------------------------------------|----------------------|
| At 2 May 2016                 | 186                      | 64                                       | 7,139                              | 7,389                |
| Profit for the financial year | -                        | -  | 3,117                              | 3,117                |
| Dividends paid                | -                        | -  | (2,630)                            | (2,630)              |
| <b>At 29 April 2017</b>       | <b>186</b>               | <b>64</b>                                | <b>7,626</b>                       | <b>7,876</b>         |

The notes on pages 11 to 26 form part of these financial statements.

## **W & J LINNEY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 APRIL 2018**

#### **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. The financial statements are for the year ended 29 April 2018 (2017: year ended 30 April 2017).

##### **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 102 (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 conformity 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 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 and the aggregate remuneration of key management personnel. Where required, equivalent disclosures are given in the parent company group accounts. The parent company group accounts are available to the public and can be obtained as set out in note 23.

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 29 APRIL 2018**

#### **1. Accounting policies (continued)**

##### **1.3 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.

## W & J LINNEY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 APRIL 2018

#### 1. Accounting policies (continued)

##### 1.4 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 basis:

|  |                |
|--|----------------|
| Plant and machinery  | - 5 - 15 years |
| Furniture, fittings, motor vehicles and computer equipment | - 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.

##### 1.5 Assets held in the course of construction

Assets held 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 held in the course of construction into the relevant category of tangible fixed assets.

##### 1.6 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 29 APRIL 2018**

#### **1. Accounting policies (continued)**

##### **1.7 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.

##### **1.8 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 banks and loans to and 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.

##### **1.9 Foreign currency translation**

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

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.

##### **1.10 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 29 APRIL 2018**

#### **1. Accounting policies (continued)**

##### **1.11 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.

##### **1.12 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.

##### **1.13 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.

##### **1.14 Current and deferred taxation**

The tax charge for the year comprises of 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 29 APRIL 2018**

#### **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.

##### **Impairment of 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 29 APRIL 2018

#### 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 company determines whether leases entered into by the company either as a lessor or a lessee are operating or lease 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 statement of financial position.

##### 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.

The directors estimation is required to determine the amount of any deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits.

#### 3. Turnover

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. Operating profit

The operating profit is stated after charging:

|   | Year ended<br>29 April<br>2018<br>£000 | Year ended<br>30 April<br>2017<br>£000 |
|---|--|--|
| Depreciation of owned tangible fixed assets   | 1,600                                  | 1,194                                  |
| Depreciation of leased tangible fixed assets  | 1,373                                  | 1,775                                  |
| Difference on foreign exchange                | 37                                     | 19                                     |
| Operating lease rentals - plant and machinery | 433                                    | 440                                    |
| Operating lease rentals - land and buildings  | 1,314                                  | 1,478                                  |

**W & J LINNEY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 APRIL 2018**

**5. Auditor's remuneration**

|   | Year ended<br>29 April<br>2018<br>£000 | Year ended<br>30 April<br>2017<br>£000 |
|---|--|--|
| Fees payable to the company's auditor and its associates for the audit of the company's annual accounts | 39                                     | 35                                     |
| <b>Fees payable to the company's auditor and its associates in respect of:</b>                          |  |  |
| Other services relating to taxation   | 8                                      | 8                                      |
| All other services  | 5                                      | 5                                      |
|   | <u>          </u>                      | <u>          </u>                      |

**6. People**

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

|                       | Year ended<br>29 April<br>2018<br>£000 | Year ended<br>30 April<br>2017<br>£000 |
|-----------------------|--|--|
| Wages and salaries    | 28,723                                 | 25,643                                 |
| Social security costs | 2,534                                  | 2,349                                  |
| Pension costs         | 1,226                                  | 1,279                                  |
|                       | <u>32,483</u>                          | <u>29,271</u>                          |

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

|  | Year ended<br>29 April<br>2018<br>No. | Year ended<br>30 April<br>2017<br>No. |
|--|---------------------------------------|---------------------------------------|
| Production                             | 516                                   | 499                                   |
| Distribution, sales and administrative | 342                                   | 311                                   |
|  | <u>858</u>                            | <u>810</u>                            |

**W & J LINNEY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 APRIL 2018**

**7. Directors' remuneration**

|                       | Year ended<br>29 April<br>2018<br>£000 | Year ended<br>30 April<br>2017<br>£000 |
|-----------------------|--|--|
| Directors' emoluments | 427                                    | 432                                    |

The highest paid director received remuneration of £128,000 (2017: £126,000).

No retirement benefits were accruing for directors in respect of defined contribution pension schemes (2017: £Nil).

**8. Interest payable and similar expenses**

|  | Year ended<br>29 April<br>2018<br>£000 | Year ended<br>30 April<br>2017<br>£000 |
|--|--|--|
| Bank interest payable                      | 148                                    | 106                                    |
| Other loan interest payable                | -                                      | 101                                    |
| Finance leases and hire purchase contracts | 269                                    | 229                                    |
|  | 417                                    | 436                                    |

**W & J LINNEY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 APRIL 2018**

**9. Taxation**

|  | Year ended<br>29 April<br>2018<br>£000 | Year ended<br>30 April<br>2017<br>£000 |
|--|--|--|
| <b>Corporation tax</b>                           |  |  |
| Current tax on profits for the year              | 824                                    | 884                                    |
| Adjustments in respect of previous periods       | -                                      | (1)                                    |
| <b>Total current tax</b>                         | <u>824</u>                             | <u>883</u>                             |
| <b>Deferred tax</b>                              |  |  |
| Origination and reversal of timing differences   | (95)                                   | (532)                                  |
| Changes to tax rates                             | -                                      | (41)                                   |
| <b>Taxation on profit on ordinary activities</b> | <u>729</u>                             | <u>310</u>                             |

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2017: lower than) the standard rate of corporation tax in the UK of 19% (2017: 19.9%). The differences are explained below:

|  | Year ended<br>29 April<br>2018<br>£000 | Year ended<br>30 April<br>2017<br>£000 |
|--|--|--|
| Profit on ordinary activities before tax   | <u>3,308</u>                           | <u>3,427</u>                           |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.91%) | 629                                    | 682                                    |
| <b>Effects of:</b>   |  |  |
| Expenses not deductible for tax purposes   | 50                                     | 51                                     |
| Fixed asset differences  | 50                                     | (377)                                  |
| Adjustments in respect of previous periods - current tax   | -                                      | (1)                                    |
| Adjustment to deferred tax rates   | -                                      | 51                                     |
| Group relief   | -                                      | (96)                                   |
| <b>Total tax charge for the year/period</b>  | <u>729</u>                             | <u>310</u>                             |

**W & J LINNEY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 APRIL 2018**

**10. Dividends**

|                 | Year ended<br>29 April<br>2018<br>£000 | Year ended<br>30 April<br>2017<br>£000 |
|-----------------|--|--|
| <b>Ordinary</b> |  |  |
| Dividends paid  | 2,449                                  | 2,630                                  |

**11. Tangible fixed assets**

|                           | Plant and<br>machinery<br>£000 | Furniture,<br>fittings,<br>equipment<br>and motor<br>vehicles<br>£000 | Assets in<br>the course<br>of<br>construction<br>£000 | Total<br>£000 |
|---------------------------|--------------------------------|---|---|---------------|
| <b>Cost</b>               |                                |   |   |               |
| At 1 May 2017             | 21,811                         | 8,502   | -   | 30,313        |
| Additions                 | 3,203                          | 1,465   | 338   | 5,006         |
| Transfers intra group     | -                              | -   | 69  | 69            |
| Disposals                 | (1,424)                        | (265)   | -   | (1,689)       |
| Transfers between classes | 104                            | (104)   | -   | -             |
| At 29 April 2018          | 23,694                         | 9,598   | 407   | 33,699        |
| <b>Depreciation</b>       |                                |   |   |               |
| At 1 May 2017             | 14,539                         | 5,350   | -   | 19,889        |
| Charge for the year       | 1,810                          | 1,163   | -   | 2,973         |
| Disposals                 | (1,423)                        | (205)   | -   | (1,628)       |
| At 29 April 2018          | 14,926                         | 6,308   | -   | 21,234        |
| <b>Net book value</b>     |                                |   |   |               |
| At 29 April 2018          | 8,768                          | 3,290   | 407   | 12,465        |
| At 30 April 2017          | 7,272                          | 3,152   | -   | 10,424        |



**W & J LINNEY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 APRIL 2018**

**11. Tangible fixed assets (continued)**

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

|  | 2018<br>£000 | 2017<br>£000 |
|--|--------------|--------------|
| Plant, machinery, furniture and fittings | 7,278        | 7,304        |

**12. Fixed asset investments**

|                                       | Listed<br>investments<br>£000 |
|---------------------------------------|-------------------------------|
| <b>Valuation</b>                      |                               |
| At 1 May 2017 and at 29 April 2018    | 20                            |
| <b>Net book value</b>                 |                               |
| At 30 April 2017 and at 29 April 2018 | 20                            |

**Subsidiary undertakings**

The following were subsidiary undertakings of the company:

| Name                    | Class of<br>shares | Holding | Principal<br>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 offices as W & J Linney Limited which is displayed on the company information page.

Prelin Limited and Lintec Business Solutions Limited were dissolved on 20 February 2018.

**W & J LINNEY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 APRIL 2018**

**13. Stocks and work in progress**

|                                     | <b>2018<br/>£000</b> | <b>2017<br/>£000</b> |
|-------------------------------------|----------------------|----------------------|
| Raw materials                       | 1,282                | 950                  |
| Work in progress                    | 8,577                | 5,564                |
| Less payments on account            | (2,868)              | (2,084)              |
| Finished goods and goods for resale | 1,230                | 1,316                |
|                                     | <u>8,221</u>         | <u>5,746</u>         |

Stock recognised in cost of sales during the year as an expense was £28,130,000 (2017: £28,715,000).

**14. Debtors**

|  | <b>2018<br/>£000</b> | <b>2017<br/>£000</b> |
|--|----------------------|----------------------|
| Trade debtors                              | 14,221               | 14,567               |
| Amounts owed by group undertakings         | 1,535                | 98                   |
| Other debtors                              | 1,443                | 1,233                |
| Prepayments and accrued income             | 563                  | 431                  |
| Amounts recoverable on long term contracts | 1,900                | 2,441                |
|  | <u>19,662</u>        | <u>18,770</u>        |

**W & J LINNEY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 APRIL 2018**

**15. Creditors: Amounts falling due within one year**

|   | <b>2018<br/>£000</b> | <b>2017<br/>£000</b> |
|---|----------------------|----------------------|
| Bank overdrafts   | -                    | 3,294                |
| Other short term banking facilities                             | 6,333                | 2,126                |
| Trade creditors   | 11,852               | 9,509                |
| Corporation tax   | 191                  | 371                  |
| Other taxation and social security                              | 1,700                | 1,638                |
| Net obligations under finance lease and hire purchase contracts | 2,281                | 2,108                |
| Other creditors   | 370                  | 270                  |
| Accruals and deferred income                                    | 5,920                | 6,167                |
|   | <u>28,647</u>        | <u>25,483</u>        |

The overdraft and short term other 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 £12,205,000 (2017: £10,364,000) included in trade debtors provide security for other short term banking facilities, of which £6,333,000 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.

**16. Creditors: Amounts falling due after more than one year**

|  | <b>2018<br/>£000</b> | <b>2017<br/>£000</b> |
|--|----------------------|----------------------|
| Net obligations under finance leases and hire purchase contracts | 4,833                | 2,935                |
| Accruals and deferred income                                     | 150                  | 150                  |
|  | <u>4,983</u>         | <u>3,085</u>         |

**17. Finance lease and hire purchase contract leases**

Minimum lease payments under hire purchase fall due as follows:

|                   | <b>2018<br/>£000</b> | <b>2017<br/>£000</b> |
|-------------------|----------------------|----------------------|
| Within one year   | 2,281                | 2,108                |
| Between 1-5 years | 4,589                | 2,909                |
| Over 5 years      | 244                  | 26                   |
|                   | <u>7,114</u>         | <u>5,043</u>         |

**W & J LINNEY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 APRIL 2018**

**18. Deferred taxation**

|   | <b>29 April<br/>2018<br/>£000</b> | <b>30 April<br/>2017<br/>£000</b> |
|---|-----------------------------------|-----------------------------------|
| At 1 May 2017                           | 155                               | 728                               |
| Credited to the profit and loss account | (95)                              | (573)                             |
| <b>At 29 April 2018</b>                 | <b>60</b>                         | <b>155</b>                        |

The provision for deferred taxation is made up as follows:

|                                | <b>2018<br/>£000</b> | <b>2017<br/>£000</b> |
|--------------------------------|----------------------|----------------------|
| Accelerated capital allowances | 123                  | 189                  |
| Short term timing differences  | (63)                 | (34)                 |
|                                | <b>60</b>            | <b>155</b>           |

**19. Share capital**

|   | <b>2018<br/>£000</b> | <b>2017<br/>£000</b> |
|---|----------------------|----------------------|
| <b>Allotted, called up and fully paid</b> |                      |                      |
| 186,000 Ordinary shares of £1 each        | 186                  | 186                  |

**20. 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.

**21. 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 £1,226,000 (2017: £1,279,000).

## W & J LINNEY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 APRIL 2018

#### 22. Commitments under operating leases

At 29 April 2018 the company had future minimum lease payments under non-cancellable operating leases as follows:

|  | 2018<br>£000  | 2017<br>£000  |
|--|---------------|---------------|
| Not later than 1 year                        | 1,837         | 1,793         |
| Later than 1 year and not later than 5 years | 6,301         | 1,778         |
| Later than 5 years                           | 3,168         | 9,372         |
|  | <u>11,306</u> | <u>12,943</u> |

Included in operating lease commitments above is £10,644k (2017: £11,815k) which is payable to the parent company in relation to the property.

#### 23. 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.