

**GOLLEY SLATER GROUP LIMITED**

**Report and Financial Statements**

**31 March 2016**

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COMPANIES HOUSE

**REPORT AND FINANCIAL STATEMENTS 2016**

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

A O Golley  
J C A Golley (appointed 26 April 2016)  
T P Jessen  
D Longden  
M A Williams

**SECRETARY**

Acuity Secretaries Limited

**REGISTERED OFFICE**

Wharton Place  
Wharton Street  
Cardiff  
CF10 1GS

**BANKERS**

HSBC Bank Plc  
56 Queen St  
Cardiff  
CF10 2PX

**AUDITORS**

Kingston Smith LLP  
Charlotte Building  
17 Gresse Street  
London  
W1T 1QL

## **STRATEGIC REPORT**

The directors present their report and the audited financial statements for year ended 31 March 2016.

### **BUSINESS REVIEW**

The group and company provide a full range of solutions for marketing and sales related business challenges via a full mix of marketing services tailor made for each client. These disciplines include:

- Advertising
- Public Relations and Public Affairs
- Media
- Branding and Identity
- Direct, Digital, Telephony, Promotion and Relationship Marketing
- Data Management
- Retail and Shopper Marketing

### **KEY PERFORMANCE INDICATORS**

As shown in the consolidated profit and loss account on page 8, the gross profit has decreased by 5.9% over the prior year (2015 - decrease 4.2%). The Group has continued to consolidate and focus on its key disciplines. Turnover decreased by £3.7m compared to 2015 primarily as a result of decreased media activity.

The company's key measurement of the effectiveness of its operations is the margin of operating profit (before amortisation of intangibles) against gross profit. As shown in the consolidated profit and loss account, operating profit margin has decreased from 8.9% in March 2015 to 4.8% in March 2016.

The consolidated balance sheet on page 10 shows an increase in net current assets of £0.3m at the year end to £12.7m. The business has good credit controls in place and negotiates terms with suppliers to enable it to maintain a cash positive working capital position. There is also a £0.9m overdraft facility in place.

The directors have considered the use of the going concern basis in the preparation of the financial statements and have concluded that it was appropriate. More information is provided in note 1 of the financial statements.

There have been no significant events since the balance sheet date.

### **FUTURE PROSPECTS**

The directors are satisfied with the results for the financial period.

The Group continues to transform in line with social, behavioural and technological changes, whilst maintaining strength in 'traditional' media and marketing disciplines.

The injection of capital and new term facilities has provided additional investment for organic growth. The directors believe that the company and the group are now in a strong position to take advantage of any returning confidence in the economy.

## **STRATEGIC REPORT**

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The company operates in a highly competitive market where there is an ongoing risk of losing clients to competitors. The company manages this risk by having in place comprehensive contracts with fixed terms and notice periods of three months or more wherever practical.

Credit risk with clients is addressed through credit checks and the risk of financial loss is mitigated through the group's credit insurance policy.

Approved by the Board of Directors  
and signed on behalf of the Board



D Longden  
Director

Date..... 9.12.2016 .....

## **DIRECTORS' REPORT**

The directors present their report and the audited financial statements for year ended 31 March 2016.

### **DIRECTORS**

The directors of the company, who served throughout the financial period unless stated otherwise, are as follows:

A O Golley  
T P Jessen  
D Longden  
M A Williams

### **RESULTS AND DIVIDENDS**

The group profit for the financial period, after taxation and minority interest, was £356,803 (31 March 2015 - £668,431).

An interim dividend, to its parent company Golley Group Limited, of £50,000 was proposed and paid by the directors for the financial year (31 March 2015 - £100,000).

### **POST REPORTING DATE EVENTS**

Details of material non-adjusting post balance sheet events are set out in note 26.

### **AUDITORS**

In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditors are unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of the Companies Act 2006.

Kingston Smith LLP have been appointed as the company's auditors and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



D Longden  
Director

Date 09.12.2016

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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; and
- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GOLLEY SLATER GROUP LIMITED**

We have audited the group and parent company financial statements (the "financial statements") of Golley Slater Group Limited for the year ended 31 March 2016 which comprise the Group Profit and Loss Account, The Group Statement of Comprehensive Income, the Group and parent company Balance Sheets. The Group and parent company Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

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 for no other purpose than to draw to the attention of the company's members those matters we are required to include in an auditors' report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2016 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been properly prepared in accordance with the Companies Act 2006;



**INDEPENDENT AUDITORS' REPORT (CONTINUED)  
TO THE MEMBERS OF GOLLEY SLATER GROUP LIMITED**

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

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

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

*Kingston Smith LLP*

Ian Graham (Senior Statutory Auditor)  
for and on behalf of Kingston Smith LLP

*9/12/2016*

Chartered Accountants  
Statutory Auditor  
Charlotte Building  
17 Gresse Street  
London  
W1T 1QL

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**Year ended 31 March 2016**

	Note	Year ended 31 March 2016 £	Year ended 31 March 2015 (Restated) £
<b>TURNOVER</b>	<b>3</b>	23,359,680	27,010,044
Cost of sales		(13,008,660)	(16,004,480)
<b>Gross profit</b>		10,351,020	11,005,564
Administrative expenses		(9,826,878)	(10,142,010)
Other operating income		(22,322)	52,930
<b>OPERATING PROFIT</b> before amortisation of goodwill		501,820	916,484
Amortisation of goodwill		(6,953)	-
<b>OPERATING PROFIT</b>	<b>4</b>	494,867	916,484
Interest receivable and similar income	<b>6</b>	4,372	2,410
Interest payable and similar charges	<b>7</b>	(36,335)	(41,993)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		462,904	876,901
Tax on profit on ordinary activities	<b>8</b>	(106,101)	(208,470)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		356,803	668,431

All activities derive from continuing operations.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**Year ended 31 March 2016**

	Note	Year ended 31 March 2016 £	Year ended 31 March 2015 (Restated) £
Profit for the year		356,803	668,431
<b>Other comprehensive income</b>			
Actuarial (loss)/gain recognised in the pension scheme	21	(112,180)	(593,270)
<b>Total comprehensive income for the year</b>		<u>244,623</u>	<u>75,161</u>

**CONSOLIDATED BALANCE SHEET**  
**31 March 2016**

			31 March 2016	31 March 2015 (Restated)
	Note	£	£	£
<b>FIXED ASSETS</b>				
Goodwill	10	132,110		139,063
Other intangible assets	10	35,335		58,467
Tangible assets	11	170,152		196,583
Investments	12	14,923		14,923
			352,520	409,036
<b>CURRENT ASSETS</b>				
Debtors falling due within one year	14	16,833,411		16,873,131
Debtors falling due after one year	15	249,060		220,500
Cash at bank and in hand		1,964,108		2,878,779
			19,046,579	19,972,410
<b>CREDITORS: amounts falling due within one year</b>	18	(6,085,659)		(7,333,983)
<b>NET CURRENT ASSETS</b>			12,960,920	12,638,427
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			13,313,440	13,047,463
<b>CREDITORS: amounts falling due after more than one year</b>	19	(3,068)		(22,714)
<b>PROVISIONS FOR LIABILITIES</b>	20	(233,000)		(278,000)
<b>NET ASSETS EXCLUDING PENSION DEFICIT</b>			13,077,372	12,746,749
<b>DEFINED BENEFIT PENSION DEFICIT</b>	21	(1,186,000)		(1,050,000)
<b>NET ASSETS</b>			11,891,372	11,696,749
<b>CAPITAL AND RESERVES</b>				
Called up share capital	22	2,052,942		2,052,942
Share premium account		374,260		374,260
Other reserves		81,239		81,239
Profit and loss reserves		9,382,931		9,188,308
<b>TOTAL EQUITY</b>			11,891,372	11,696,749

These financial statements were approved and authorised for issue by the Board of Directors on  
Signed on behalf of the Board of Directors

9/12/2016

T P Jessen  
Director

D Longden  
Director

Company Registration No. 00584047

**COMPANY BALANCE SHEET**  
**31 March 2016**

			31 March 2016	31 March 2015 (Restated)
	Note	£	£	£
<b>FIXED ASSETS</b>				
Other intangible assets	10	35,335	58,467	
Tangible assets	11	170,152	196,583	
Investments	12	580,280	580,280	
			<u>785,767</u>	<u>835,330</u>
<b>CURRENT ASSETS</b>				
Debtors falling due within one year	14	16,045,795	16,174,981	
Debtors falling due after one year	15	249,060	220,500	
Cash at bank and in hand		1,964,108	2,878,779	
		<u>18,258,963</u>	<u>19,274,260</u>	
<b>CREDITORS: amounts falling due within one year</b>	18	(6,034,009)	(7,281,198)	
<b>NET CURRENT ASSETS</b>			<u>12,224,954</u>	<u>11,993,062</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			13,010,721	12,828,392
<b>CREDITORS: amounts falling due after more than one year</b>	19	(3,068)	(22,714)	
<b>PROVISIONS FOR LIABILITIES</b>	20	(233,000)	(278,000)	
<b>NET ASSETS EXCLUDING PENSION DEFICIT</b>			12,774,653	12,527,678
<b>DEFINED BENEFIT PENSION DEFICIT</b>	21	(1,186,000)	(1,050,000)	
<b>NET ASSETS</b>			<u>11,588,653</u>	<u>11,477,678</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	22	2,052,942	2,052,942	
Share premium account		374,260	374,260	
Other reserves		9,239	9,239	
Profit and loss account		9,152,212	9,041,237	
<b>SHAREHOLDERS' FUNDS</b>			<u>11,588,653</u>	<u>11,477,678</u>

These financial statements were approved and authorised for issue by the Board of Directors on  
Signed on behalf of the Board of Directors

9/12/2016

T P Jessen  
Director

D Longden  
Director

Company Registration No. 00584047

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**31 March 2016**

	Note	Share capital £	Share premium account £	Other reserves £	Profit and loss reserves £	Total £
<b>Period ended 31 March 2016:</b>						
<b>Balance at 1 April 2015</b>		2,052,942	374,260	81,239	9,188,308	11,696,749
Profit and total comprehensive income for the year					244,623	244,623
Dividends paid to holding company					(50,000)	(50,000)
<b>Balance at 31 March 2016</b>		<u>2,052,942</u>	<u>374,260</u>	<u>81,239</u>	<u>9,382,931</u>	<u>11,891,369</u>

	Note	Share capital £	Share premium account £	Other reserves £	Profit and loss reserves £	Total £
<b>Period ended 31 March 2015</b>						
<b>Balance at 1 April 2014</b>		2,052,942	374,260	81,239	13,193,258	15,701,699
Profit and total comprehensive income for the year					75,161	75,161
Prior period adjustment	25				(3,980,111)	(3,980,111)
Dividends paid to holding company					(100,000)	(100,000)
<b>Balance at 31 March 2015</b>		<u>2,052,942</u>	<u>374,260</u>	<u>81,239</u>	<u>9,188,308</u>	<u>11,696,749</u>

**OTHER RESERVES:**

	31 March 2016 £	31 March 2015 £
Capital redemption reserve	9,239	9,239
Merger reserve	72,000	72,000
	<u>81,239</u>	<u>81,239</u>

**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**31 March 2016**

	Share capital	Share premium account	Other reserves	Profit and loss reserves	Total
Note	£	£	£	£	£
<b>Period ended 31 March 2016:</b>					
<b>Balance at 1 April 2016</b>	2,052,942	374,260	9,239	9,041,237	11,477,678
Profit and total comprehensive income for the year				273,155	273,155
Dividends paid to holding company				(50,000)	(50,000)
<b>Balance at 31 March 2016</b>	<u>2,052,942</u>	<u>374,260</u>	<u>9,239</u>	<u>9,152,211</u>	<u>11,588,652</u>

	Share capital	Share premium account	Other reserves	Profit and loss reserves	Total
Note	£	£	£	£	£
<b>Period ended 31 March 2015</b>					
<b>Balance at 1 April 2014</b>	2,052,942	374,260	9,239	12,320,449	14,756,890
Profit and total comprehensive income for the year				160,108	160,108
Prior period adjustment	25			(3,339,320)	(3,339,320)
Dividends paid to holding company				(100,000)	(100,000)
<b>Balance at 31 March 2015</b>	<u>2,052,942</u>	<u>374,260</u>	<u>9,239</u>	<u>9,041,237</u>	<u>11,477,678</u>

The other reserves relate to a capital redemption reserve.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. ACCOUNTING POLICIES**

#### **Company information**

Golley Slater Group Limited is a company domiciled and incorporated in England and Wales. The registered office is Wharton Place, Wharton Street, Cardiff, CF10 1GS.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the requirements of the Companies Act 2006. This is the first set of financial statements prepared under FRS 102. The date of transition to FRS 102 is 1 April 2015. An explanation of the impact of first time adoption is given in note 30.

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

The financial statements have been prepared on the historical cost convention, modified by the recognition of certain tangible fixed assets, and financial assets and liabilities measured at fair value. The principal accounting policies adopted are set out below.

#### **1.2 Going concern basis**

The financial statements have been prepared on the going concern basis. The directors have a reasonable expectation that the company and the group will continue in operational existence for the foreseeable future. They have prepared projected profitability and cash flow information for the period ending 12 months from the date of their approval of these financial statements. The Group continues to manage its working capital effectively. On the basis of this information the financial statements have been prepared on the going concern basis.

#### **1.3 Basis of consolidation**

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

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

All financial statements are made up to 31 March 2016. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

#### **1.4 Turnover**

Group turnover consists of four main sources of revenue: advertising, marketing, digital, and public relations, which is recognised in the period in which the service is performed.

Advertising and marketing production revenue is recognised in the year in which the project is worked on. For projects which fall over the financial year end, income is recognised to reflect the partial completion of the contractual obligation in accordance with FRS102.



## NOTES TO THE FINANCIAL STATEMENTS

Media commissions are recognised in the month to which they relate, and media commissions are recognised as income when the related advertisement appears.

Revenue from fees and services to be performed subject to a specific agreement is recognised in the period that the service is performed in accordance with the terms of the contractual arrangement.

### 1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 20 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

### 1.6 Intangible fixed assets – computer software

Computer software is initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on basis of 33 1/3% per annum straight line.

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

### 1.7 Tangible fixed assets

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

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

Leasehold property, fixtures and fittings, and office equipment	-	10%-33 1/3% per annum straight line
Motor vehicles	-	25% per annum straight line

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

### 1.8 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

### 1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

## NOTES TO THE FINANCIAL STATEMENTS

### 1.10 Financial Instruments

#### Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

#### *Derecognition of financial assets*

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

#### Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

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

#### *Derecognition of financial liabilities*

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

### 1.11 Equity Investments

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

### 1.12 Taxation

The amount recognised as a provision is a best estimate of the consideration required to settle the present obligation as the report end date taking in to account the risk and uncertainties surrounding the provision.

#### Current Tax

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

#### Deferred tax

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

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

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1.13 Provisions**

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation, and a reliable estimate can be made of the obligation.

The amount recognised as a provision is a best estimate of the consideration required to settle the present obligation at the reporting end date taking into account the risks and uncertainties surrounding the provision.

### **1.14 Employee benefits**

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

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

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

### **1.15 Retirement benefits**

The group operates a defined benefit pension scheme for its employees, providing benefits based on final pensionable pay. Membership to the scheme has been by invitation and in recent years has been closed to new members. The defined benefit scheme is contributory and contributions are assessed in accordance with the advice of a qualified actuary. The groups contributions to the defined benefit scheme are charged to the profit and loss account so as to spread the cost of pension provisions over the employees' working lives with the group.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in or as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The defined net benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

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

### **1.17 Share based payment transactions**

Equity-settled share-based payments, such as share options, are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share payments is expensed on a straight-line basis over the vesting period, based on the companys estimate of the number of shares that will eventually vest.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1.18 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

### **1.19 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

### **1.20 Cash flow statement**

The company has taken advantage of the exemption available under FRS102 from preparing a cash flow statement, being a wholly-owned subsidiary of Golley Group Limited and included in its consolidated financial statements, which are publicly available.

## **2. Judgements and key sources of estimation uncertainty**

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### **2.1 Critical Judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### **Deferred Tax assets**

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. See note 16 for the carrying amount and further details.

#### **Defined Benefit Pension Scheme**

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 21 for the disclosures relating to the defined benefit pension scheme.

#### **Accrued & Deferred Income**

Accrued and deferred income is recognised on a work completed basis.

# NOTES TO THE FINANCIAL STATEMENTS

## 2.2 Key sources of Estimation Uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

### Dilapidations provisions

Provisions have been made for property dilapidations. These provisions are estimates and the actual costs and timing of future cash flows are dependent on future events. The difference between expectations and the actual future liability will be accounted for in the period when such determination is made.

## 3. TURNOVER

An analysis of the groups turnover is as follows:

	Year ended 31 March 2016 £	Year ended 31 March 2015 £
<b>Turnover</b>		
Marketing Services	23,359,680	27,010,044

Group turnover represents sales by group companies to outside customers, excluding value added tax. All turnover is derived from within the United Kingdom.

## 4. OPERATING PROFIT

	Year ended 31 March 2016 £	Year ended 31 March 2015 £
<b>Profit on ordinary activities before taxation is after charging/(crediting)</b>		
Depreciation – owned assets	72,165	61,167
Depreciation – leased assets	46,041	52,291
Amortisation – Goodwill	6,953	-
Amortisation – Computer Software	30,253	34,511
Auditors' remuneration:		
- group audit fees	31,000	17,500
- company audit fees	25,000	16,000
- other tax fees	4,500	4,500
Operating lease rentals		
- Machinery, equipment and vehicles	84,271	92,875
- Land and buildings	417,483	465,484
Rental income received under operating lease	(4,700)	(30,000)
Profit on disposal of fixed assets	(1,047)	(1,500)

NOTES TO THE FINANCIAL STATEMENTS

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	Year ended 31 March 2016 £	Year ended 31 March 2015 £
<b>Directors – Group and company</b>		
Emoluments (excluding pension contributions)	333,478	420,475
	<u>22,040</u>	<u>22,040</u>
Pension contributions		
	<u>No.</u>	<u>No.</u>
Number of directors who are members of a defined benefit pension scheme	1	1
	<u>£</u>	<u>£</u>
<b>Highest paid directors remuneration</b>		
Aggregate of emoluments (excluding pension contributions)	153,432	194,328

	Group		Company	
	Year ended 31 March 2016 £	Year ended 31 March 2015 £	Year ended 31 March 2016 £	Year ended 31 March 2015 £
<b>Employee costs during the year</b>				
Wages and salaries	6,565,501	6,855,720	5,129,875	4,659,737
Social security costs	534,780	589,987	411,485	395,884
Other pension costs	173,928	154,281	156,101	129,232
	<u>7,274,210</u>	<u>7,599,988</u>	<u>5,697,461</u>	<u>5,184,853</u>
<b>Average number of persons employed</b>				
Production	52	44	38	29
Sales and account handling	89	93	71	63
Administration	23	24	22	23
	<u>164</u>	<u>161</u>	<u>131</u>	<u>115</u>

Remuneration to key management personnel was deemed to be solely that of remuneration paid to the directors of the group.

NOTES TO THE FINANCIAL STATEMENTS

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 March 2016 £	Year ended 31 March 2015 £
<b>Interest Income</b>		
Interest on bank deposits	4,372	2,410
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	4,372	2,410

7. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 March 2016 £	Year ended 31 March 2015 £
Finance lease charges	10,089	14,792
Other Interest	52	372
Bank charges	26,194	26,829
	36,335	41,993

# NOTES TO THE FINANCIAL STATEMENTS

## 8. TAXATION

	Year ended 31 March 2016 £	Year ended 31 March 2015 (Restated) £
<b>Current taxation</b>		
United Kingdom corporation tax:		
Current tax on profits for the current period	98,289	169,210
Adjustment in respect of prior years	1,260	16,978
	<u>99,549</u>	<u>186,188</u>
<b>Deferred taxation</b>		
Origination and reversal of timing differences	6,552	22,282
	<u>106,101</u>	<u>208,470</u>

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	£	£
Profit on ordinary activities before tax	<u>462,904</u>	<u>876,901</u>
Expected tax charge based on a cut proportion tax rate of 20% (31 March 2015 21%)	92,581	184,149
Tax effect of expenses not deductible in determining taxable profit	11,054	11,603
Depreciation for the period in excess of capital allowances	(3,089)	(19,848)
Effect of change in corporation tax rate	-	(902)
Adjustment in respect of prior years	1,260	16,978
Utilisation of losses from holding company	(3,095)	(18,811)
Deferred tax movement of pension scheme in p&l.	(422)	7,770
Other	-	5,249
<b>Current tax charge for the period</b>	<u>99,549</u>	<u>186,188</u>

The standard rate of corporation tax in the UK will decrease from 20% to 19% with effect from 1 April 2017. Accordingly the company's deferred tax balances at the reporting date are taxed at an effective rate of 19% (2015: 20%).

## 9. PROFIT OF PARENT COMPANY

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year amounted to £273,155 (2015: £802,378).



NOTES TO THE FINANCIAL STATEMENTS

10. INTANGIBLE FIXED ASSETS

Group	Positive Goodwill £	Negative Goodwill £	Computer Software £	Total £
<b>Cost</b>				
At 1 April 2015	5,439,920	(17,969)	343,322	5,765,273
Additions	-	-	7,121	7,121
At 31 March 2016	5,439,920	(17,969)	350,443	5,772,394
<b>Amortisation</b>				
At 1 April 2015	5,300,857	(17,969)	284,855	5,567,743
Charge for the period	6,953	-	30,253	37,206
At 31 March 2016	5,307,810	(17,969)	315,108	5,604,949
<b>Net book value</b>				
At 31 March 2016	132,110	-	35,335	167,445
At 31 March 2015	139,063	-	58,467	197,530

Company	Goodwill £	Computer Software £	Total £
<b>Cost</b>			
At 1 April 2015	710,364	343,322	1,053,686
Additions	-	7,121	7,121
At 31 March 2016	710,364	350,443	1,060,807
<b>Amortisation</b>			
At 1 April 2015	710,364	284,855	995,219
Charge for the period	-	30,253	30,253
At 31 March 2016	710,364	315,108	1,025,472
<b>Net book value</b>			
At 31 March 2016	-	35,335	35,335
At 31 March 2015	-	58,467	58,467

NOTES TO THE FINANCIAL STATEMENTS

11. TANGIBLE FIXED ASSETS

Group and Company	Leasehold property, fixtures and fittings £	Office equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 April 2015	455,500	1,908,870	14,500	2,378,870
Additions	1,588	91,140	-	92,728
Disposals	(2,600)	(8,889)	-	(11,489)
At 31 March 2016	454,488	1,991,121	14,500	2,460,109
<b>Depreciation</b>				
At 1 April 2015	416,641	1,751,146	14,500	2,182,287
Charge for the period	24,679	93,527	-	118,206
Disposals	(1,647)	(8,889)	-	(10,536)
At 31 March 2016	439,673	1,835,784	14,500	2,289,957
<b>Net book value</b>				
At 31 March 2016	14,815	155,337	-	170,152
At 31 March 2015	38,859	157,724	-	196,583

Net amount of assets held under finance lease at 31 March 2016 is £27,960 (31 March 2015 - £71,160). The depreciation charge in respect of such assets amounted to £46,041 (2015: £52,291) for the year.

12. FIXED ASSET INVESTMENTS

Group	Unlisted investments £	Investment in shares of group companies £	Total £
<b>Cost and net book value</b>			
At 1 April 2015 and 31 March 2016	14,923	-	14,923
<b>Company</b>			
<b>Cost</b>			
At 1 April 2015 and 31 March 2016	14,923	565,357	580,280

Details of the investments in shares of group companies are provided in note 24.

NOTES TO THE FINANCIAL STATEMENTS

13. FINANCIAL INSTRUMENTS

	Group		Company	
	31 March 2016 £	31 March 2015 £	31 March 2016 £	31 March 2015 £
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	16,528,325	16,452,294	15,740,709	15,754,144
Equity instruments measured at cost less impairment	14,923	14,923	580,280	580,280
	<u>16,543,248</u>	<u>16,467,217</u>	<u>16,320,989</u>	<u>16,334,424</u>
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	<u>4,900,472</u>	<u>4,589,161</u>	<u>4,900,472</u>	<u>4,589,162</u>

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR:

	Group		Company	
	31 March 2016 £	31 March 2015 £	31 March 2016 £	31 March 2015 £
Trade debtors	3,913,842	4,092,486	3,913,842	4,092,486
Amounts owed by group undertakings	12,897,859	12,752,383	12,110,243	12,054,233
Deferred tax asset (note 16)	<u>21,710</u>	<u>28,262</u>	<u>21,710</u>	<u>28,262</u>
	<u>16,833,411</u>	<u>16,873,131</u>	<u>16,045,795</u>	<u>16,174,981</u>

15. DEBTORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	Group 31 March 2016 £	Company 31 March 2016 £
Deferred tax asset (note 16)	<u>249,060</u>	<u>220,500</u>

NOTES TO THE FINANCIAL STATEMENTS

16. DEFERRED TAX ASSET

Due within one year:

Group and company	2016 £	2015 £
Balance at 1 April 2015	28,262	50,544
Movement in the year	(6,552)	(22,282)
Balance at 31 March 2016	<u>21,710</u>	<u>28,262</u>

The amount of deferred tax asset recognised in the financial statements is in respect of:

	Group		Company	
	31 March 2016 £	31 March 2015 £	31 March 2016 £	31 March 2015 £
Depreciation in excess of capital allowances	<u>21,710</u>	<u>28,262</u>	<u>21,710</u>	<u>28,262</u>

Due after one year:

Group and company	2016 £	2015 £
Balance at 1 April 2015	220,500	70,560
Movement in the year	28,560	149,940
Balance at 31 March 2016	<u>249,060</u>	<u>220,500</u>

The amount of deferred tax asset recognised in the financial statements is in respect of:

	Group		Company	
	31 March 2016 £	31 March 2015 £	31 March 2016 £	31 March 2015 £
Defined Benefit Pension Deficit	<u>249,060</u>	<u>220,500</u>	<u>249,060</u>	<u>220,500</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 17. FINANCE LEASE OBLIGATIONS

Finance Lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period and no restrictions are placed on the use of assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

## 18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31	31	31	31
	March	March	March	March
	2016	2015	2016	2015
	£	£	£	£
Obligations under finance leases	24,144	48,446	24,144	48,446
Trade creditors	3,820,442	3,301,334	3,820,442	3,301,334
Taxation and social security	484,085	846,627	484,085	846,627
Corporation tax	98,288	187,021	46,638	134,236
Other creditors	1,055,886	1,239,381	1,055,886	1,239,381
Accruals and deferred income	602,814	1,711,174	602,814	1,711,174
	<u>6,085,659</u>	<u>7,333,983</u>	<u>6,034,009</u>	<u>7,281,198</u>

## 19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	31	31	31	31
	March	March	March	March
	2016	2015	2016	2015
	£	£	£	£
Obligations under finance leases between one and five years	3,068	22,714	3,068	22,714
	<u>3,068</u>	<u>22,714</u>	<u>3,068</u>	<u>22,714</u>

## 20. PROVISIONS FOR LIABILITIES

	31	31
	March	March
	2016	2015
	£	£
Provisions as at 1 April 2015	278,000	334,000
Amounts charged to profit and loss	(45,000)	(56,000)
Provisions as at 31 March 2016	<u>233,000</u>	<u>278,000</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 21. RETIREMENT BENEFIT SCHEME

The group operates a defined benefit pension scheme with assets held in a separately administered fund. The scheme provides retirement benefits on the basis of members' final salary. The plan is administered by an independent trustee, who is responsible for ensuring that the plan is sufficiently funded to meet current and future obligations. The Group has agreed a funding plan with the trustee, whereby ordinary contributions are made into the scheme based on a percentage of active employees' salary. Additional contributions are agreed with the trustee to reduce the funding deficit where necessary.

The most recent full actuarial valuation of the defined benefit scheme was at 1 December 2014 and this was updated to March 2016.

Amounts recognised in income as an expense in respect of defined benefit schemes are as follows:

	Year Ended 31 March 2016 £	Year Ended 31 March 2015 £
Current Service cost	53,000	33,000
Net interest cost on defined benefit liability/asset	33,000	18,000
	<u>86,000</u>	<u>51,000</u>

Amounts recognised in other comprehensive income in respect of defined benefit schemes are as follows:

	Year Ended 31 March 2016 £	Year Ended 31 March 2015 £
Actuarial changes relating to obligations	(84,000)	974,000
Actuarial changes relating to plan assets	226,000	(233,000)
Deferred tax adjustment	(29,820)	(157,730)
Total actuarial (gain) / loss recognised in other comprehensive income.	<u>112,180</u>	<u>583,270</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 21. RETIREMENT BENEFIT SCHEME (Continued)

Key Assumptions	Year Ended 31 March 2016 %	Year Ended 31 March 2015 %
Rate of increase in salaries	0.00	0.00
Rate of increase in pensions payment:		
LPI maximum 5%	2.90	2.80
LPI maximum 2.5%	2.10	2.00
Discount Rate	3.40	3.20
Inflation assumption	3.00	2.90

### Significant demographic assumptions

The mortality assumption at 31 March 2016 is based on an experience investigation prior to the previous funding valuation. The current assumption uses 95% of mortality rates included in the standard tables known as S2PXA (2015: SIPXA). Allowance for future longevity improvements is made in line with the CMI 2011 projections with a long term improvement rate of 1.25% for males and 0.75% for females.

Under the current assumption a person aged 65 is assumed to live for a further 25 years (male) and 25 years (female) and a person reaching age 65 in 2032 is assumed to live for a further 25 years (male) and 26 years (female).

The amounts included in the balance sheet arising from the companys obligations in respect of its defined benefit plans are as follows: The assets in the scheme and the expected rate of return were:

	Year Ended 31 March 2016 £	Year Ended 31 March 2015 £
Present value of defined benefit obligations	7,239,000	7,195,000
Fair value of plan assets	(6,053,000)	(6,145,000)
Net liability recognised in the statement of financial position	1,186,000	1,050,000

NOTES TO THE FINANCIAL STATEMENTS

21. RETIREMENT BENEFIT SCHEME (Continued)

Movement in the present value of defined benefit obligations are as follows:

	Year Ended 31 March 2016 £	Year Ended 31 March 2015 £
At 1 April 2015	7,195,000	6,051,000
Current service cost	53,000	33,000
Contributions by scheme members	27,000	26,000
Benefits paid from the scheme	(181,000)	(153,000)
Actuarial (losses)/gains	(84,000)	974,000
Interest cost	229,000	264,000
Deficit in scheme at end of the period	<u>7,239,000</u>	<u>7,195,000</u>

Movement in the fair value of plan assets are as follows:

	Year Ended 31 March 2016 £	Year Ended 31 March 2015 £
At 1 April 2015	6,145,000	5,715,000
Interest income	196,000	246,000
Return on plan assets (excluding amounts included in net interest)	(226,000)	223,000
Benefits paid	(181,000)	(153,000)
Contributions by the scheme members	27,000	26,000
Contributions by employer	92,000	88,000
Deficit in scheme at end of the period	<u>6,053,000</u>	<u>6,145,000</u>

The actual return on plan assets was (£30,000) – 2015 (£469,000)

Defined benefit pension plans

	£
Service cost	44,000
Net Interest cost	<u>39,000</u>
	<u>83,000</u>



# NOTES TO THE FINANCIAL STATEMENTS

## 21. RETIREMENT BENEFIT SCHEME (Continued)

The fair value of plan assets at the reporting period end was as follows:

	Year Ended 31 March 2016 £	Year Ended 31 March 2015 £
Invested Assets	5,900,000	5,980,000
Annuity Policies	153,000	165,000
	<u>6,053,000</u>	<u>6,145,000</u>

## DEFINED CONTRIBUTION PENSION SCHEME

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

The charge to the profit and loss in respect of defined contribution schemes £55,219 (2015: £46,231)

## 22. CALLED UP SHARE CAPITAL

	31 March 2016 £	31 March 2015 £
<b>Authorised</b>		
Ordinary shares of £1 each	<u>2,100,000</u>	<u>2,100,000</u>
<b>Allotted and fully paid</b>		
Ordinary shares of £1 each	<u>2,052,942</u>	<u>2,052,942</u>

## 23. OPERATING LEASE COMMITMENTS

At 31 March 2016 and 31 March 2015, the group was committed to making the following minimum lease payments in respect of non cancellable operating leases:

	Land and buildings 31 March 2016 £	Other 31 March 2016 £	Land and buildings 31 March 2015 £	Other 31 March 2015 £
<b>Group and Company</b>				
Leases which expire:				
Within one year	33,278	-	-	39,999
Between two and five years	450,865	157,053	945,107	84,702
After five years	222,370	-	257,370	-
	<u>706,513</u>	<u>157,053</u>	<u>1,202,477</u>	<u>124,701</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 24. ADDITIONAL INFORMATION ON SUBSIDIARIES

At 31 March 2016, the company had the following subsidiaries:

Subsidiary	Principal activity	Portion of ordinary shares held	Country of registration and operation
Golley Slater Scotland Limited	Advertising & Public Relations	100%	UK
Golley Slater London Limited	Integrated Marketing	100%	UK
Golley Slater Media Limited	Media & Recruitment	100%	UK
<b>Dormant companies</b>			
Voices For Change Limited	Telephone Marketing	100%	UK
Margaret Street Communications Limited	Public Relations consultants	100%	UK
Tomorrow Relationship Marketing Limited	Relationship Marketing	100%	UK

### 25. PRIOR PERIOD ADJUSTMENT

#### Group

In previous years, the directors have assessed the need to impair the value of the investments and the goodwill created on acquisition, by comparing the balances to the net present value of future expected cashflows. The directors now consider that the forecasted cashflows used were incorrect and a higher weighted averaged cost of capital should have been applied to these forecasts. On this basis the carrying value of the goodwill was not supported and accordingly a prior year adjustment has been made to reduce the carrying value down to £139,063, an adjustment of £3,980,111.

#### Company

In previous years, the directors have assessed the need to impair the value of the investments and the goodwill created on acquisition, by comparing the balances to the net present value of future expected cashflows. The directors now consider that the forecasted cashflows used were incorrect and a higher weighted averaged cost of capital should have been applied to these forecasts. On this basis the carrying value of the investments were not supported and accordingly a prior year adjustment has been made to reduce the carrying value down to £565,357, an adjustment of £2,694,999. Applying the same basis, the carrying value of the goodwill was also not supported and accordingly a prior year adjustment has been made to fully impair the goodwill of £644,321.

### 26. EVENTS AFTER THE REPORTING DATE

On 12<sup>th</sup> August 2016 Golley Slater Group Ltd completed the sale of Golley Slater Scotland Ltd to Brydon Holdings Ltd (formerly Lesley Clark Communications Ltd). Golley Slater Scotland Ltd changed its name to Lesley Clark Communications Ltd on the day of completion. There will be no material change to the financial position of Golley Slater Group Ltd as a result of this sale.

### 27. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption from disclosing related party transactions with companies under the same control in accordance with FRS102, Section 33 'Related Parties'.

**NOTES TO THE FINANCIAL STATEMENTS**

**28. CONTINGENT LIABILITY**

The company is party to a cross guarantee structure with the Group's bankers by means of a fixed and floating charge over all of the assets of the Group companies in favour of HSBC Plc. The net borrowings related to this guarantee amount to £nil (2015: £nil).

**29. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY**

The ultimate parent company and controlling party is Golley Group Limited a company registered in England and Wales.

Golley Group Limited is both the largest and smallest group into which Golley Slater Group Limited is consolidated. Copies of the financial statements of Golley Group Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

NOTES TO THE FINANCIAL STATEMENTS

30. RECONCILIATIONS ON ADOPTION OF FRS102

Reconciliation of equity

		At 31 March 2015		
		Previous UK GAAP	Effect of transition	FRS 102
	Notes	£	£	£
<b>Fixed assets</b>				
Intangible assets	i	139,063	58,467	197,530
Tangible fixed assets	i	255,050	(58,467)	196,583
Investments		14,923	-	14,923
		<u>409,036</u>	<u>-</u>	<u>409,036</u>
<b>Current assets</b>				
Debtors falling due within one year		16,873,131	-	16,873,131
Debtors falling due after one year			220,500	220,500
Cash at bank and in hand		<u>2,878,779</u>	<u>-</u>	<u>2,878,779</u>
		<u>19,751,910</u>	<u>220,500</u>	<u>19,972,410</u>
<b>Creditors due within one year</b>				
Creditors		(6,300,335)	-	(6,300,335)
Taxation and social security		<u>(1,033,648)</u>	<u>-</u>	<u>(1,033,648)</u>
		<u>(7,333,983)</u>	<u>-</u>	<u>(7,333,983)</u>
Net current (liabilities)/assets		<u>12,417,927</u>		<u>12,638,427</u>
Total assets less current liabilities		<u>12,826,963</u>	<u>220,500</u>	<u>13,047,463</u>
<b>Creditors due after one year</b>				
Loans and overdrafts		(22,714)	-	(22,714)
Provisions for liabilities		<u>(1,107,500)</u>	<u>(220,500)</u>	<u>(1,328,000)</u>
Net assets		<u>11,696,749</u>	<u>-</u>	<u>11,696,750</u>
<b>Capital and reserves</b>				
Share capital		2,052,942	-	2,052,942
Share premium		374,260	-	374,260
Other reserves		81,239	-	81,239
Profit and loss		<u>9,188,308</u>	<u>-</u>	<u>9,188,308</u>
Total equity		<u>11,696,749</u>	<u>-</u>	<u>11,696,749</u>

## NOTES TO THE FINANCIAL STATEMENTS

## 30 Reconciliations on adoption of FRS 102 (continued)

## Reconciliation of profit or loss for the year

	Notes	At 31 March 2015		FRS 102 £
		Previous UK GAAP £	Effect of transition £	
Turnover		27,010,044		27,010,044
Cost of sales		(16,004,480)		(16,004,480)
Gross profit		11,005,564		11,005,564
Administrative expenses		(10,142,010)		(10,142,010)
Other operating income	ii	114,930	(62,000)	52,930
Operating profit		978,484		916,484
Interest receivable and similar income		2,410		2,410
Interest payable and similar charges		(41,993)		(41,993)
Profit before taxation		938,901		876,901
Tax on profit on ordinary activities	ii	(221,470)	13,000	(208,470)
Profit for the financial year		717,431	(49,000)	668,431

## Notes to reconciliations on adoption of FRS 102

The notes below set out the adjustments that have been reflected above on transition to FRS 102:

## i) Computer software and website

Computer software and the Company's website, with a net book value of £58,467 at 1 April 2015, has been reclassified from tangible to intangible assets as required under FRS 102. This has no effect on the company's net assets nor on the profit for the year, except that the previous depreciation charge is now described as amortisation.

## ii) Defined benefit scheme

Under previous UK GAAP the company recognised an expected return on defined benefit plan assets in the profit and loss account. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in the profit and loss account. There has been no change in the defined benefit liability at either 1 April 2015 or 31 March 2016. The effect of the change has been to reduce the credit to the profit and loss account in the year to 31 March 2015 by £49,000 and increase the credit in other comprehensive income by an equivalent amount.

Also, under FRS 102 the scheme deficit must now be disclosed gross of any associated deferred tax asset whereas under previous UK GAAP the group was permitted to disclose the liability net of the deferred tax asset.