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Registered number: 00939885

PENSORD PRESS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

PENSORD PRESS LIMITED

COMPANY INFORMATION

Directors	D Coxon K Gater G Williams L Williams
Company secretary	R Best
Registered number	00939885
Registered office	Tram Road Pontllanfraith Blackwood Gwent NP12 2YA
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 11/13 Penhill Road Cardiff South Glamorgan CF11 9UP

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

Introduction

The directors present their annual report and the audited financial statements for the year ended 31 December 2018.

Business review

During the final quarter of 2017 the board carried out a full review of the business and agreed a plan of action to restructure in order to address a number of forecasts risks that would arise by Easter 2019. The project was designed to future proof the business and the risks identified by the Board included well-known industry trends, continuing margin pressure, foreign exchange rates and the potential effects of unfavourable changes to the wider economy.

The headline component parts of the project included:

- A reduction in headcount of over 20
- a £3.6m investment in a new Heidelberg 8 colour long perfecting press and two new high-speed Stahl folding machines
- The disposal of two long perfecting presses
- Changes to shift patterns in certain areas of the business
- Improved efficiency
- Significant reduction in overheads
- Reduced reliance on a large volume of very low margin work

The project successfully concluded in October 2018 after considerable planning, resource, consultation and manoeuvrability, but the Board are pleased to report that the decision to make these changes has been justified.

Inevitably the business incurred significant one-off costs of over £500k in the execution of this project, and these have been disclosed separately in the Profit and Loss.

As part of the project our banking and funding facilities were put out to tender and consolidated with Santander in September 2018. The financial year outlined in this report could be described as a hugely transitional one with 2019 expected to be one of consolidation. That said, the Board continues to identify way to improve efficiency and its operational working capital.

Pensord 2010 maintained its Strategic relationship with the PPA and in particular its involvement with the Independent Publishers Network, focussing on their continued development and success.

Principal risks and uncertainties

The risks and uncertainties associated with the printing industry remain unchanged from previous year, with over-capacity and margin pressure ever-present. The Board believes it has taken the most appropriate steps to meet these challenges and, as far as possible, controls the aspects of the business it can control. General instability caused by Brexit continues to be a risk to the business, particularly the unfavourable movement in the Euro which is likely to increase paper pricing with most paper sourced from Europe.

Financial key performance indicators

- Reduction in turnover to £11m/12%
- Increase in gross margins from 29% to 30%
- £616k reduction in administration costs to £2.3m
- Re-organisation costs of £502k
- Operating loss of £56k (2018: profit of £63k)

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

This report was approved by the board on 6 September 2019 and signed on its behalf.

D Coxon
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the year ended 31 December 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 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 and profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

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

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.

Results and dividends

The loss for the year, after taxation, amounted to £291,920 *(2017 - loss £116,280)*.

Dividends of £10,000 *(2017: £10,000)* were declared and paid during the year.

Directors

The directors who served during the year were:

D Coxon
K Gater
G Williams
L Williams

Future developments

The financial year outlined in this report could be described as a hugely transitional one with 2019 expected to be one of consolidation. That said, the Board continues to identify way to improve efficiency and its operational working capital.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

There have been no significant events since the year end.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 6 September 2019 and signed on its behalf.

D Coxon
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PENSORD PRESS LIMITED

Opinion

We have audited the financial statements of Pensord Press Limited (the 'Company') for the year ended 31 December 2018, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PENSORD PRESS 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.

Opinions 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.

Matter on which we are required to report under the Companies Act 2006

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.

Matters on which we are required to report by exception

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PENSORD PRESS LIMITED (CONTINUED)

Responsibilities of directors for the financial statements

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.

Auditor's responsibilities for the audit of the financial statements

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

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

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.

Grant Thornton UK LLP

Rhian Owen
Senior statutory auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cardiff
Date: 6 September 2019

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	*2017 £*
Turnover	4	**10,999,693**	*12,486,695*
Cost of sales		**(7,650,076)**	*(8,840,761)*
Gross profit		**3,349,617**	*3,645,934*
Distribution costs		**(647,213)**	*(710,163)*
Administrative expenses		**(2,378,421)**	*(2,993,556)*
Exceptional administrative expenses		**(502,335)**	-
Other operating income	5	**127,000**	*125,460*
Other operating charges		**(5,166)**	*(5,166)*
Operating (loss)/profit		**(56,518)**	*62,509*
Interest receivable and similar income	8	**5,250**	*5,250*
Interest payable and expenses	9	**(188,922)**	*(175,353)*
Loss before tax		**(240,190)**	*(107,594)*
Tax on loss	10	**(51,730)**	*(8,686)*
Loss for the financial year		**(291,920)**	*(116,280)*

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2018 *(2017: £Nil)*.

The notes on pages 11 to 25 form part of these financial statements.

PENSORD PRESS LIMITED
REGISTERED NUMBER: 00939885

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £	2018 £	*2017 £*	*2017 £*
Fixed assets					
Tangible assets	13		**6,873,786**		*4,771,171*
			6,873,786		*4,771,171*
Current assets					
Stocks	14	**260,103**		*342,770*	
Debtors: amounts falling due within one year	15	**6,192,863**		*6,544,239*	
Cash at bank and in hand	16	**36,869**		*14,924*	
		6,489,835		*6,901,933*	
Creditors: amounts falling due within one year	17	**(4,932,240)**		*(4,418,112)*	
Net current assets			**1,557,595**		*2,483,821*
Total assets less current liabilities			**8,431,381**		*7,254,992*
Creditors: amounts falling due after more than one year	18		**(3,947,207)**		*(2,532,352)*
Provisions for liabilities					
Deferred tax	19	**(342,822)**		*(279,368)*	
			(342,822)		*(279,368)*
Net assets			**4,141,352**		*4,443,272*
Capital and reserves					
Called up share capital	20		**1,630,000**		*1,630,000*
Revaluation reserve	21		**142,000**		*142,000*
Profit and loss account	21		**2,369,352**		*2,671,272*
			4,141,352		*4,443,272*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 6/9/19

D Coxon
Director

The notes on pages 11 to 25 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2017	**1,630,000**	**142,000**	**2,797,552**	**4,569,552**
Loss for the year	-	-	(116,280)	(116,280)
Dividends: Equity capital	-	-	(10,000)	(10,000)
At 1 January 2018	**1,630,000**	**142,000**	**2,671,272**	**4,443,272**
Loss for the year	-	-	(291,920)	(291,920)
Dividends: Equity capital	-	-	(10,000)	(10,000)
At 31 December 2018	**1,630,000**	**142,000**	**2,369,352**	**4,141,352**

The notes on pages 11 to 25 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1. General information

Pensord Press Limited is a private company limited by shares and incorporated in England and Wales. The registered office is shown on the Company Information page.

The company's principal activity is that of a magazine printer.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Pensord Twenty10 Limited as at 31 December 2018 and these financial statements may be obtained from Tram Road, Pontllanfraith, Blackwood, Gwent, NP12 2YA.

2.3 Going concern

The performance of the business and other group entities is regularly reviewed by the directors, in the form of Board meetings and meetings with the senior management team, where the management information and forecasts for cash, sales and profitability are discussed and plans to address potential risks and problems agreed. The board are confident that, based on the available information, there are no issues around going concern.

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.
Turnover is recognised when work has been completed and dispatched or where it is considered that the sellers obligations have been fulfilled.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

2.6 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.7 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

2.9 Pensions

Defined contribution pension plan

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 payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2. *Accounting policies (continued)*

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.11 Exceptional items

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

2.12 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 management.

Land is not depreciated. Depreciation on other assets 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:

Freehold buildings	- 20 years
Building improvements	- 7 to 10 years
Plant & machinery	- 5 to 15 years
Computer equipment	- 3 years

2. Accounting policies (continued)

2.13 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.14 Stocks

Stocks are stated at the 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 first in, first out 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 profit or loss.

2.15 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.17 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.18 Government grants

Grants are accounted for under the performance model. The deferred element of grants is included in creditors as deferred income.

2. Accounting policies (continued)

2.19 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 Statement of comprehensive income 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.

2. Accounting policies (continued)

2.20 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.21 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 at an annual general meeting.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Recoverability of trade debtors
A provision has been made for trade debtors. This provision is an estimate 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.

Depreciation
The company exercises judgement to determine useful lives and residual values of tangible assets. The assets are depreciated down to their residual values over their estimated lives.

4. Turnover

Analysis of turnover by country of destination:

	2018	*2017*
	£	*£*
United Kingdom	**10,990,532**	*12,473,790*
Rest of Europe	**9,161**	*12,905*
	10,999,693	*12,486,695*

5. Other operating income

	2018	*2017*
	£	*£*
Government grants receivable	**-**	*65,460*
Management fees receivable	**127,000**	*60,000*
	127,000	*125,460*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

6. Employees

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

	2018	*2017*
	£	*£*
Wages and salaries	**3,806,857**	*4,365,675*
Social security costs	**372,022**	*402,335*
Cost of defined contribution scheme	**82,931**	*159,076*
	4,261,810	*4,927,086*

The average monthly number of employees, including the directors, during the year was as follows:

	2018	*2017*
	No.	*No.*
Production	**95**	*117*
Administration	**20**	*25*
Sales	**5**	*6*
	120	*148*

7. Directors' remuneration

	2018	*2017*
	£	*£*
Directors' emoluments	**385,486**	*358,965*
Company contributions to defined contribution pension schemes	**15,854**	*84,721*
	401,340	*443,686*

During the year retirement benefits were accruing to 4 directors *(2017 - 4)* in respect of defined contribution pension schemes.

The highest paid director received remuneration of £147,374 *(2017 - £160,018)*.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £8,450 *(2017 - £43,201)*.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

8. Interest receivable

	2018	2017
	£	£
Other interest receivable	5,250	5,250

9. Interest payable and similar expenses

	2018	2017
	£	£
Bank interest payable	20,140	8,709
Finance leases and hire purchase contracts	133,526	130,122
Other interest payable	35,256	36,522
	188,922	175,353

10. Taxation

	2018	2017
	£	£
Corporation tax		
Current tax on profits for the year	-	85,000
Adjustments in respect of previous periods	(11,724)	(1,109)
Total current tax	(11,724)	83,891
Deferred tax		
Origination and reversal of timing differences	63,454	(75,205)
Total deferred tax	63,454	(75,205)
Taxation on profit on ordinary activities	51,730	8,686

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2017 - higher than)* the standard rate of corporation tax in the UK of 19% *(2017 - 19.25%)*. The differences are explained below:

	2018 £	*2017* *£*
Loss on ordinary activities before tax	**(240,190)**	*(107,594)*
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	**(45,636)**	*(20,711)*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**1,945**	*12,852*
Capital allowances for year in excess of depreciation	**4,946**	*5,011*
Group relief surrender	**35,659**	*-*
Other timing differences	**74,005**	*-*
Adjustments to tax charge in respect of prior periods	**(11,724)**	*(1,109)*
Changes in deferred tax rate	**(7,465)**	*10,186*
Adjustments to deferred tax charge in respect of prior periods	**-**	*1,752*
Other tax adjustments	**-**	*705*
Total tax charge for the year	**51,730**	*8,686*

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

11. Dividends

	2018 £	*2017* *£*
Dividends	**10,000**	*10,000*

12. Exceptional items

	2018 £	*2017* *£*
Impairment	133,196	-
Redundancy	369,139	-

13. Tangible fixed assets

	Freehold property £	Plant & machinery £	Total £
Cost or valuation			
At 1 January 2018	1,905,357	12,059,082	13,964,439
Additions	-	3,680,160	3,680,160
Disposals	-	(2,274,471)	(2,274,471)
At 31 December 2018	1,905,357	13,464,771	15,370,128
Depreciation			
At 1 January 2018	1,193,548	7,999,720	9,193,268
Charge for the year on owned assets	31,597	912,752	944,349
Disposals	-	(1,774,471)	(1,774,471)
Impairment charge	-	133,196	133,196
At 31 December 2018	1,225,145	7,271,197	8,496,342
Net book value			
At 31 December 2018	680,212	6,193,574	6,873,786
At 31 December 2017	*711,809*	*4,059,362*	*4,771,171*

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

	2018 £	*2017* *£*
Plant and machinery	4,526,553	*3,876,276*

14. Stocks

	2018 £	*2017 £*
Raw materials and consumables	**234,905**	*277,705*
Work in progress (goods to be sold)	**25,198**	*65,065*
	260,103	*342,770*

15. Debtors

	2018 £	*2017 £*
Trade debtors	**1,576,042**	*1,857,068*
Amounts owed by group undertakings	**4,298,361**	*4,298,360*
Other debtors	**209,665**	*281,106*
Prepayments and accrued income	**108,795**	*107,705*
	6,192,863	*6,544,239*

16. Cash and cash equivalents

	2018 £	*2017 £*
Cash at bank and in hand	**36,869**	*14,924*
Less: bank overdrafts	**(1,005,470)**	*(1,048,843)*
	(968,601)	*(1,033,919)*

17. Creditors: Amounts falling due within one year

	2018 £	2017 £
Bank overdrafts	**1,005,470**	*1,048,843*
Bank loans	**39,666**	*71,803*
Payments received on account	**675,000**	-
Trade creditors	**1,204,451**	*1,506,776*
Amounts owed to group undertakings	**276,045**	*220,029*
Corporation tax	-	*45,009*
Other taxation and social security	**294,552**	*122,669*
Obligations under finance lease and hire purchase contracts	**1,111,557**	*1,022,463*
Other creditors	**68,770**	*81,889*
Accruals and deferred income	**256,729**	*298,631*
	4,932,240	*4,418,112*

The company's banker holds fixed and floating charges over all property, assets and rights of the company. The company and other companies forming part of the group headed by Pensord Twenty10 Limited have cross-guaranteed the bank borrowings of each other.

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

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

	2018 £	2017 £
Bank loans	**545,417**	*521,279*
Net obligations under finance leases and hire purchase contracts	**3,401,790**	*2,011,073*
	3,947,207	*2,532,352*

The company's banker holds fixed and floating charges over all property, assets and rights of the company. The company and other companies forming part of the group headed by Pensord Twenty10 Limited have cross-guaranteed the bank borrowings of each other.

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

19. Deferred taxation

	2018 £
At beginning of year	(279,368)
	(63,454)
At end of year	(342,822)

The provision for deferred taxation is made up as follows:

	2018 £	*2017 £*
Accelerated capital allowances	(343,894)	*(290,100)*
Other items	1,072	*10,732*
	(342,822)	*(279,368)*

20. Share capital

	2018 £	*2017 £*
Allotted, called up and fully paid		
32,600,000 *(2017 - 32,600,000)* Ordinary shares of £0.05 each	1,630,000	*1,630,000*

21. Reserves

Revaluation reserve

Revaluation reserve relates to the valuation of freehold land on 7 March 2000 to £175,000. The historical net book value of the land is £33,000.

Profit & loss account

Profit and loss account includes all current and prior period profits and losses.

22. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company. The pension cost charge for the period represents contributions payable by the company to the fund and amounted to £82,931 *(2017: £159,076).*

Contributions amounting to £14,933 (2017: £17,370) were payable to the fund as at year end and are included in other creditors.

23. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 **£**	*2017* *£*
Not later than 1 year	**52,806**	*48,117*
Later than 1 year and not later than 5 years	**45,155**	*22,888*
	97,961	*71,005*

24. Related party transactions

As at 31 December 2018, director D Coxon owed £169,263 (2017: £164,027) to Pensord Press Limited. Interest is charged at 3.5% of the outstanding balance. The loan balance is included within other debtors.

D Coxon is a director of British Printing Industries Federation Limited ("BPIFL"). At the year end, BPIFL owed the company £2,400 *(2017: £2,400).*

25. Controlling party

The company's immediate parent company is Pensord Holdings Limited which is incorporated in England and Wales. The company's ultimate parent undertaking is Pensord Twenty10 Limited which is also incorporated in England and Wales. Pensord Twenty10 Limited heads the smallest and largest group into which the results of the company are consolidated. The consolidated financial statements of this group are available from their offices at Tram Road, Pontllanfraith, Blackwood, Gwent, NP12 2YA.

Pensord Twenty10 Limited is controlled by D Coxon by virtue of his majority holding in the voting share capital of that entity.