

PARK COMMUNICATIONS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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OF COMPANIES**

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MHA MacIntyre Hudson

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PARK COMMUNICATIONS LIMITED

COMPANY INFORMATION

DIRECTORS

A. G. Branch
H. Mason
P. Walker

REGISTERED NUMBER

02581687

REGISTERED OFFICE

Alpine Way
London
E6 6LA

INDEPENDENT AUDITORS

MHA MacIntyre Hudson
Chartered Accountants
New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

BANKERS

Bank of Scotland
38 Threadneedle Street
London
EC2P 5LF

PARK COMMUNICATIONS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

BUSINESS REVIEW

The principal activity of the company during the year was the organisation, printing and finishing of documents.

2014 proved to be another good year for the business, with much being achieved.

The Company has continued to implement very actively the strategy to build profile and share in markets which have longevity. This build was greatly supported by gaining five nominations in the 2014 PrintWeek Awards and by winning three awards: Report and Accounts Printer of the Year, Magazine Printer of the Year, and Environmental Printer of the Year, the latter being for the third time in four years.

The company also won Best Book in the Print, Design and Marketing Awards, and Cereal Magazine, printed by Park, won Best of All Classes in the Antalis Review awards.

The investment in mailing, made at the end of 2013, has generated significant increased customer interest and sales. Following this success, our mailing capability has been further strengthened by an investment in mechanised mailing with camera matching capabilities.

Our offering to customers requiring the highest quality was extended in March 2015 by the addition of an HP Indigo 7800 digital press, and also through the Company gaining the colour management certification ISO 12647-2 (2013). Having maintained high security standards for many years, additional measures were added during 2015 with the support of the Company's banking customers. It is expected that certification for the security standard ISO 27001 will be gained in November 2015.

In December 2015 the installation will commence of a new KBA RAPIDA 106 B1 6 colour with coater. The new press will add coating to our customer offering, enhance capacity and productivity, and reduce waste.

The company delivered an operating profit of £416,834 (2013: £411,971) and a pre-tax profit of £412,384 (2013: £395,787). At year-end, there was a cash balance of £660,283 (2013: £742,456), debt of £90,823 (2013: £380,943) and Shareholder Funds of £5,637,982 (2013: £5,550,307).

Sales and operating profit for the first half of 2015 are up on the same period of 2014, and our reputation for quality has been further enhanced by winning 'Best Printing on Recycled Paper' in the Print, Design and Marketing Awards 2015.

Trees for Cities, Richard House, and Computers for Africa remain our principal charities for support.

The directors are confident that the Company has the strategy, investment plans, people, facilities and location to grow market share in the coming years.

PARK COMMUNICATIONS LIMITED

**STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2014**

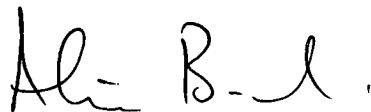
FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company finances its operations by a combination of internally generated cash flows, existing cash deposits and borrowings.

The company's financial controller manages the company's cash borrowings, interest rate and its main banking relationships. This is operated as a cost and risk reduction programme. Transactions of a speculative nature are not permitted.

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

A. G. Branch
Director



Date: 25 September 2015

PARK COMMUNICATIONS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their report and the financial statements for the year ended 31 December 2014.

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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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.

DIVIDENDS

Particulars of dividends paid are detailed in note 16 of the financial statements.

DIRECTORS

The directors who served during the year were:

A. G. Branch
H. Mason
P. Walker

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

PARK COMMUNICATIONS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014**

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

AUDITORS

The auditors, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



A. G. Branch
Director

Date: 25 September 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PARK COMMUNICATIONS LIMITED

We have audited the financial statements of Park Communications Limited for the year ended 31 December 2014, set out on pages 7 to 17. 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).

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 Auditors' 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.

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 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 the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion 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.

PARK COMMUNICATIONS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PARK COMMUNICATIONS LIMITED

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, 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.



Christopher Sutton FCA (Senior statutory auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants

New Bridge Street House

30-34 New Bridge Street

London

EC4V 6BJ

Date: 28 September 2015

PARK COMMUNICATIONS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 £	2013 £
TURNOVER	1,2	13,038,532	13,022,356
Cost of sales		<u>(10,141,235)</u>	<u>(10,103,393)</u>
GROSS PROFIT		2,897,297	2,918,963
Administrative expenses		<u>(2,480,463)</u>	<u>(2,506,992)</u>
OPERATING PROFIT	3	416,834	411,971
Interest receivable and similar income		1,574	1,042
Interest payable and similar charges	6	<u>(6,024)</u>	<u>(17,226)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		412,384	395,787
Tax on profit on ordinary activities	7	<u>(172,209)</u>	<u>(163,196)</u>
PROFIT FOR THE FINANCIAL YEAR	14	<u>240,175</u>	<u>232,591</u>

All amounts relate to continuing operations.

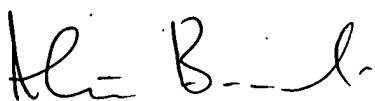
There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and loss account.

The notes on pages 9 to 17 form part of these financial statements.

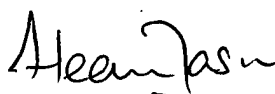
BALANCE SHEET
AS AT 31 DECEMBER 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible assets	8		2,073,702		2,672,881
CURRENT ASSETS					
Stocks	9	491,746		460,999	
Debtors	10	6,248,856		6,196,667	
Cash at bank and in hand		660,283		742,456	
			<u>7,400,885</u>	<u>7,400,122</u>	
CREDITORS: amounts falling due within one year	11	(3,784,196)		(4,429,342)	
NET CURRENT ASSETS			3,616,689		2,970,780
TOTAL ASSETS LESS CURRENT LIABILITIES			5,690,391		5,643,661
CREDITORS: amounts falling due after more than one year	12		(50,823)		(93,354)
NET ASSETS			5,639,568		5,550,307
CAPITAL AND RESERVES					
Called up share capital	13		600,000		600,000
Profit and loss account	14		5,039,568		4,950,307
SHAREHOLDERS' FUNDS	15		5,639,568		5,550,307

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



A. G. Branch
Director



H. Mason
Director

Date: 25 September 2015

The notes on pages 9 to 17 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold property	-	2%-20% straight line
Plant and machinery	-	8%-33% straight line
Fixtures and fittings	-	25%-33% straight line

1.5 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.6 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

1.7 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES (continued)

1.8 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the Profit and loss account as the related expenditure is incurred.

1.9 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2. TURNOVER

The whole of the turnover is attributable to the one principal activity of the company.

A geographical analysis of turnover is as follows:

	2014 £	2013 £
United Kingdom	12,715,673	12,793,173
Rest of European Union	167,102	162,532
Rest of World	155,757	66,651
	<u>13,038,532</u>	<u>13,022,356</u>

3. OPERATING PROFIT

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

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the company	462,230	502,634
- held under finance leases	59,500	60,981
Auditors' remuneration	18,000	19,000
Auditors' remuneration - non-audit	5,800	500
Operating lease rentals:		
- plant and machinery	6,894	5,559
- land and buildings	341,984	341,789
Profit on sales of fixed assets	(10,800)	(1,200)
	<u></u>	<u></u>

PARK COMMUNICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

4. STAFF COSTS

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

	2014 £	2013 £
Wages and salaries	4,381,116	4,450,948
Social security costs	433,905	449,373
Other pension costs	300,447	167,477
	<u>5,115,468</u>	<u>5,067,798</u>

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

	2014 No.	2013 No.
Production	96	89
Distribution	11	19
Administrative	19	16
	<u>126</u>	<u>124</u>

5. DIRECTORS' REMUNERATION

	2014 £	2013 £
Remuneration	<u>53,362</u>	<u>61,650</u>
Company pension contributions to defined contribution pension schemes	<u>224,227</u>	<u>100,084</u>

During the year retirement benefits were accruing to 3 directors (2013 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £26,551 (2013: £34,650).

6. INTEREST PAYABLE

	2014 £	2013 £
On bank loans and overdrafts	5,932	15,663
On finance leases and hire purchase contracts	92	1,563
	<u>6,024</u>	<u>17,226</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

7. TAXATION

	2014 £	2013 £
Analysis of tax charge in the year		
UK corporation tax charge on profit for the year	172,221	163,208
Adjustments in respect of prior periods	(12)	(12)
Tax on profit on ordinary activities	172,209	163,196

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2013 - higher than) the standard rate of corporation tax in the UK of 22% (2013 - 23.25%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	412,384	395,787
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 22% (2013 - 23.25%)	88,634	92,006
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	19,082	29,683
Depreciation for year in excess of capital allowances	133,133	133,990
Adjustments to tax charge in respect of prior periods	(12)	(12)
Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment	(68,628)	(91,543)
Marginal relief	-	(928)
Current tax charge for the year (see note above)	172,209	163,196

PARK COMMUNICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

8. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Total £
Cost				
At 1 January 2014	2,156,271	6,089,845	828,350	9,074,466
Additions	-	121,486	120,182	241,668
Disposals	-	(102,471)	-	(102,471)
At 31 December 2014	2,156,271	6,108,860	948,532	9,213,663
Depreciation				
At 1 January 2014	987,706	4,768,727	645,152	6,401,585
Charge for the year	157,560	569,560	113,727	840,847
On disposals	-	(102,471)	-	(102,471)
At 31 December 2014	1,145,266	5,235,816	758,879	7,139,961
Net book value				
At 31 December 2014	1,011,005	873,044	189,653	2,073,702
At 31 December 2013	1,168,565	1,321,118	183,198	2,672,881

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

	2014 £	2013 £
Plant and machinery	93,750	213,528

9. STOCKS

	2014 £	2013 £
Raw materials	204,444	244,028
Work in progress	287,302	216,971
	491,746	460,999

PARK COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

10. DEBTORS

	2014	2013
	£	£
Trade debtors	1,816,545	1,888,065
Amounts owed by group undertakings	3,989,866	3,989,867
Other debtors	103,511	110,341
Prepayments and accrued income	338,934	208,394
	<u>6,248,856</u>	<u>6,196,667</u>

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment.

PARK COMMUNICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

11. CREDITORS:

Amounts falling due within one year

	2014 £	2013 £
Net obligations under finance leases and hire purchase contracts	40,000	287,589
Trade creditors	2,052,074	2,014,090
Corporation tax	182,770	163,208
Other taxation and social security	239,222	253,028
Other creditors	99,382	99,297
Accruals and deferred income	1,170,748	1,612,130
	<u>3,784,196</u>	<u>4,429,342</u>

Included within accruals and deferred income is £803,768 (2013: £1,112,270) in respect of LDA grants relating to the purchase of fixed assets. The grants are amortised to offset the depreciation charge in respect of the fixed assets to which they relate. The amount amortised in the year amounted to £309,980 (2013: £392,592).

The obligations under finance leases are secured on the assets to which they relate.

12. CREDITORS:

Amounts falling due after more than one year

	2014 £	2013 £
Net obligations under finance leases and hire purchase contracts	<u>50,823</u>	<u>93,354</u>

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	2014 £	2013 £
Between one and five years	<u>50,823</u>	<u>93,354</u>

The obligations under finance leases are secured on the assets to which they relate.

13. SHARE CAPITAL

	2014 £	2013 £
Allotted, called up and fully paid		
600,000 Ordinary shares of £1 each	<u>600,000</u>	<u>600,000</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

14. RESERVES

	Profit and loss account £
At 1 January 2014	4,950,307
Profit for the financial year	240,175
Dividends: Equity capital	(150,914)
	<hr/>
At 31 December 2014	5,039,568
	<hr/>

15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2014 £	2013 £
Opening shareholders' funds	5,550,307	5,594,213
Profit for the financial year	240,175	232,591
Dividends (Note 16)	(150,914)	(276,497)
	<hr/>	<hr/>
Closing shareholders' funds	5,639,568	5,550,307
	<hr/>	<hr/>

16. DIVIDENDS

	2014 £	2013 £
Dividends paid on equity capital	150,914	276,497
	<hr/>	<hr/>

17. PENSION COMMITMENTS

The company operates a defined contribution pension scheme for the benefit of all employees. The assets of the scheme are administered by trustees in a fund independent from those of the company.

The total contributions payable in the year amounted to £300,447 (2013: £167,467). The amount unpaid at 31 December 2014 was £13,073 (2013: £11,282).

PARK COMMUNICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

18. OPERATING LEASE COMMITMENTS

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings			Other
	2014	2013	2014	2013
	£	£	£	£
Expiry date:				
Within 1 year	-	-	109,092	82,874
Between 2 and 5 years	-	-	17,773	32,216
After more than 5 years	336,990	336,990	-	-

19. RELATED PARTY TRANSACTIONS

The results of Park Communications Limited are included in the consolidated Financial Statements of its ultimate parent company. The company has taken advantage of the Financial Reporting Standard 8 exemption not to disclose transactions with entities that are part of the same group.

At the year end A G Branch, a shareholder and director, was owed £19,930 (2013: £19,540).

At the year end H Mason, a shareholder and director, was owed £27,927 (2013: £21,611).

At the year end P Walker, a shareholder and director, was owed £27,446 (2013: £17,512).

20. ULTIMATE PARENT COMPANY

The ultimate parent company is Park Group Holdings Limited, a company incorporated in England and Wales. Its registered office address is Alpine Way, London, E6 6LA.

The ultimate parent company was under the control of H Mason and A G Branch during the years ended 31 December 2014 and 31 December 2013, due to their majority shareholding.