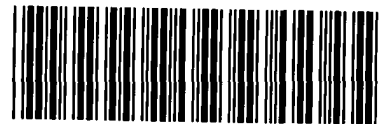


**AMSCREEN GROUP LIMITED**

**Annual Report and Financial Statements**

**For the year ended 30 September 2018**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**For the year ended 30 September 2018**

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# **AMSCREEN GROUP LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **DIRECTORS**

S Keenan  
M Ray  
S Sugar

### **COMPANY SECRETARY**

S Keenan

### **REGISTERED OFFICE**

Amscreen House  
Paragon Business Park  
Chorley New Road  
Horwich  
Bolton  
Lancashire  
BL6 6HG  
United Kingdom

### **AUDITOR**

Deloitte LLP  
Statutory Auditor  
Manchester  
United Kingdom

## **STRATEGIC REPORT**

The directors present their strategic report of Amscreen Group Limited for the year ended 30 September 2018.

### **PRINCIPAL ACTIVITIES AND RESEARCH AND DEVELOPMENT**

The principal activity of the Company in the year was that of a provider of digital signage solutions.

The Company continues to invest significant time and resource to ensure that its solutions embrace the latest available technologies. Research and development represent a key facet of the Company's activities and in the current year has been focussed on the development of its hardware, software and services to meet the more diverse needs of the new European customer base that the Company has engaged with in the financial year.

### **REVIEW OF THE BUSINESS AND KEY PERFORMANCE INDICATORS**

The year to 30 September 2018 has been very successful from a trading, operational and strategic perspective.

Overall sales volume growth was strong when compared to the prior year and the results for the year included the first sales of the Company's dual sided DS75 product. In October 2017, the Company signed a new partnership agreement with Clear Channel International Limited for the provision of digital outdoor solutions to their 16 European subsidiaries. This agreement builds on the strong partnership that the Company has operated with Clear Channel UK Limited since 2015. The financial year ended 30 September 2018 has seen lots of activity, engagement and product development with these European subsidiaries which is intended to serve as a foundation for future growth.

The company made a net profit of £3,636,454 in the year (2017: £747,977). Turnover grew by 23% in the year and gross margin percentages were maintained, resulting in gross margin growing by £1,234,568. Administrative expenses reduced by £998,694 due primarily to reduced costs arising from the significant development of the DS75 range of products having been completed in early 2018. The 2017 results included a final receipt of £173,468 that was received as a result of our disposal of a non-core business unit in 2016. The finance costs of the business reduced by £311,724 in the year due to the full year benefits of the new banking arrangements that were implemented during 2017. The results for the year to 30 September 2018 also benefitted from the receipt of research and development tax credits of £279,382 (2017: £346,776) and the recognition of a deferred tax credit of £522,296 (2017: £nil). The Company's performance of increased sales volumes, maintained gross margin percentages, reduced administrative expenses and reduced finance costs all contributed to the very pleasing increase in net profit of £2,888,477 for the year.

This positive trading performance also served to significantly boost the net assets of the Company that increased by £3,636,454 (107 %) to £7,025,170 (2017: £3,388,716).

The majority of the outdoor screens delivered so far have been on a rental basis with all the products, software and services from the Company being charged through monthly fees typically over a five year contract term. This business model has required the Company to fund the initial cost of the products and all initial network set up costs. This funding has been principally provided by loan finance from Amshold Trading Limited, the ultimate parent company and the year-end loan balance due to Amshold Trading Limited was £12,250,000 (2017: £12,250,000). In addition, the Company has put in place additional banking facilities with Metro Bank plc, with an initial term loan in 2017 being converted into a committed overdraft facility during the year ended 30 September 2018. The year-end balance due to Metro Bank plc was £2,522,355 (2017: £3,691,347). Subsequent to the year end, in November 2018, a capital repayment of £2,750,000 was made to Amshold Trading Limited, reducing the balance due to them to £9,500,000.

FRS 102 requires the Company to account for the outdoor screens as finance leases and as such, a finance lease rental receivable balance of £22,532,932 (2017: £16,468,030) is recorded within debtors, which will be recovered over the contract term of the screens that have been delivered to date.

Other than the traditional measures of profitability, the Company currently considers the number of outdoor screens that it has deployed under long-term rental contracts as its key performance indicator. This was 2,531 at 30 September 2018 and 1,897 at 30 September 2017. The ongoing monitoring and maintenance of the deployed network of screens is a key part of the Company's operations and overall performance in this regard has been very pleasing with all expected service and performance levels being exceeded.

## STRATEGIC REPORT (continued)

### PRINCIPAL RISKS AND UNCERTAINTIES

The key principle risks facing the Company are:

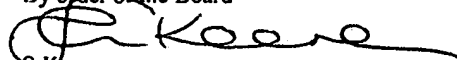
- The business is currently reliant on a single customer group and their European subsidiaries and in turn has a significant reliance on the European outdoor advertising sector. The advertising sector is though best placed to deliver a return on investment from digital screen solutions and is therefore the key driver of growth in the outdoor screen solution market. Clear Channel International Limited possesses a high market share of the outdoor advertising industry across Europe and therefore represent an obvious and key target for the Company's products and solutions. Part of the Company's strategy is to extend its core customer base both within and beyond Europe and to diversify in to new territories.
- The Company's lease model means that there is a significant finance lease receivable balance in the balance sheet. The recoverability of this debt is key to the future success of the business. The Company undertakes rigorous credit checks, contracts and operational processes to mitigate this risk.
- A general downturn in the performance of the UK and wider European economy may impact the main customers of the business resulting in reduced demand for the Company's core products. The Company has largely mitigated this by providing its core products on fixed term lease contracts which provide surety of income over a number of years and operates lower barriers to adoption than other providers. The Company does not anticipate any major negative implications arising from the "Brexit" negotiations and resulting process. The general market may experience a level of general uncertainty and there have been some modest increases in the cost of those components that are imported. These factors are offset somewhat by this being an early stage for what is expected to be a significant market in Europe and the currency exchange rate changes experienced over the last 18 months or so have provided some benefits for UK based manufacturers looking to export their products and services.
- The move into procurement and production of the outdoor screen products has increased the Company's use of and exposure to foreign currencies. The directors' policy on hedging is to hedge all financial risks where it is feasible and cost effective to do so, although no hedges were entered into in the current or prior year.
- Whilst there are currently few direct competitors in the outdoor digital screen sector there is a risk that new competitors will enter the market bringing improved technology and creating a more competitive environment. The Company makes significant investment in new technology to ensure that its products remain both technologically advanced and competitively priced. The Company also positions itself as an end-to-end solution provider which requires a tailored service approach rather than just being regarded as a supplier of components or commodities.
- The leasing business model requires access to substantial funding facilities with revenue then being earned over the term of the contract. The Company's funding facilities are predominately supplied by the Group at a fixed rate of interest and through a committed overdraft facility from Metro Bank plc. The Company is confident that sufficient sources of funding would be available should they be required in the future to support the ongoing provision of the leasing model. The Company is only under an obligation to provide the leasing model for a finite number of future sales and facilities are already in place for these items. A number of target customers would not desire or require lease finance and would instead purchase the screen hardware outright.

### FUTURE DEVELOPMENTS

The Company believes that the quality of its solutions and service will serve to provide the stimulus for continued growth of the Company's share of the outdoor digital advertising market in Europe. The continuation of our partnership with Clear Channel UK Limited, the new partnership agreement with Clear Channel International Limited, alongside the extension of the Company's product range in 2018 are expected to underpin the Company's results in the years to come.

Approved by the Board of Directors on 19 March 2019

By order of the Board

  
S. Keenan

Director and Company Secretary

## DIRECTORS' REPORT

The directors present their annual report on the affairs of the Company, together with the audited financial statements and auditor's report for the year ended 30 September 2018. The Company's principal activities, research and development, review of business, future developments and discussion of risks are noted within the strategic report.

### RESULTS, DIVIDENDS AND TRANSFER TO RESERVES

The profit of the Company for the year is set out on page 8. The Company could not pay a dividend in the year (2017: £nil), nor does it propose a dividend (2017: £nil). The profit for the year of £3,636,454 (2017: £747,977) has been transferred to reserves.

### DIRECTORS

The directors who have held office for the whole year and thereafter are as follows:

S Keenan  
M Ray  
S Sugar

### FINANCIAL RISK MANAGEMENT

#### *Cash flow risk*

The Company's activities expose it primarily to the financial risks of changes in interest rates. The majority of the key interest bearing assets and liabilities are held at fixed rates to ensure certainty of cash flows. The committed overdraft facility from Metro Bank plc is subject to a variable interest rate. The Company would consider interest rate hedging where it was deemed necessary, feasible and cost effective to do so, although no hedges were entered into in the current or prior year.

#### *Credit risk*

The Company's principal financial assets are bank balances and cash, trade and other receivables, and investments. The Company's results and receivables are dominated by its activity with Clear Channel International Limited and these risks are mitigated through credit checks, contracts and operational processes.

#### *Liquidity risk*

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term and short-term debt finance provided by its parent company and its bank.

### GOING CONCERN

The directors have a reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in note 1 to the financial statements.

### AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- as far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

A resolution to re-appoint Deloitte LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors on 19 March 2019 and signed by order of the Board.

S Keenan   
Director and Company Secretary

## DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual 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 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; 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 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMSCREEN GROUP LIMITED**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of Amscreen Group Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 September 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 19.

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).

#### **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 Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

#### **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 respect of these matters.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMSCREEN GROUP LIMITED (continued)**

**Responsibilities of directors**

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, 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Report on other legal and regulatory requirements**

**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.

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 any material misstatements in the strategic report or the directors' report.

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

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

**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.

*Rachel Argyle*

Rachel Argyle (Statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Manchester  
United Kingdom  
19 March 2019

# AMSCREEN GROUP LIMITED

## PROFIT AND LOSS ACCOUNT For the year ended 30 September 2018

		2018 £	2017 £
	Note		
Turnover	3	14,312,599	11,590,870
Cost of sales		(8,018,184)	(6,531,023)
Gross profit		6,294,415	5,059,847
Income from interest on leases		1,110,901	1,048,844
Administrative expenses		(3,976,374)	(4,975,068)
Profit on disposal of operations	4	-	173,468
Finance costs (net)	5	(594,166)	(905,890)
Profit before taxation	6	2,834,776	401,201
Tax on profit	8	801,678	346,776
Profit for the financial year		3,636,454	747,977

There are no recognised gains or losses other than as stated above in either year and accordingly, no separate statement of comprehensive income is presented.

All results derive from continuing operations.

# AMSCREEN GROUP LIMITED

## BALANCE SHEET As at 30 September 2018

	Note	£	2018 £	2017 £
<b>FIXED ASSETS</b>				
Tangible assets	9		290,431	557,090
<b>CURRENT ASSETS</b>				
Stocks	10	2,509,305		1,726,072
Debtors:				
- Due within one year	11	9,488,063		4,101,112
- Due after one year	11	14,990,903		13,742,717
Cash at bank and in hand		115,786		2,375,494
		<u>27,104,057</u>	<u>21,945,395</u>	
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(5,050,538)</u>	<u>(4,465,778)</u>	
<b>NET CURRENT ASSETS</b>			<u>22,053,519</u>	<u>17,479,617</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>22,343,950</u>	<u>18,036,707</u>
<b>CREDITORS: amounts falling due after one year</b>	13	<u>(15,318,780)</u>	<u>(14,647,991)</u>	
<b>NET ASSETS</b>			<u>7,025,170</u>	<u>3,388,716</u>
<b>CAPITAL AND RESERVES</b>				
Called-up share capital	16		919,959	919,959
Share premium	16		12,426,710	12,426,710
Profit and loss account	16		(6,321,499)	(9,957,953)
<b>SHAREHOLDERS' FUNDS</b>			<u>7,025,170</u>	<u>3,388,716</u>

These financial statements of Amscreen Group Limited, registered number 02751472, were approved by directors and authorised for issue on 19 March 2019 and are signed on their behalf by:



S Keenan  
Director

# AMSCREEN GROUP LIMITED

## STATEMENT OF CHANGES IN EQUITY For the year ended 30 September 2018

	Called up Share Capital £	Share Premium Account £	Profit and Loss Account £	Total £
At 1 October 2016	919,959	12,426,710	(10,705,930)	2,640,739
Profit for the financial year and total comprehensive income	-	-	747,977	747,977
At 30 September 2017	919,959	12,426,710	(9,957,953)	3,388,716
Profit for the financial year and total comprehensive income	-	-	3,636,454	3,636,454
At 30 September 2018	919,959	12,426,710	(6,321,499)	7,025,170

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2018

### 1. STATEMENT OF ACCOUNTING POLICIES

The principal accounting policies adopted are summarised below. They have all been applied consistently throughout the current and preceding year.

#### General information and basis of accounting

Amscreen Group Limited is a private company limited by shares incorporated in England and Wales under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 2-3.

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Amscreen Group Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Amscreen Group Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Amscreen Group Limited is consolidated in the financial statements of its parent, Amshold Trading Limited, which may be obtained from the address in note 19. Exemptions have been taken in these separate Company financial statements in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

#### Going concern

During the year the Company continued to invest significant funds in to the development of digital signage solutions and has made good operational and trading progress.

The directors are aware of their duty to assess the ability of the Company to continue as a going concern and in particular are sensitive to this requirement given the current economic climate both within the UK and globally. Although the Company has strong interest in its offering, the current economic conditions experienced by the UK and Eurozone continue to create an uncertainty over the level of the demand for the Company's products and services.

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate with its current cash balances and through the existing facility and support from Amshold Trading Limited should it be necessary. In February 2018, the Company put in place an enhanced £6m committed overdraft facility (repayable in March 2021) with Metro Bank plc to replace the Metro Bank plc loan facility. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### Turnover

Turnover is stated net of VAT and trade discounts. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where a contract has only been partially completed at the balance sheet date turnover represents the value of the service provided to date based on a proportion of the total contract value. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

#### Income from interest on leases

Income from interest on leases is recognised over the term of the lease offered to customers and is calculated with reference to the Company's cost of capital.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****For the year ended 30 September 2018****1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)****Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

**Tangible fixed assets**

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value over its expected useful life as follows:

Fixtures, fittings and equipment	- 25% on reducing balance
Plant and machinery	- 33% on a straight-line basis
Leasehold improvements	- 20% on a straight-line basis
Computer equipment and screens	- 33% on a straight-line basis

**Investments**

Fixed asset investments are shown at cost less provision for impairment.

**Stocks**

Stock is stated at the lower of cost and net realisable value. Cost is the most recent purchase price of materials and direct labour. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

**Impairment of assets**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

**Non-financial assets**

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

**Financial assets**

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 30 September 2018**

**1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)**

**Leases**

*The Company as lessee*

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

*The Company as lessor*

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.

Assets sold under finance leases and other similar arrangements, which confer rights and obligations similar to those attached to assets sold, are disposed at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease). The capital elements of future lease rentals are recognised as receivables, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the receivable. The net investment in a lease is the gross investment in the lease discounted at the interest rate implicit in the lease. The gross investment in the lease is equal to the minimum lease payments receivable.

**Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Any research and development tax credits are recorded on an as received basis.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 30 September 2018**

**1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)**

**Taxation (continued)**

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**Foreign currency**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

**Research and development**

Expenditure on research and development is written off in the year in which it is incurred.

**Retirement benefits**

The Company operates a defined contribution scheme. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

**2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. There were no instances of material accounting estimates in either the current or prior financial years.

***Critical judgements in applying the Company's accounting policies***

The following are the critical judgements that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

***Revenue recognition in respect of warranty income***

The Company provides an extended warranty on the majority of their outdoor digital screens within their overall prices for their products and services. The adopted accounting policy is to match the warranty income to the warranty costs that are expected to be incurred over the contract term. It is likely that the majority of the warranty costs will be incurred later in the contract term which has therefore resulted in deferred warranty income included within the accruals and deferred income balance.

***Recoverability of lease rental debtor***

The finance lease recoverable balance included in debtors relates to agreed and contracted future lease rentals that are due to the Company. Regular contact, creditworthiness checks and reviews of ongoing payment performance are used by the Company to assist in the recoverability of future lease rentals. Furthermore, the Company's contracts give the Company full ownership and control of the assets until all contracted lease rentals are paid in full.



**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 30 September 2018**

**3. TURNOVER**

The Company's turnover was all derived from its principal activity. Turnover was made in the following geographical markets.

	2018 £	2017 £
United Kingdom	13,282,003	11,178,187
Rest of the world	1,030,596	412,683
	<u>14,312,599</u>	<u>11,590,870</u>

An analysis of the Company's revenue is as follows:

	2018 £	2017 £
Sale of goods	11,651,470	8,872,733
Rendering of services	2,661,129	2,718,137
Total revenue	<u>14,312,599</u>	<u>11,590,870</u>

**4. PROFIT/(LOSS) ON DISPOSAL OF OPERATIONS**

The profit on disposal of operations of £173,468 in 2017 refers to the final dividend that was received from the administration of our media sales division that was sold in 2016.

**5. FINANCE COSTS (NET)**

	2018 £	2017 £
<i>Interest receivable</i>		
Bank interest	-	31
<i>Interest payable</i>		
Bank and bank loan interest	(104,166)	(47,250)
Interest on loan from group company	(490,000)	(858,671)
	<u>(594,166)</u>	<u>(905,921)</u>
Finance costs (net)	<u>(594,166)</u>	<u>(905,890)</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the year ended 30 September 2018**

**6. PROFIT BEFORE TAXATION**

Profit before taxation is stated after charging/(crediting):

	2018 £	2017 £
Depreciation of tangible fixed assets	415,023	493,786
Hire of plant and machinery	40,362	43,600
Operating lease rentals		
- land and buildings	182,232	182,232
- other	35,936	38,440
Cost of stock recognised as an expense	8,018,184	6,531,023
Foreign exchange gains	(16,462)	(12,666)
Research and development expenditure	226,940	522,066
<b>Auditor's remuneration:</b>		
- fees payable for the audit of the Company's annual financial statements	21,000	21,000

There were no non-audit fees payable to the Company's auditor in the year (2017: £nil).

**7. EMPLOYEES**

	2018 No.	2017 No.
<b>The average monthly number of employees (including directors):</b>		
Office, support and sales	15	24
Engineering	15	17
Production	14	17
	<u>44</u>	<u>58</u>

	2018 £	2017 £
<b>Their aggregate remuneration comprised:</b>		
Wages and salaries	2,106,004	2,497,071
Social security costs	238,747	277,129
Pension contributions	71,565	75,103
	<u>2,416,316</u>	<u>2,849,303</u>

	2018 £	2017 £
<b>Directors' remuneration</b>		
Emoluments	439,927	425,190
Pension contributions	35,683	15,683
	<u>475,610</u>	<u>440,873</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 September 2018

## 7. EMPLOYEES (CONTINUED)

	2018 No.	2017 No.
The number of directors who are a member of: Defined contribution pension schemes	<u>1</u>	<u>1</u>
	2018 £	2017 £
Remuneration of the highest-paid director Emoluments (including benefits in kind)	<u>253,750</u>	<u>254,601</u>

## 8. TAX ON PROFIT

	2018 £	2017 £
Current tax		
UK corporation tax	-	-
Deferred tax (see note 15)	-	-
Prior year		
Research and development tax credit received in the year	(279,382)	(346,776)
Deferred tax asset brought forward now recognised	<u>(522,296)</u>	<u>-</u>
Total tax on profit	<u>(801,678)</u>	<u>(346,776)</u>

The standard rate of tax applied to the reported profit before taxation is 19.0% (2017: 19.5%). Finance (No.2) Act 2015 and Finance Act 2016 enacted further reductions resulting in a main rate of corporation tax of 19% for financial years 2017 to 2019 and a rate of 17% with effect from 1 April 2020. Note 15 includes details of the Company's deferred tax position.

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

	2018 £	2017 £
Profit before taxation	<u>2,834,776</u>	<u>401,201</u>
Profit at standard UK corporation tax rate of 19.0% (2017: 19.5%)	538,607	78,234
Effects of:		
Expenses not deductible for tax purposes	5,959	27
Unprovided deferred tax movement	(333,728)	30,557
R&D tax credit relief	<u>(210,838)</u>	<u>(108,818)</u>
Total tax for the current year	-	-
Add: Research and development tax credit received in respect of the prior year	(279,382)	(346,776)
Deferred tax asset brought forward now recognised	<u>(522,296)</u>	<u>-</u>
Total tax on profit	<u>(801,678)</u>	<u>(346,776)</u>

# AMSCREEN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 30 September 2018

### 9. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Plant and machinery £	Fixtures, fittings and equipment £	Computer equipment and screens £	Total £
<b>Cost</b>					
At 1 October 2017	92,299	343,402	92,079	2,203,232	2,731,012
Additions	1,640	139,694	5,373	1,657	148,364
At 30 September 2017	93,939	483,096	97,452	2,204,889	2,879,376
<b>Depreciation</b>					
At 1 October 2017	39,997	199,592	77,111	1,857,222	2,173,922
Charged in the year	18,623	135,094	4,443	256,863	415,023
At 30 September 2018	58,620	334,686	81,554	2,114,085	2,588,945
<b>Net book value</b>					
At 30 September 2018	35,319	148,410	15,898	90,804	290,431
At 30 September 2017	52,302	143,810	14,968	346,010	557,090

The Company has entered into non-cancellable contractual commitments in respect of property, plant and equipment of £nil (2017: £101,240).

### 10. STOCKS

	2018 £	2017 £
Raw materials	2,239,295	1,479,164
Finished goods and goods for resale	270,010	246,908
	<u>2,509,305</u>	<u>1,726,072</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

### 11. DEBTORS

	2018 £	2017 £
Trade debtors	1,256,702	1,003,567
Finance lease rental receivable	22,532,932	16,468,030
VAT recoverable	31,783	-
Prepayments and accrued income	135,253	372,232
Deferred tax asset (see note 15)	522,296	-
	<u>24,478,966</u>	<u>17,843,829</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 September 2018

## 11. DEBTORS (CONT'D)

All amounts fall due within one year, except for the finance lease rental receivable and deferred tax asset which fall due as follows:

	2018		2017	
	Present value of minimum lease payments £	Gross investment in leases £	Present value of minimum lease payments £	Gross investment in leases £
- within one year	8,064,325	9,112,384	4,147,218	5,137,261
- between one and five years	14,468,607	15,332,950	12,320,812	13,674,632
	<u>22,532,932</u>	<u>24,445,334</u>	<u>16,468,030</u>	<u>18,811,893</u>

The difference between the gross investment and present value of minimum lease payments relates to the interest income due to accrue on the balance. There was no unearned finance income or unguaranteed residual values accruing to the benefit of the company at 30 September 2018 (2017: same).

The deferred tax asset is recoverable by reducing the corporation tax liabilities of future periods, which would fall due after more than one year.

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

	2018 £	2017 £
Bank loans and overdraft	-	1,293,356
Trade creditors	2,197,116	1,180,747
Amounts owed to group companies	287,675	287,675
Other taxes and social security	95,613	110,978
Accruals and deferred income	2,470,134	1,593,022
	<u>5,050,538</u>	<u>4,465,778</u>

Amounts owed to group companies represent trading balances with Amscreen plc and Amshold Trading Limited. Both balances are repayable on demand and do not accrue interest.

## 13. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2018 £	2017 £
Bank loan	2,522,355	2,397,991
Deferred Income	546,425	-
Amounts owed to group companies	12,250,000	12,250,000
	<u>15,318,780</u>	<u>14,647,991</u>

The amounts included as being due under bank loans are in respect of committed overdraft facility from Metro Bank plc. The loan bears interest at 4% per annum and is repayable on or before 31 March 2021.

Amounts owed to group companies represent a loan from Amshold Trading Limited, the ultimate parent company. The loan bears interest at 4% per annum and is repayable on 30 September 2020. Subsequent to the year end, in November 2018, a capital repayment of £2,750,000 was made to Amshold Trading Limited, reducing the balance due to them to £9,500,000.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 30 September 2018**

**14. FINANCIAL COMMITMENTS**

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2018		2017	
	Land and buildings £	Other £	Land and buildings £	Other £
- within one year	182,232	32,441	182,232	39,277
- between one and five years	376,252	22,694	540,663	37,169
- over five years	-	-	17,821	-
	<u>558,484</u>	<u>55,135</u>	<u>740,716</u>	<u>76,446</u>

**15. DEFERRED TAXATION**

	£
As at 1 October 2017	-
Profit and loss account movement (note 8)	522,296
As at 30 September 2018	<u>522,296</u>

A deferred tax asset has not been recognised in respect of capital tax allowances and other timing differences due to the uncertainty of the timing of the asset being utilised. Deferred tax in respect of tax losses has been recognised during the year given the ongoing and forecast performance. The analysis of deferred tax recognised and unrecognised is as follows.

	2018 £	2018 £	2017 £
	Recognised	Unrecognised	Unrecognised
Excess of depreciation over tax allowances	-	234,246	225,949
Tax losses	522,296	-	829,321
Other timing differences	-	20,075	19,680
Deferred tax asset	<u>522,296</u>	<u>254,321</u>	<u>1,074,950</u>

**16. CALLED-UP SHARE CAPITAL**

	2018 £	2017 £
Allotted, issued, called-up and fully paid 9,199,594 ordinary shares of 10p each	<u>919,959</u>	<u>919,959</u>

The share premium account contains the premium arising on issue of equity shares, net of issue expenses.

The profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 30 September 2018**

**17. PENSION COMMITMENTS**

The Company operates defined contributions pensions schemes for its directors and employees. The assets of the scheme are held separately from those of the Company in independently administered funds. Outstanding contributions as of 30 September 2018 amounted to £3,091 (2017: £2,978) and the expense during the year was £71,565 (2017: £75,103).

**18. ULTIMATE CONTROLLING PARTY**

Amscreen Plc is the immediate parent company.

The Company's ultimate parent undertaking is Amshold Trading Limited, a company registered in England and Wales with company registration number 08557464. Amshold Trading Limited is the only parent to consolidate the financial statements of the Company. The consolidated financial statements can be obtained from Amshold Trading Limited's registered address at Amshold House, Goldings Hill, Loughton, Essex, IG10 2RW.

The ultimate controlling party is Lord Sugar who is the shareholder of Amshold Trading Limited.

**19. RELATED PARTY TRANSACTIONS**

As at the year end the following amounts were owed to companies owned and controlled by Lord Sugar or Simon Sugar, a director.

Amscreen Plc	£164,168	(2017: £164,169)
Amshold Trading Limited	£12,373,507	(2017: £12,373,507)

During the year Amscreen Group Limited paid audit fees of £3,000 on behalf of Amscreen Plc relating to the current and previous years.