

**Strategic Report, Report of the Directors and  
Financial Statements  
for the Year Ended 31st December 2019  
for  
THE SPECIALIST WORKS LIMITED**

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for the year ended 31st December 2019**

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**THE SPECIALIST WORKS LIMITED**

**Company Information  
for the year ended 31st December 2019**

**DIRECTORS:**

M Woolley  
P Jones  
T Wilson  
D Swannell  
Ms V Brown  
M Whelan  
R Downey  
M Pover

**REGISTERED OFFICE:**

4 Abbey Wood Road  
Kings Hill  
West Malling  
Kent  
ME19 4AB

**REGISTERED NUMBER:**

04604217 (England and Wales)

**AUDITORS:**

Simpson Wreford & Partners  
Chartered Accountants & Statutory Auditors  
Suffolk House  
George Street  
Croydon  
Surrey  
CR0 0YN

**Strategic Report  
for the year ended 31st December 2019**

The directors present their strategic report for the year ended 31st December 2019.

**REVIEW OF BUSINESS**

The Specialist Works Ltd saw underlying EBITDA growth from £2.9m in 2018 to £3.4m in 2019. The company helps growth-focused businesses with all forms of advertising and works with some of the world's best known D2C brands.

Whilst based in the UK the company also helps growing, international businesses advertise across 40+ different territories through its multi-market proposition.

Whilst reducing overall costs, The Specialist Works has significantly invested in building its data solutions, helping brands understand how to drive greater returns from their advertising.

**PRINCIPAL RISKS AND UNCERTAINTIES**

Whilst not in 2019, it is worth noting that the company has been impacted by the Covid-19 global pandemic. This has negatively impacted the whole media industry. The company has taken proactive steps to reduce its impact. These include costs and headcount reductions, but also new product and pricing development. TSWG will achieve a reduced, but still significantly positive EBITDA and has strong growth plans as we come out of the pandemic.

**SECTION 172(1) STATEMENT**

The directors are aware of their duties under section 172 to run the company for the benefit of its shareholders and in doing so are mindful of the long-term impact of their actions on the businesses stakeholders. The interests of these stakeholders have been considered in detail in enacting the decisions highlighted in this report. The implementation of the board's plan to invest in building its data solutions demonstrates its commitment to long term performance, while the proactive measures it has taken to guard against the negative impact of Covid-19 have prioritised the evolving needs of its customers, suppliers and employees.

**ON BEHALF OF THE BOARD:**

P Jones - Director

7th July 2020

**Report of the Directors  
for the year ended 31st December 2019**

The directors present their report with the financial statements of the company for the year ended 31st December 2019.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of the sale of advertising products and services.

**DIVIDENDS**

During the year dividends of £Nil were paid (2018: £Nil).

**EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1st January 2019 to the date of this report.

M Woolley  
P Jones  
T Wilson  
D Swannell  
Ms V Brown  
M Whelan  
R Downey  
M Pover

Other changes in directors holding office are as follows:

J Moss - resigned 19th January 2019

**CHARITABLE DONATIONS AND EXPENDITURE**

During the year, the company made a various charitable donations to good causes, totalling £3,496 (2018: £4,789).

**GOING CONCERN AND FUTURE DEVELOPMENTS**

The company meets its working capital requirements through its ongoing operations. The directors prepare regular budgets and forecasts in order to ensure that the group has sufficient reserves in order to meet its liabilities as they fall due. The directors conclude that although the Covid-19 pandemic has had an immediate impact on operations, it will continue to see positive results for the foreseeable future.

In light of the above the directors believe it is appropriate to adopt the going concern basis of accounting in preparing the financial statements.

**Report of the Directors  
for the year ended 31st December 2019**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 judgements 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.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, Simpson Wreford & Partners, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

P Jones - Director

7th July 2020

## **Report of the Independent Auditors to the Members of The Specialist Works Limited**

### **Opinion**

We have audited the financial statements of The Specialist Works Limited (the 'company') for the year ended 31st December 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, 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 31st December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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.

### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

## **Report of the Independent Auditors to the Members of The Specialist Works Limited**

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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.

### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 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.

### **Auditors' 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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

### **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 a Report of the Auditors 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.

Alasdair Weaks (Senior Statutory Auditor)  
for and on behalf of Simpson Wreford & Partners  
Chartered Accountants & Statutory Auditors  
Suffolk House  
George Street  
Croydon  
Surrey  
CR0 0YN

7th July 2020



Statement of Comprehensive Income  
for the year ended 31st December 2019

	Notes	2019 Continuing £	2019 Discontinued £	2019 Total £
<b>REVENUE</b>	3	98,117,036	-	98,117,036
Cost of sales		(83,635,256)	-	(83,635,256)
<b>GROSS PROFIT</b>		14,481,780	-	14,481,780
Administrative expenses		(11,629,401)	-	(11,629,401)
		2,852,379	-	2,852,379
Other operating income		191,611	-	191,611
<b>OPERATING PROFIT</b>	5	3,043,990	-	3,043,990
Interest receivable and similar income		3,299	-	3,299
Amounts written off investments		-	-	-
<b>PROFIT BEFORE TAXATION</b>		3,047,289	-	3,047,289
Tax on profit	8	(644,520)	-	(644,520)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		2,402,769	-	2,402,769
<b>OTHER COMPREHENSIVE INCOME</b>				
Purchase of own shares				(199,802)
Income tax relating to other comprehensive income				-
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>				(199,802)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>				2,202,967

The notes form part of these financial statements

Statement of Comprehensive Income  
for the year ended 31st December 2019

	Notes	2018 Continuing £	2018 Discontinued £	2018 Total £
<b>REVENUE</b>	3	103,378,958	7,430,088	110,809,046
Cost of sales		(87,642,260)	(7,839,903)	(95,482,163)
<b>GROSS PROFIT/(LOSS)</b>		15,736,698	(409,815)	15,326,883
Administrative expenses		(9,867,274)	(544,793)	(10,412,067)
		5,869,424	(954,608)	4,914,816
Other operating income		179,280	-	179,280
<b>OPERATING PROFIT/(LOSS)</b>	5	6,048,704	(954,608)	5,094,096
Profit/loss on sale of operatn	6	(137)	-	(137)
		6,048,567	(954,608)	5,093,959
Interest receivable and similar income		10,772	-	10,772
Amounts written off investments		-	-	-
Interest payable and similar expenses	7	(210,000)	-	(210,000)
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		5,849,339	(954,608)	4,894,731
Tax on profit/(loss)	8	(774,779)	-	(774,779)
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		5,074,560	(954,608)	4,119,952
<b>OTHER COMPREHENSIVE INCOME</b>				
Purchase of own shares				(199,803)
Income tax relating to other comprehensive income				-
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>				(199,803)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>				3,920,149

The notes form part of these financial statements

**THE SPECIALIST WORKS LIMITED (REGISTERED NUMBER: 04604217)**

**Statement of Financial Position  
31st December 2019**

	Notes	2019 £	£	2018 £	£
<b>FIXED ASSETS</b>					
Intangible assets	9		39,998		79,997
Property, plant and equipment	10		510,514		677,760
Investments	11		<u>10,554,252</u>		<u>10,554,252</u>
			<u>11,104,764</u>		<u>11,312,009</u>
<b>CURRENT ASSETS</b>					
Debtors	12	29,917,237		31,362,526	
Cash at bank		<u>8,677,565</u>		<u>6,235,368</u>	
		38,594,802		37,597,894	
<b>CREDITORS</b>					
Amounts falling due within one year	13	<u>30,585,504</u>		<u>31,987,987</u>	
<b>NET CURRENT ASSETS</b>			<u>8,009,298</u>		<u>5,609,907</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>19,114,062</u>		<u>16,921,916</u>
<b>PROVISIONS FOR LIABILITIES</b>	15		-		10,623
<b>NET ASSETS</b>			<u>19,114,062</u>		<u>16,911,293</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	16		19,215		19,413
Share premium	17		212,484		212,484
Capital redemption reserve	17		791		593
Retained earnings	17		<u>18,881,572</u>		<u>16,678,803</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>19,114,062</u>		<u>16,911,293</u>

The financial statements were approved by the Board of Directors and authorised for issue on 7th July 2020 and were signed on its behalf by:

P Jones - Director

**Statement of Changes in Equity  
for the year ended 31st December 2019**

	Called up share capital £	Retained earnings £	Share premium £
<b>Balance at 1st January 2018</b>	19,314	10,262,115	-
<b>Changes in equity</b>			
Issue of share capital	99	-	212,484
Total comprehensive income	-	6,416,688	-
<b>Balance at 31st December 2018</b>	<u>19,413</u>	<u>16,678,803</u>	<u>212,484</u>
<b>Changes in equity</b>			
Issue of share capital	(198)	-	-
Total comprehensive income	-	2,202,769	-
<b>Balance at 31st December 2019</b>	<u>19,215</u>	<u>18,881,572</u>	<u>212,484</u>
	Revaluation reserve £	Capital redemption reserve £	Total equity £
<b>Balance at 1st January 2018</b>	2,496,736	396	12,778,561
<b>Changes in equity</b>			
Issue of share capital	-	-	212,583
Total comprehensive income	(2,496,736)	197	3,920,149
<b>Balance at 31st December 2018</b>	<u>-</u>	<u>593</u>	<u>16,911,293</u>
<b>Changes in equity</b>			
Issue of share capital	-	-	(198)
Total comprehensive income	-	198	2,202,967
<b>Balance at 31st December 2019</b>	<u>-</u>	<u>791</u>	<u>19,114,062</u>

**Notes to the Financial Statements  
for the year ended 31st December 2019**

**1. STATUTORY INFORMATION**

The Specialist Works Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

**Going concern**

Following the period end, the Covid-19 pandemic has resulted in significant business and social disruption around the world. The directors are continually reviewing and updating the company's strategy to lessen the impact of the pandemic on the company's operations and believe that this will allow it to be able to meet its liabilities as they fall due for a period of at least 12 months from the date the financial statements were authorised for issue. Accordingly, the directors are satisfied that the financial statements should be prepared on the going concern basis.

**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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement 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, 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, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

**Preparation of consolidated financial statements**

The financial statements contain information about The Specialist Works Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, TSWG Limited, whose registered office is 4 Abbey Wood Road, Kings Hill, West Malling, Kent, ME19 4AB..

Notes to the Financial Statements - continued  
for the year ended 31st December 2019

2. ACCOUNTING POLICIES - continued

**Revenue**

Revenue represents net invoiced sales of advertising inserts and associated products and services that have been inserted in publications (or the service performed) at the accounting date.

Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue from a contract to provide services is recognised in the period in which the services are provided when all of the following conditions are satisfied:

- the amount of turnover can be measure reliably
- it is probable that the company will receive the consideration due under the contract; and
- the stage of completion of the service at the end of the reporting period can be measured reliably.

**Goodwill**

Goodwill, being the amount capitalised on hive up of the trade of acquired companies in 2014, is being amortised evenly over its estimated useful life of ten years.

**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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on the following basis:

Improvements to property	- 20% on cost
Fixtures and fittings	- 20% on cost
Computer equipment	- 33% on cost

Gains and losses on disposals are determined by comparing the proceeds with the carrying amounts and are recognised in the Statement of Comprehensive Income.

**Investments in subsidiaries**

Investments in subsidiaries and associated undertakings are recognised at cost less accumulated impairment.

Notes to the Financial Statements - continued  
for the year ended 31st December 2019

2. ACCOUNTING POLICIES - continued

**Financial instruments**

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

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 Income Statement.

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. The company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value. Subsequently, the measurement of financial liabilities depends on their classification.

Obligations for interest bearing loans and borrowings are recognised when the company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

A liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Leasing commitments**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Notes to the Financial Statements - continued  
for the year ended 31st December 2019

2. ACCOUNTING POLICIES - continued

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

**Debtors**

Short term debtors are measured at transaction price, less any impairment.

**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 rate.

**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.

**Provisions for liabilities**

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

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

3. REVENUE

The revenue and profit before taxation are attributable to the one principal activity of the company.

An analysis of revenue by geographical market for the year ended 31st December 2019 is given below:

	£
United Kingdom	78,323,185
Europe	9,295,819
Rest of the World	10,498,032
	<u>98,117,036</u>

4. EMPLOYEES AND DIRECTORS

	2019	2018
	£	£
Wages and salaries	7,003,222	8,037,875
Social security costs	720,504	783,141
Other pension costs	209,407	165,416
	<u>7,933,133</u>	<u>8,986,432</u>



Notes to the Financial Statements - continued  
for the year ended 31st December 2019

4. **EMPLOYEES AND DIRECTORS - continued**

The average number of employees during the year was as follows:

	2019	2018
Selling	105	127
Administration	33	45
	<u>138</u>	<u>172</u>

	2019	2018
	£	£
Directors' remuneration	935,336	1,098,877
Directors' pension contributions to money purchase schemes	<u>45,418</u>	<u>82,086</u>

Information regarding the highest paid director is as follows:

	2019	2018
	£	£
Emoluments etc	<u>162,731</u>	<u>200,264</u>

5. **OPERATING PROFIT**

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

	2019	2018
	£	£
Other operating leases	1,182,630	869,593
Depreciation - owned assets	264,816	319,229
Profit on disposal of fixed assets	-	(3,055,467)
Goodwill amortisation	39,999	40,000
Auditors' remuneration	25,000	25,000
Foreign exchange differences	<u>57,291</u>	<u>(66,961)</u>

6. **EXCEPTIONAL ITEMS**

	2019	2018
	£	£
Exceptional items	-	(417,971)
Profit/loss on sale of operatn	-	(137)
	<u>-</u>	<u>(418,108)</u>

7. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	2019	2018
	£	£
Bank loan interest	<u>-</u>	<u>210,000</u>

Notes to the Financial Statements - continued  
for the year ended 31st December 2019

8. TAXATION

**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2019 £	2018 £
Current tax:		
UK corporation tax	657,494	1,482,932
Deferred tax	(12,974)	(708,153)
Tax on profit	<u>644,520</u>	<u>774,779</u>

**Tax effects relating to effects of other comprehensive income**

	2019 Gross £	2019 Tax £	Net £
Purchase of own shares	<u>(199,802)</u>	-	<u>(199,802)</u>
	2018 Gross £	2018 Tax £	Net £
Purchase of own shares	<u>(199,803)</u>	-	<u>(199,803)</u>

9. INTANGIBLE FIXED ASSETS

**COST**

At 1st January 2019  
and 31st December 2019

Goodwill  
£

825,706

**AMORTISATION**

At 1st January 2019  
Amortisation for year  
At 31st December 2019

745,709

39,999

785,708

**NET BOOK VALUE**

At 31st December 2019  
At 31st December 2018

39,998

79,997

Notes to the Financial Statements - continued  
for the year ended 31st December 2019

10. PROPERTY, PLANT AND EQUIPMENT

	Improvements to property £	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>				
At 1st January 2019	518,461	458,960	457,488	1,434,909
Additions	46,436	2,886	48,248	97,570
At 31st December 2019	564,897	461,846	505,736	1,532,479
<b>DEPRECIATION</b>				
At 1st January 2019	81,057	388,402	287,690	757,149
Charge for year	131,442	29,834	103,540	264,816
At 31st December 2019	212,499	418,236	391,230	1,021,965
<b>NET BOOK VALUE</b>				
At 31st December 2019	352,398	43,610	114,506	510,514
At 31st December 2018	437,404	70,558	169,798	677,760

11. FIXED ASSET INVESTMENTS

	Shares in group undertakings £	Interest in other participating interests £	Totals £
<b>COST</b>			
At 1st January 2019 and 31st December 2019	10,494,387	59,865	10,554,252
<b>NET BOOK VALUE</b>			
At 31st December 2019	10,494,387	59,865	10,554,252
At 31st December 2018	10,494,387	59,865	10,554,252

The company's investments at the Statement of Financial Position date in the share capital of companies include the following:

**The Specialist Works Holdings LLC**

Registered office: United States

Nature of business: A holding company

Class of shares:	%
Ordinary	holding 100.00

The company owns a 93.19% shareholding in Specialist Works EM LLC and a 100% holding in TSW NY LLC.

Notes to the Financial Statements - continued  
for the year ended 31st December 2019

11. **FIXED ASSET INVESTMENTS - continued**

**Specialist Works EM LLC**

Registered office: United States

Nature of business: Advertising services

	%
Class of shares:	holding
Ordinary	93.19

**TSW NY LLC**

Registered office: United States

Nature of business: Advertising services

	%
Class of shares:	holding
Ordinary	100.00

**Transactional Media Limited**

Registered office: United Kingdom

Nature of business: Advertising services

	%
Class of shares:	holding
Ordinary	100.00
A Ordinary	100.00

**The Specialist Works (IRE) Limited**

Registered office: Ireland

Nature of business: Advertising services

	%
Class of shares:	holding
Ordinary	90.00

The Specialist Works (IRE) Limited was acquired on 10 August 2018.

**The Insert House GmbH**

Registered office: Germany

Nature of business: Advertising services

	%
Class of shares:	holding
Ordinary	100.00

The Specialist Works GmbH was acquired on 10 August 2018.

**Mint Global Limited**

Registered office: United Kingdom

Nature of business: A dormant company

	%
Class of shares:	holding
Ordinary	100.00
A Ordinary	100.00

The trade in Mint Global Limited was hived up to The Specialist Works Limited at the start of the period.

Notes to the Financial Statements - continued  
for the year ended 31st December 2019

11. **FIXED ASSET INVESTMENTS - continued**

**The Insert House Limited**

Registered office: United Kingdom

Nature of business: A dormant company

Class of shares:	% holding
Ordinary	100.00

12. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019 £	2018 £
Trade debtors	10,791,183	16,426,558
Amounts owed by group undertakings	15,020,745	12,128,661
Other debtors	78,549	57,593
Directors' loan accounts	40	150,186
VAT	295,586	118,232
Deferred tax asset		
Accelerated capital allowances	2,351	-
Prepayments and accrued income	3,728,783	2,481,296
	<u>29,917,237</u>	<u>31,362,526</u>

13. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019 £	2018 £
Trade creditors	19,277,411	22,663,889
Amounts owed to group undertakings	4,305,393	5,192,928
Tax	583,088	1,229,795
Social security and other taxes	211,313	201,774
Other creditors	184,478	336,588
Accruals and deferred income	6,023,821	2,363,013
	<u>30,585,504</u>	<u>31,987,987</u>

14. **LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2019 £	2018 £
Within one year	660,481	660,481
Between one and five years	3,080,813	3,080,813
In more than five years	<u>1,687,829</u>	<u>2,348,310</u>
	<u>5,429,123</u>	<u>6,089,604</u>

15. **PROVISIONS FOR LIABILITIES**

	2018 £
Deferred tax	
Accelerated capital allowances	<u>10,623</u>

Notes to the Financial Statements - continued  
for the year ended 31st December 2019

15. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1st January 2019	10,623
Provided during year	(12,974)
Balance at 31st December 2019	<u>(2,351)</u>

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019 £	2018 £
1,673,601	Ordinary	1p	16,736	16,736
228,102	Ordinary A	1p	2,281	2,281
19,777	Deferred	1p	198	396
			<u>19,215</u>	<u>19,413</u>

17. RESERVES

	Retained earnings £	Share premium £	Capital redemption reserve £	Totals £
At 1st January 2019	16,678,803	212,484	593	16,891,880
Profit for the year	2,402,769			2,402,769
Purchase of own shares	(200,000)	-	198	(199,802)
At 31st December 2019	<u>18,881,572</u>	<u>212,484</u>	<u>791</u>	<u>19,094,847</u>

18. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to directors subsisted during the years ended 31st December 2019 and 31st December 2018:

	2019 £	2018 £
<b>P Jones</b>		
Balance outstanding at start of year	50,573	50,573
Amounts repaid	(50,560)	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>13</u>	<u>50,573</u>

Notes to the Financial Statements - continued  
for the year ended 31st December 2019

18. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES - continued

**M Woolley**

Balance outstanding at start of year	99,613	99,613
Amounts repaid	(99,586)	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>27</u>	<u>99,613</u>

Loans to directors are repayable on demand, an interest rate of 4.5% is applicable.

19. RELATED PARTY DISCLOSURES

No disclosure has been made of transactions with other wholly owned group companies in accordance with FRS 102 Section 33 paragraph 33.1A, as the company is itself a wholly owned subsidiary of TSWG Limited.

20. EVENTS AFTER THE REPORTING PERIOD

On 11 March 2020 the World Health Organisation recognised the outbreak of the coronavirus disease 2019 (Covid-19) as a pandemic. This resulted in government-imposed restrictions of movement and trade that has had a significant impact to business and economies worldwide. The directors have presented their consideration of the impact on the company in Note 2 to the financial statements and within the Report of the Directors. Whilst the directors believe that the group will be financially impacted by the pandemic, it is not possible to make a reasonable estimate of the financial effect due to the unprecedented nature of the event. As a result, the directors consider the pandemic to be a non-adjusting event after the reporting period.

21. ULTIMATE CONTROLLING PARTY

The immediate and ultimate parent company is TSWG Limited, registered in England and Wales.

The ultimate controlling party is M Woolley, by virtue of his shareholding.

TSWG Limited prepares consolidated financial statements and copies can be obtained from 4 Abbey Wood Road, Kings Hill, West Malling, Kent, ME19 4AB.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.