

**Group Strategic Report,  
Report of the Directors and  
Audited  
Consolidated Financial Statements  
for the Year Ended 30th June 2018  
for  
Echo Studios Holdings Limited**



**Contents of the Consolidated Financial Statements  
for the Year Ended 30th June 2018**

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	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Group Strategic Report</b>	<b>2</b>
<b>Report of the Directors</b>	<b>4</b>
<b>Report of the Independent Auditors</b>	<b>6</b>
<b>Consolidated Statement of Comprehensive Income</b>	<b>8</b>
<b>Consolidated Balance Sheet</b>	<b>9</b>
<b>Company Balance Sheet</b>	<b>10</b>
<b>Consolidated Statement of Changes in Equity</b>	<b>11</b>
<b>Company Statement of Changes in Equity</b>	<b>12</b>
<b>Consolidated Cash Flow Statement</b>	<b>13</b>
<b>Notes to the Consolidated Cash Flow Statement</b>	<b>14</b>
<b>Notes to the Consolidated Financial Statements</b>	<b>15</b>

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**Echo Studios Holdings Limited**  
**Company Information**  
**for the Year Ended 30th June 2018**

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**DIRECTORS:**

F H Cardwell  
Mrs P C Cardwell  
M D Cardwell

**REGISTERED OFFICE:**

Sovereign House  
155 High Street  
Aldershot  
Hampshire  
GU11 1TT

**REGISTERED NUMBER:**

08474721 (England and Wales)

**AUDITORS:**

Whiteleys  
Chartered Certified Accountants  
& Statutory Auditor  
Sovereign House  
155 High Street  
Aldershot  
Hampshire  
GU11 1TT

**Group Strategic Report  
for the Year Ended 30th June 2018**

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The directors present their strategic report of the company and the group for the year ended 30th June 2018.

**REVIEW OF BUSINESS**

The Company's principal activity continues to be that of a group holding company.

**RESULTS AND PERFORMANCE**

The results of the Group for the year, as set out on pages 7 to 30 show a profit on ordinary activities before taxation of £2,196,204 (2017 : Profit of £2,287,471). The shareholders' funds of the Group total £7,387,603 (2017 : £5,831,794).

The directors consider the results for the year ended 30 June 2018 are very satisfactory and reflect the strength and continued growth of the subsidiary company, Echo Studios Limited. The revenue is represented by studio art-working, design and printing.

**BUSINESS ENVIRONMENT**

The design and print industry in which the subsidiary operates remains highly competitive, however the Group has continued to expand in its target markets and to attract new blue chip clients and expanding its range to those clients. The impact of technology remains significant and the Group has continued to keep pace with new developments and has invested in new technology and machinery.

**STRATEGY**

The Group's success has been and will continue to depend on being able to provide the best quality product by taking advantage of the most up to date equipment and technologies as well as the careful strategic targeting of new business.

The Group will continue to consolidate its position and concentrate its efforts on achieving maximum growth in its existing market segments and in offering a wider spectrum of design and fabrication solutions to its clients.

**KEY PERFORMANCE INDICATORS (KPI'S)**

We have made significant progress throughout the year in relation to key elements of our strategy. The Board monitors the progress of the Group by reference to the following KPIs:

**2018 (2017)**

Group Net Revenue **£12.515m** (£11.059m)

Gross margin **70%** (69%)

**PRINCIPAL RISKS AND UNCERTAINTIES**

The process of risk acceptance and risk management is addressed through robust internal policies, procedures and controls.

The board manages our cash and working capital to ensure the Group has the financial strength to meet its requirements and support the growth of the business.

**Group Strategic Report  
for the Year Ended 30th June 2018**

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**FINANCIAL INSTRUMENTS**

The group has a normal level of exposure to price, credit, liquidity and cash flow risks arising from trading activities which are largely conducted in sterling. The group does not enter into any formally designated hedging arrangements.

**ON BEHALF OF THE BOARD:**



F H Cardwell - Director

Date: 6.02.2019

**Report of the Directors  
for the Year Ended 30th June 2018**

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The directors present their report with the financial statements of the company and the group for the year ended 30th June 2018.

**PRINCIPAL ACTIVITY**

The principal activity of the group in the year under review was that of computerised photographic design and printing.

**DIVIDENDS**

No dividends will be distributed for the year ended 30th June 2018.

**RESEARCH AND DEVELOPMENT**

This is set out in the strategic report under strategy.

**FUTURE DEVELOPMENTS**

These are set out in the strategic report under strategy.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1st July 2017 to the date of this report.

F H Cardwell  
Mrs P C Cardwell  
M D Cardwell

**GOING CONCERN**

No material uncertainties that may cast significant doubt about the ability of the group to continue as a going concern have been identified by the directors.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Group 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), including Financial Reporting Standard 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group 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 group'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 group's auditors are aware of that information.

**Report of the Directors  
for the Year Ended 30th June 2018**

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**AUDITORS**

The auditors, Whiteleys, are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

**ON BEHALF OF THE BOARD:**



.....  
F H Cardwell - Director

Date: 6.02.2019.....

## **Report of the Independent Auditors to the Members of Echo Studios Holdings Limited**

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### **Opinion**

We have audited the financial statements of Echo Studios Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30th June 2018 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, 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 group's and of the parent company affairs as at 30th June 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been 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 group 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 group'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 Group 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.

### **Opinion 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 Group 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 Group 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 Echo Studios Holdings Limited**

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

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

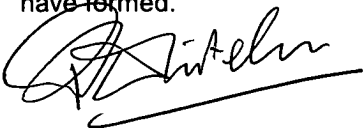
### **Auditors' responsibilities for the audit of the financial statements**

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.



Paul Timothy Whiteley (Senior Statutory Auditor)  
for and on behalf of Whiteleys  
Chartered Certified Accountants  
& Statutory Auditor  
Sovereign House  
155 High Street  
Aldershot  
Hampshire  
GU11 1TT

6th February 2019

**Echo Studios Holdings Limited**

**Consolidated Statement of Comprehensive Income  
for the Year Ended 30th June 2018**

		2018	2017 as restated £
	Notes	£	
<b>TURNOVER</b>	4	12,514,565	11,058,935
Cost of sales		3,750,162	3,409,002
<b>GROSS PROFIT</b>		8,764,403	7,649,933
Administrative expenses		6,572,353	5,378,590
		2,192,050	2,271,343
Other operating income	5	9,807	20,717
		2,201,857	2,292,060
Interest receivable and similar income		4,953	4,903
		2,206,810	2,296,963
Interest payable and similar expenses	7	10,606	9,492
<b>PROFIT BEFORE TAXATION</b>	8	2,196,204	2,287,471
Tax on profit	9	463,263	395,520
<b>PROFIT FOR THE FINANCIAL YEAR</b>		1,732,941	1,891,951
<b>OTHER COMPREHENSIVE INCOME</b>			
Capital contribution-release of loan		(177,132)	(252,036)
Income tax relating to other comprehensive income		-	-
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>		(177,132)	(252,036)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>			1,639,915
Prior year adjustment	11	(51,841)	
<b>TOTAL COMPREHENSIVE INCOME SINCE LAST ANNUAL REPORT</b>		1,503,968	
Profit attributable to: Owners of the parent		1,732,941	1,891,951
Total comprehensive income attributable to: Owners of the parent		1,503,968	1,639,915

The notes on pages 15 to 30 form part of these financial statements

**Consolidated Balance Sheet**  
**30th June 2018**

		2018	2017 as restated	2016
	Notes	£	£	£
<b>FIXED ASSETS</b>				
Intangible assets	12	2,738,582	3,195,012	3,651,442
Tangible assets	13	3,698,890	3,493,133	2,703,968
Investments	14	80,000	80,000	80,000
		<u>6,517,472</u>	<u>6,768,145</u>	<u>6,435,410</u>
<b>CURRENT ASSETS</b>				
Stocks	15	108,117	108,100	114,641
Debtors	16	2,981,099	3,137,217	1,997,936
Cash at bank and in hand		3,024,045	2,848,950	2,778,054
		<u>6,113,261</u>	<u>6,094,267</u>	<u>4,890,631</u>
<b>CREDITORS</b>				
Amounts falling due within one year	17	(3,955,625)	(4,473,489)	(3,424,440)
<b>NET CURRENT ASSETS</b>		<u>2,157,636</u>	<u>1,620,778</u>	<u>1,466,191</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		8,675,108	8,388,923	7,901,601
<b>CREDITORS</b>				
Amounts falling due after more than one year	18	(1,121,594)	(2,387,107)	(3,534,854)
<b>PROVISIONS FOR LIABILITIES</b>	22	(165,911)	(170,022)	(168,731)
<b>NET ASSETS</b>		<u>7,387,603</u>	<u>5,831,794</u>	<u>4,198,016</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	23	1,000,000	1,000,000	1,000,000
Capital redemption reserve	24	1,800,000	1,800,000	1,800,000
Other reserves	24	123,342	300,474	552,510
Retained earnings	24	4,464,261	2,731,320	839,369
<b>SHAREHOLDERS' FUNDS</b>		<u>7,387,603</u>	<u>5,831,794</u>	<u>4,191,879</u>

The financial statements were approved by the Board of Directors on 6.02.2019 and were signed on its behalf by:



F H Cardwell - Director

The notes on pages 15 to 30 form part of these financial statements

**Company Balance Sheet**  
**30th June 2018**

		2018		2017 as restated	
	Notes	£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	12		-		-
Tangible assets	13		3,300,418		3,097,219
Investments	14		5,880,000		5,880,000
			<u>9,180,418</u>		<u>8,977,219</u>
<b>CURRENT ASSETS</b>					
Debtors	16	330,013		78,671	
Cash at bank		<u>481,314</u>		<u>1,374,756</u>	
		811,327		1,453,427	
<b>CREDITORS</b>					
Amounts falling due within one year	17	<u>828,226</u>		<u>1,522,260</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(16,899)</u>		<u>(68,833)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			9,163,519		8,908,386
<b>CREDITORS</b>					
Amounts falling due after more than one year	18		(1,051,598)		(2,320,475)
<b>PROVISIONS FOR LIABILITIES</b>	22		<u>(157,444)</u>		<u>(147,253)</u>
<b>NET ASSETS</b>			<u>7,954,477</u>		<u>6,440,658</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	23		1,000,000		1,000,000
Capital redemption reserve	24		1,800,000		1,800,000
Other reserves	24		123,342		300,474
Retained earnings	24		<u>5,031,135</u>		<u>3,340,184</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>7,954,477</u>		<u>6,440,658</u>
Company's profit for the financial year			<u>1,690,951</u>		<u>2,361,792</u>

The financial statements were approved by the Board of Directors on 6.02.2019 and were signed on its behalf by:



F H Cardwell - Director

The notes on pages 15 to 30 form part of these financial statements

**Consolidated Statement of Changes in Equity  
for the Year Ended 30th June 2018**

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Other reserves £	Total equity £
<b>Balance at 1st July 2016</b>	1,000,000	839,369	1,800,000	552,510	4,191,879
<b>Changes in equity</b>					
Total comprehensive income	-	1,943,792	-	(252,036)	1,691,756
<b>Balance at 30th June 2017</b>	1,000,000	2,783,161	1,800,000	300,474	5,883,635
Prior year adjustment	-	(51,841)	-	-	(51,841)
As restated	1,000,000	2,731,320	1,800,000	300,474	5,831,794
<b>Changes in equity</b>					
Total comprehensive income	-	1,732,941	-	(177,132)	1,555,809
<b>Balance at 30th June 2018</b>	1,000,000	4,464,261	1,800,000	123,342	7,387,603

The notes on pages 15 to 30 form part of these financial statements

**Company Statement of Changes in Equity  
for the Year Ended 30th June 2018**

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Other reserves £	Total equity £
<b>Balance at 1st July 2016</b>	1,000,000	978,392	1,800,000	552,510	4,330,902
<b>Changes in equity</b>					
Total comprehensive income	-	2,413,633	-	(252,036)	2,161,597
<b>Balance at 30th June 2017</b>	1,000,000	3,392,025	1,800,000	300,474	6,492,499
Prior year adjustment	-	(51,841)	-	-	(51,841)
<b>As restated</b>	1,000,000	3,340,184	1,800,000	300,474	6,440,658
<b>Changes in equity</b>					
Total comprehensive income	-	1,690,951	-	(177,132)	1,513,819
<b>Balance at 30th June 2018</b>	1,000,000	5,031,135	1,800,000	123,342	7,954,477

The notes on pages 15 to 30 form part of these financial statements

**Consolidated Cash Flow Statement  
for the Year Ended 30th June 2018**

		2018	2017 as restated £
	Notes	£	
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	1,485,131	747,226
Interest paid		-	(357)
Interest element of hire purchase payments paid		(10,606)	(9,135)
Tax paid		(451,188)	(500,713)
Net cash from operating activities		<u>1,023,337</u>	<u>237,021</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(678,241)	(1,316,460)
Sale of tangible fixed assets		7,754	376,999
Interest received		4,953	4,903
Net cash from investing activities		<u>(665,534)</u>	<u>(934,558)</u>
<b>Cash flows from financing activities</b>			
Capital repayments in year		(18,686)	(8,620)
Net cash from financing activities		<u>(18,686)</u>	<u>(8,620)</u>
<b>Increase/(decrease) in cash and cash equivalents</b>		<u>339,117</u>	<u>(706,157)</u>
<b>Cash and cash equivalents at beginning of year</b>	2	<u>1,439,959</u>	<u>2,146,116</u>
<b>Cash and cash equivalents at end of year</b>	2	<u><u>1,779,076</u></u>	<u><u>1,439,959</u></u>

The notes on pages 15 to 30 form part of these financial statements

Notes to the Consolidated Cash Flow Statement  
for the Year Ended 30th June 2018

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2018	2017 as restated
	£	£
Profit before taxation	2,196,204	2,287,471
Depreciation charges	947,469	851,252
Loss/(profit) on disposal of fixed assets	1,058	(244,525)
Capital contribution-release of loan	(177,131)	(252,036)
Finance costs	10,606	9,492
Finance income	(4,953)	(4,903)
	<u>2,973,253</u>	<u>2,646,751</u>
(Increase)/decrease in stocks	(17)	6,541
Decrease/(increase) in trade and other debtors	156,118	(1,139,281)
Decrease in trade and other creditors	(1,644,223)	(766,785)
<b>Cash generated from operations</b>	<u><u>1,485,131</u></u>	<u><u>747,226</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 30th June 2018

	30.6.18	1.7.17
	£	£
Cash and cash equivalents	3,024,045	2,848,950
Bank overdrafts	(1,244,969)	(1,408,991)
	<u><u>1,779,076</u></u>	<u><u>1,439,959</u></u>

Year ended 30th June 2017

	30.6.17	1.7.16
	£	£
Cash and cash equivalents	2,848,950	2,778,054
Bank overdrafts	(1,408,991)	(631,938)
	<u><u>1,439,959</u></u>	<u><u>2,146,116</u></u>

The notes on pages 15 to 30 form part of these financial statements



**Notes to the Consolidated Financial Statements  
for the Year Ended 30th June 2018**

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**1. STATUTORY INFORMATION**

Echo Studios Holdings 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 General Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

The principal place of business of the company is Echo House, Red Lion Business Park, Surbiton, Surrey KT6 7RD.

**2. STATEMENT OF COMPLIANCE**

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.

**3. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The financial statements have been prepared under the historical cost convention.

**Going concern**

As set out in the strategic report, the directors believe that the group is experiencing good levels of sales growth and profitability and that it is well placed to manage its business risks successfully.

Accordingly, they have a firm expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

**Turnover**

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for services rendered, stated net of discounts and of Value Added Tax.

The group recognises revenue when the amount of revenue can be measured reliably, when it is probable that future economic benefits will flow to the entity and the costs incurred in respect of the transaction can be measured reliably.

A provision is included for any non-completed contracts at the year end. Income is also accrued for any contracts completed at the year end but not invoiced until the new accounting year.

**Goodwill**

Goodwill, being the amount paid in connection with the acquisition of a business in 2013, is being amortised in accordance with FRS102 evenly over 10 years from the transition date of 1st July 2015.

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30th June 2018

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3. ACCOUNTING POLICIES - continued

**Tangible fixed assets**

Tangible fixed assets are carried at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated so as to write off the cost or valuation of all tangible fixed assets, other than freehold land less their residual value, over their estimated useful lives as follows:

Freehold property	-	2% on cost
Plant and machinery	-	15% on cost
Fixtures and fittings	-	25% on cost
Motor vehicles	-	25% on cost
Computer equipment	-	15% on cost
Leasehold improvements	-	Straight line over the term of the lease

On disposal, the difference between the net disposal proceeds and the carrying amount of the item sold is recognised in profit or loss.

**Stocks**

Inventories are measured at the lower of cost and selling price less cost to complete and sell. Cost is calculated on a first in, first out basis and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated 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 balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet 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.

**Research and development**

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

**Foreign currencies**

Transactions in foreign currencies are initially recognised at the rate of exchange ruling at the date of the transaction.

At the end of each reporting period foreign currency monetary items are translated at the closing rate of exchange. Non-monetary items that are measured at historical cost are translated at the rate ruling at the date of the transaction. All differences are charged to profit or loss.

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30th June 2018**

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**3. ACCOUNTING POLICIES - continued**

**Hire purchase and leasing commitments**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases.

The rights of use and obligations under finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments.

Minimum lease payments are apportioned between the finance charge and the reduction in the outstanding liability using the effective interest rate method. The finance charge is allocated to each period during the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Leased assets are depreciated in accordance with the company's policy for tangible fixed assets. If there is no reasonable certainty that ownership will be obtained at the end of the lease term, the asset is depreciated over the lower of the lease term and its useful life.

Operating lease payments are recognised as an expense on a straight line basis over the lease term.

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

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

**Financial instruments**

The group 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, loans to related parties and investments in non-puttable ordinary shares.

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 profit or loss.

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

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and the best estimate, which is an approximation, of the amount that the company would receive for the asset if it were to be sold at the reporting date.

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

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30th June 2018

3. ACCOUNTING POLICIES - continued

**Impairment of non-financial assets**

At each reporting date non-financial assets not carried at fair value, like goodwill and plant, property and equipment, are reviewed to determine whether there is an indication that an asset may be impaired. If there is an indication of possible impairment, the recoverable amount of any asset or group of related assets, which is the higher of value in use and the fair value less cost to sell, is estimated and compared with its carrying amount. If the recoverable amount is lower, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised immediately in profit or loss.

Stocks are also assessed for impairment at each reporting date. The carrying amount of each item of stock, or group of similar items, is compared with its selling price less costs to complete and sell. If an item of stock or group of similar items is impaired, its carrying amount is reduced to selling price less costs to complete and sell, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset or group of related assets is increased to the revised estimate of its recoverable amount, but not to exceed the amount that would have been determined had no impairment loss been recognised for the asset or group of related assets in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

**Investments**

Unlisted investments are recognised at cost.

**Investments in subsidiaries**

Investments in subsidiary undertakings are recognised at cost.

**Related parties**

For the purposes of these financial statements, a party is considered to be related to the group if:

(i) the party has the ability, directly or indirectly, through one or more intermediaries, to control the Group or exercise significant influence over the group in making financial and operating policy decisions, or has joint control over the group.

(ii) the Group and the party are subject to common control;

(iii) the party is a member of key management personnel of the group, or a close family member of such an individual, or is in an entity under the control, joint control or significant influence of such individuals.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

4. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the group.

5. OTHER OPERATING INCOME

	2018	2017 as restated
	£	£
Other income	9,807	20,717

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30th June 2018

6. EMPLOYEES AND DIRECTORS

	2018	2017 as restated
	£	£
Wages and salaries	3,975,046	3,306,289
Social security costs	420,566	360,835
Other pension costs	55,567	37,604
	<u>4,451,179</u>	<u>3,704,728</u>

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

	2018	2017 as restated
Office and administration	8	7
Production and design	101	82
	<u>109</u>	<u>89</u>

	2018	2017 as restated
	£	£
Directors' remuneration	660,673	577,324
Directors' pension contributions to money purchase schemes	<u>16,848</u>	<u>11,522</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>5</u>	<u>5</u>
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Information regarding the highest paid director is as follows:

	2018	2017 as restated
	£	£
Emoluments etc	108,874	62,265
Pension contributions to money purchase schemes	<u>3,139</u>	<u>3,578</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018	2017 as restated
	£	£
HMRC interest payable	-	357
Hire purchase & loan interest	<u>10,606</u>	<u>9,135</u>
	<u>10,606</u>	<u>9,492</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30th June 2018

8. **PROFIT BEFORE TAXATION**

The profit is stated after charging/(crediting):

	2018	2017 as restated
	£	£
Depreciation - owned assets	466,047	371,513
Depreciation - assets on hire purchase contracts	24,993	23,308
Loss/(profit) on disposal of fixed assets	1,058	(244,525)
Goodwill amortisation	456,430	456,430
Auditors remuneration - audit	19,357	17,325
Auditors remuneration - other	10,245	10,987
Foreign exchange differences	52	(9,063)
	<u>467,374</u>	<u>394,229</u>

9. **TAXATION**

**Analysis of the tax charge**

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

	2018	2017 as restated
	£	£
Current tax:		
UK corporation tax	471,403	471,505
Over provision in prior year	(9,402)	(77,276)
Under provision in prior year	5,373	-
Total current tax	<u>467,374</u>	<u>394,229</u>
Deferred tax	<u>(4,111)</u>	<u>1,291</u>
Tax on profit	<u>463,263</u>	<u>395,520</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30th June 2018

9. TAXATION - continued

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2018	2017 as restated
	£	£
Profit before tax	<u>2,196,204</u>	<u>2,287,471</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.750%)	417,279	451,776
Effects of:		
Expenses not deductible for tax purposes	11,311	15,058
Adjustments to tax charge in respect of previous periods	(4,029)	(77,726)
R&D enhanced expenditure	(60,532)	(56,343)
Chargeable gains	-	(15,593)
Adjustments to tax in previous periods - deferred tax	10,762	(2,435)
Non tax adjustments in group accounts	86,722	92,120
Adjust closing deferred tax to average rate	1,750	(11,337)
Total tax charge	<u>463,263</u>	<u>395,520</u>

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

	Gross £	2018 Tax £	Net £
Capital contribution-release of loan	<u>(177,132)</u>	<u>-</u>	<u>(177,132)</u>
	Gross £	2017 Tax £	Net £
Capital contribution-release of loan	<u>(252,036)</u>	<u>-</u>	<u>(252,036)</u>

10. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

11. PRIOR YEAR ADJUSTMENT

The parent company has decided to adopt the provisions of the 2017 triennial review of FRS102. Specifically they have transferred the property rented solely to their subsidiary to property, plant and equipment in fixed assets. They have also decided to adopt the cost model rather than showing the property at fair value.

This has resulted in depreciation being charged in the previous accounting period. The investment property revaluation and deferred tax charge have been reversed in the prior year.

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30th June 2018

12. INTANGIBLE FIXED ASSETS

Group

	Goodwill £
<b>COST</b>	
At 1st July 2017 and 30th June 2018	4,804,528
<b>AMORTISATION</b>	
At 1st July 2017	1,609,516
Amortisation for year	456,430
At 30th June 2018	2,065,946
<b>NET BOOK VALUE</b>	
At 30th June 2018	2,738,582
At 30th June 2017	3,195,012

13. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Improvements to property £	Plant and machinery £
<b>COST</b>			
At 1st July 2017	1,736,442	64,456	1,796,604
Additions	48,600	14,814	503,162
Disposals	-	(31,484)	-
At 30th June 2018	1,785,042	47,786	2,299,766
<b>DEPRECIATION</b>			
At 1st July 2017	30,923	36,979	418,089
Charge for year	14,405	8,458	320,973
Eliminated on disposal	-	(31,484)	-
At 30th June 2018	45,328	13,953	739,062
<b>NET BOOK VALUE</b>			
At 30th June 2018	1,739,714	33,833	1,560,704
At 30th June 2017	1,705,519	27,477	1,378,515



Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30th June 2018

13. TANGIBLE FIXED ASSETS - continued

Group

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>				
At 1st July 2017	478,605	115,991	580,088	4,772,186
Additions	26,825	27,368	84,840	705,609
Disposals	(131,898)	(16,258)	(112,359)	(291,999)
At 30th June 2018	373,532	127,101	552,569	5,185,796
<b>DEPRECIATION</b>				
At 1st July 2017	379,449	31,555	382,058	1,279,053
Charge for year	54,746	28,917	63,541	491,040
Eliminated on disposal	(130,767)	(9,837)	(111,099)	(283,187)
At 30th June 2018	303,428	50,635	334,500	1,486,906
<b>NET BOOK VALUE</b>				
At 30th June 2018	70,104	76,466	218,069	3,698,890
At 30th June 2017	99,156	84,436	198,030	3,493,133

Included in cost of land and buildings is freehold land of £1,016,180 (2017 - £1,016,180) which is not depreciated.

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
<b>COST</b>	
At 1st July 2017	93,920
Additions	27,368
Disposals	(7,759)
At 30th June 2018	113,529
<b>DEPRECIATION</b>	
At 1st July 2017	25,975
Charge for year	24,993
Eliminated on disposal	(6,466)
At 30th June 2018	44,502
<b>NET BOOK VALUE</b>	
At 30th June 2018	69,027
At 30th June 2017	67,945

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30th June 2018

## 13. TANGIBLE FIXED ASSETS - continued

## Company

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Totals £
<b>COST</b>				
At 1st July 2017	1,736,442	1,796,604	172,844	3,705,890
Additions	48,600	503,162	-	551,762
At 30th June 2018	1,785,042	2,299,766	172,844	4,257,652
<b>DEPRECIATION</b>				
At 1st July 2017	30,923	418,089	159,659	608,671
Charge for year	14,405	320,973	13,185	348,563
At 30th June 2018	45,328	739,062	172,844	957,234
<b>NET BOOK VALUE</b>				
At 30th June 2018	1,739,714	1,560,704	-	3,300,418
At 30th June 2017	1,705,519	1,378,515	13,185	3,097,219

Included in cost of land and buildings is freehold land of £1,016,180 (2017 - £1,016,180) which is not depreciated.

## 14. FIXED ASSET INVESTMENTS

## Group

	Unlisted investments £
<b>COST</b>	
At 1st July 2017 and 30th June 2018	80,000
<b>NET BOOK VALUE</b>	
At 30th June 2018	80,000
At 30th June 2017	80,000

## Company

	Shares in group undertakings £	Unlisted investments £	Totals £
<b>COST</b>			
At 1st July 2017 and 30th June 2018	5,800,000	80,000	5,880,000
<b>NET BOOK VALUE</b>			
At 30th June 2018	5,800,000	80,000	5,880,000
At 30th June 2017	5,800,000	80,000	5,880,000

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30th June 2018

14. **FIXED ASSET INVESTMENTS - continued**

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

**Subsidiary**

**Echo Studios Limited**

Registered office:

Nature of business: Trading company

	% holding	2018 £	2017 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		2,494,545	1,996,124
Profit for the year		2,529,884	2,317,819

15. **STOCKS**

	2018 £	Group 2017 as restated £
Stocks	108,117	108,100

The group has allowed a floating charge over the groups assets, including stocks as security for the bank.

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

	Group		Company	
	2018 £	2017 as restated £	2018 £	2017 as restated £
Trade debtors	2,281,570	2,632,448	-	-
Amounts owed by group undertakings	-	-	330,013	62,159
Other debtors	11,612	34,592	-	16,512
Prepayments and accrued income	687,917	470,177	-	-
	2,981,099	3,137,217	330,013	78,671

The group has allowed a floating charge over the groups assets, including debtors as security for the bank.

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30th June 2018

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2018	2017 as restated	2018	2017 as restated
	£	£	£	£
Bank loans and overdrafts (see note 19)	1,244,969	1,408,991	-	-
Hire purchase contracts (see note 20)	17,158	11,840	-	-
Trade creditors	747,176	1,034,091	4,531	388,034
Other creditors	661,857	1,079,606	642,229	1,079,606
Corporation tax	189,345	173,159	28,700	48,620
Social security and other taxes	534,710	452,471	14,591	-
Accruals and deferred income	560,410	313,331	138,175	6,000
	<u>3,955,625</u>	<u>4,473,489</u>	<u>828,226</u>	<u>1,522,260</u>

The bank has a fixed and floating charge over the groups assets to secure the invoice discounting loan and overdraft.

The loans in respect of the hire purchase agreements are secured against the assets to which they relate.

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2018	2017 as restated	2018	2017 as restated
	£	£	£	£
Hire purchase contracts (see note 20)	69,996	66,632	-	-
Other creditors	1,051,598	2,320,475	1,051,598	2,320,475
	<u>1,121,594</u>	<u>2,387,107</u>	<u>1,051,598</u>	<u>2,320,475</u>

19. LOANS

An analysis of the maturity of loans is given below:

	Group	
	2018	2017 as restated
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>1,244,969</u>	<u>1,408,991</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30th June 2018

20. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

**Group**

	Hire purchase contracts 2018	2017 as restated
	£	£
Net obligations repayable:		
Within one year	17,158	11,840
Between one and five years	69,996	66,632
	<u>87,154</u>	<u>78,472</u>

**Group**

	Non-cancellable operating leases 2018	2017 as restated
	£	£
Within one year	49,838	85,488
Between one and five years	51,813	112,962
	<u>101,651</u>	<u>198,450</u>

21. **SECURED DEBTS**

The following secured debts are included within creditors:

	<b>Group</b>	
	2018	2017 as restated
	£	£
Invoice discounting loan	<u>1,244,969</u>	<u>1,408,991</u>

Bank overdrafts are secured by a fixed and floating charge dated 6 March 1997 over the groups assets.

The invoice discounting loan is secured by a charge dated 27 June 2011 over the groups trade debtors.

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30th June 2018

22. PROVISIONS FOR LIABILITIES

	Group		Company	
	2018	2017 as restated	2018	2017 as restated
	£	£	£	£
Deferred tax				
Accelerated capital allowances	166,879	168,914	157,444	147,253
Other timing differences	(968)	1,108	-	-
	<u>165,911</u>	<u>170,022</u>	<u>157,444</u>	<u>147,253</u>

Group

	Deferred tax £
Balance at 1st July 2017	170,022
Credit to Statement of Comprehensive Income during year	(4,111)
Balance at 30th June 2018	<u>165,911</u>

Company

	Deferred tax £
Balance at 1st July 2017	147,253
Charge to Statement of Comprehensive Income during year	10,191
Balance at 30th June 2018	<u>157,444</u>

23. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2018	2017 as restated
Number:	Class:			
			£	£
1,000,000	Ordinary-A	£1.00	<u>1,000,000</u>	<u>1,000,000</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All ordinary shares rank equally with regard to the company's residual assets.

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30th June 2018

24. RESERVES

Group

	Retained earnings £	Capital redemption reserve £	Other reserves £	Totals £
At 1st July 2017	2,783,161	1,800,000	300,474	4,883,635
Prior year adjustment	(51,841)			(51,841)
	<u>2,731,320</u>			<u>4,831,794</u>
Profit for the year	1,732,941			1,732,941
Capital contribution - restatement of loan to present value	-	-	(177,132)	(177,132)
At 30th June 2018	<u>4,464,261</u>	<u>1,800,000</u>	<u>123,342</u>	<u>6,387,603</u>

Company

	Retained earnings £	Capital redemption reserve £	Other reserves £	Totals £
At 1st July 2017	3,392,025	1,800,000	300,474	5,492,499
Prior year adjustment	(51,841)			(51,841)
	<u>3,340,184</u>			<u>5,440,658</u>
Profit for the year	1,690,951			1,690,951
Capital contribution - restatement of loan to present value	-	-	(177,132)	(177,132)
At 30th June 2018	<u>5,031,135</u>	<u>1,800,000</u>	<u>123,342</u>	<u>6,954,477</u>

Other reserves - This is the capital contribution reserve which is a non-distributable reserve and which represents a capital contribution arising on a loan received from the shareholders at a below-market rate of interest.

Capital redemption reserve - This reserve is a non-distributable reserve and represents the nominal value of shares purchased and cancelled.

Retained earnings reserve - This reserve represents retained earnings available for distribution.

25. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30th June 2018

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25. **RELATED PARTY DISCLOSURES - continued**

There are aggregate shareholders' loans to the group totalling £1,694,978 (2017 £3,400,081).

The group's key management personnel are considered to be the directors. Their compensation during the year is disclosed in note 5 to the accounts.

26. **ULTIMATE CONTROLLING PARTY**

The ultimate controlling party of the group is M D Cardwell.

27. **FINANCIAL INSTRUMENTS**

**Group**

**Carrying amount of financial assets and liabilities:**

	2018 £	2017 £
Financial assets measured at amortised cost	5,413,733	5,589,497
Financial liabilities measured at amortised cost	1,992,146	2,443,080