

Company Registration No. SC369510 (Scotland)

APS GROUP (SCOTLAND) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020

APS GROUP (SCOTLAND) LIMITED

COMPANY INFORMATION

Directors	N J Snelson A Doyle J Holmes
Company number	SC369510
Registered office	21 Tennant Street Edinburgh Scotland EH6 5NA
Auditor	Azets Audit Services Alpha House 4 Greek Street Stockport Cheshire SK3 8AB

APS GROUP (SCOTLAND) LIMITED

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APS GROUP (SCOTLAND) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JANUARY 2020

"APS Group Scotland is a marketing services business providing integrated communications and Customer experience programs to local and global brands. APS Group Scotland provides contracted services to a range of Customers across a broad spectrum of business sectors. It has specifically targeted solutions for government, health services, local authorities, retail, financial services, charity and other public sector bodies. The Customer solutions APS delivers are underpinned by a board range of services supported by great people, enabling technology and significant infrastructure. The core service offering includes strategy, content creation and content management, multi-channel output management and associated logistics. The company is differentiated in the marketplace by its ability to integrate services and solutions which reduce complexity, deliver efficiencies, improve speed and maximise return for our Customers."

Performance

In 2019 APS Group Scotland has continued to develop its core marketing services capability and has gained and also "on boarded" a number of significant new Customers and contracts. Furthermore, APS Group Scotland continued to invest in the infrastructure in both expertise, software/IP capability and production capacity to enhance the 'Knowhow Platform' to allow for the next phase of anticipated growth.

Turnover increased by 18% to £18.7m from £15.3m in the year to January 2020. Gross profit increased to £5.2m from £4.3m in the year to January 2020. Existing core business Gross Profit percentage remained consistent with the prior year.

APS Group Scotland continues to benefit from low levels of debt, with a strong financial base. We continue to fund investment in recruiting expertise, adopting technology, service line development and overseas expansion from cash flow.

In the year, numbers of employees increased at year end from 110 to 114 as a result of the investment in central service functions and Customer solutions in preparation for growth.

Risk

The APS Group Scotland has continued the rapid growth over the prior two years. Careful consideration has been taken to ensure that the business manages and controls the growth to ensure the Customer experience continues to the high standards and quality expected. Further investment has been made in our innovations solution, support function and project solutions team. These investments continue to increase our ability to nurture and grow our existing Customer business as evidenced by another year of Customer retention and service line development.

At the time of approving the financial statements the full impact of the corona virus pandemic on the UK and global economy is uncertain and the effect this may have on the company, its customers and suppliers is not fully known.

The directors have closely monitored the impact on the business to date and taken necessary mitigating action as necessary, including government support through the job retention scheme.

The future potential risks and uncertainties arising from the pandemic have been reflected in forecasts of profit and loss and cashflow which demonstrate a robust business and commitment to continue to invest in the infrastructure of the business to ensure future efficiencies.

APS GROUP (SCOTLAND) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

Looking Forward

The advent of increasing technology giving consumer's wider access to content with both choice and preference of communication, has increased the complexity required to manage solutions for Customers and resulted in considerable market consolidation. In response to the Customer's requirements for comprehensive, cost effective co-ordinated planning and delivery APS Group Scotland has enhanced its expertise and capabilities. APS continues to develop distinctive and highly effective operational delivery infrastructure to cater for the 21st Century needs of the local, national and international Customers wishing to "reach" their Customers in local, national and international markets.

In support of this strategy, and in line with Customer needs, we have invested in a new facilities in Scotland.

On behalf of the board

N J Snelson

Director

16 December 2020

APS GROUP (SCOTLAND) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2020

The directors present their annual report and financial statements for the year ended 31 January 2020.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

N J Snelson
A Doyle
J Holmes

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditor

In accordance with the company's articles, a resolution proposing that Azets Audit Services (formerly trading as Booth Ainsworth Audit Services) be reappointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

N J Snelson
Director

16 December 2020

APS GROUP (SCOTLAND) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 JANUARY 2020

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). 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.

APS GROUP (SCOTLAND) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF APS GROUP (SCOTLAND) LIMITED

Opinion

We have audited the financial statements of APS Group (Scotland) Limited (the 'company') for the year ended 31 January 2020 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2020 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 *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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.

APS GROUP (SCOTLAND) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF APS GROUP (SCOTLAND) 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 and the directors' report.

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 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 Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Don Bancroft (Senior Statutory Auditor)
for and on behalf of Azets Audit Services
Chartered Accountants
Statutory Auditor

17 December 2020

Alpha House
4 Greek Street
Stockport
Cheshire
SK3 8AB

APS GROUP (SCOTLAND) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JANUARY 2020

	Notes	2020 £	2019 £
Turnover	3	18,774,314	15,323,945
Cost of sales		(13,514,531)	(11,010,167)
Gross profit		5,259,783	4,313,778
Administrative expenses		(3,495,840)	(2,876,015)
Operating profit	4	1,763,943	1,437,763
Interest receivable and similar income	6	-	89
Interest payable and similar expenses	7	(328)	(2,364)
Profit before taxation		1,763,615	1,435,488
Tax on profit	8	(336,002)	(185,303)
Profit for the financial year		1,427,613	1,250,185

The profit and loss account has been prepared on the basis that all operations are continuing operations.

APS GROUP (SCOTLAND) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JANUARY 2020

	2020	2019
	£	£
Profit for the year	1,427,613	1,250,185
Other comprehensive income	-	-
Total comprehensive income for the year	<u><u>1,427,613</u></u>	<u><u>1,250,185</u></u>

APS GROUP (SCOTLAND) LIMITED

BALANCE SHEET

AS AT 31 JANUARY 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	9		142,672		223,471
Current assets					
Stocks	10	120,907		142,712	
Debtors	11	7,888,781		5,530,469	
Cash at bank and in hand		719,367		202,166	
		<u>8,729,055</u>		<u>5,875,347</u>	
Creditors: amounts falling due within one year	12	<u>(3,165,555)</u>		<u>(1,810,329)</u>	
Net current assets			5,563,500		4,065,018
Total assets less current liabilities			<u>5,706,172</u>		<u>4,288,489</u>
Provisions for liabilities			29,930		20,000
Net assets			<u>5,736,102</u>		<u>4,308,489</u>
Capital and reserves					
Called up share capital	15		100		100
Profit and loss reserves			5,736,002		4,308,389
Total equity			<u>5,736,102</u>		<u>4,308,489</u>

The financial statements were approved by the board of directors and authorised for issue on 16 December 2020 and are signed on its behalf by:

N J Snelson

Director

Company Registration No. SC369510

APS GROUP (SCOTLAND) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JANUARY 2020

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 February 2018	100	3,058,204	3,058,304
Year ended 31 January 2019:			
Profit and total comprehensive income for the year	-	1,250,185	1,250,185
	<hr/>	<hr/>	<hr/>
Balance at 31 January 2019	100	4,308,389	4,308,489
Year ended 31 January 2020:			
Profit and total comprehensive income for the year	-	1,427,613	1,427,613
	<hr/>	<hr/>	<hr/>
Balance at 31 January 2020	100	5,736,002	5,736,102
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

APS GROUP (SCOTLAND) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2020

		2020		2019	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	18	874,306		520,157	
Interest paid		(328)		(2,364)	
Income taxes paid		(344,303)		(390,195)	
Net cash inflow from operating activities		529,675		127,598	
Investing activities					
Purchase of tangible fixed assets		(12,474)		(10,932)	
Interest received		-		89	
Net cash used in investing activities		(12,474)		(10,843)	
Net increase in cash and cash equivalents		517,201		116,755	
Cash and cash equivalents at beginning of year		202,166		85,411	
Cash and cash equivalents at end of year		719,367		202,166	

APS GROUP (SCOTLAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2020

1 Accounting policies

Company information

APS Group (Scotland) Limited is a private company limited by shares incorporated in Scotland. The registered office is 21 Tennant Street, Edinburgh, Scotland, EH6 5NA.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, 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 financial statements.

At the time of approving the financial statements the full impact of the corona virus pandemic on the UK and global economy is uncertain and the effect this may have on the company, its customers and suppliers is unknown. The directors have considered the potential risks and actions they can take to mitigate that risk and concluded that the company will continue to be a going concern.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	33% straight line and 20% reducing balance
Fixtures, fittings & equipment	33% and 20% straight line
Motor vehicles	100% straight line

APS GROUP (SCOTLAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

APS GROUP (SCOTLAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

1 Accounting policies

(Continued)

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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.

APS GROUP (SCOTLAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

APS GROUP (SCOTLAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

APS GROUP (SCOTLAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2020 £	2019 £
Turnover analysed by class of business	18,774,314	15,323,945

	2020 £	2019 £
Turnover analysed by geographical market		
UK	18,774,314	15,323,945

4 Operating profit

	2020 £	2019 £
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(219)	3,427
Fees payable to the company's auditor for the audit of the company's financial statements	7,500	7,500
Depreciation of owned tangible fixed assets	84,212	77,276
Loss on disposal of tangible fixed assets	9,061	-
Cost of stocks recognised as an expense	223,629	263,802
Operating lease charges	50,873	50,695

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Studio and production	63	70
Marketing and sales	38	34
Administration	13	6
Total	114	110

APS GROUP (SCOTLAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

5	Employees	(Continued)	
	Their aggregate remuneration comprised:		
		2020	2019
		£	£
	Wages and salaries	3,120,153	2,794,930
	Social security costs	234,550	229,487
	Pension costs	41,791	35,845
		<u>3,396,494</u>	<u>3,060,262</u>
6	Interest receivable and similar income		
		2020	2019
		£	£
	Interest income		
	Interest on bank deposits	-	89
		<u>-</u>	<u>89</u>
	Investment income includes the following:		
	Interest on financial assets not measured at fair value through profit or loss	-	89
		<u>-</u>	<u>89</u>
7	Interest payable and similar expenses		
		2020	2019
		£	£
	Interest on financial liabilities measured at amortised cost:		
	Interest on bank overdrafts and loans	328	2,364
		<u>328</u>	<u>2,364</u>
8	Taxation		
		2020	2019
		£	£
	Current tax		
	UK corporation tax on profits for the current period	345,932	274,075
	Adjustments in respect of prior periods	-	(88,772)
	Total current tax	<u>345,932</u>	<u>185,303</u>
	Deferred tax		
	Origination and reversal of timing differences	(9,930)	-
		<u>(9,930)</u>	<u>-</u>
	Total tax charge	<u>336,002</u>	<u>185,303</u>

APS GROUP (SCOTLAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

8 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	1,763,615	1,435,488
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	335,087	272,743
Tax effect of expenses that are not deductible in determining taxable profit	6,921	628
Other non-reversing timing differences	(6,006)	704
Under/(over) provided in prior years	-	(88,772)
Taxation charge for the year	336,002	185,303

9 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 February 2019	376,286	704,499	8,078	1,088,863
Additions	7,241	4,900	333	12,474
Disposals	(76,784)	(50,237)	(5,193)	(132,214)
At 31 January 2020	306,743	659,162	3,218	969,123
Depreciation and impairment				
At 1 February 2019	225,472	631,842	8,078	865,392
Depreciation charged in the year	54,327	29,774	111	84,212
Eliminated in respect of disposals	(68,729)	(49,231)	(5,193)	(123,153)
At 31 January 2020	211,070	612,385	2,996	826,451
Carrying amount				
At 31 January 2020	95,673	46,777	222	142,672
At 31 January 2019	150,814	72,657	-	223,471

10 Stocks

	2020 £	2019 £
Raw materials and consumables	120,907	142,712

APS GROUP (SCOTLAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

11 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	1,222,645	1,098,569
Unpaid share capital	100	100
Amounts owed by group undertakings	6,058,855	4,284,553
Other debtors	-	2,238
Prepayments and accrued income	607,181	145,009
	<u>7,888,781</u>	<u>5,530,469</u>

12 Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	693,145	671,884
Amounts owed to group undertakings	353,444	346,372
Corporation tax	210,932	209,303
Other taxation and social security	278,171	66,616
Other creditors	17,133	20,548
Accruals and deferred income	1,612,730	495,606
	<u>3,165,555</u>	<u>1,810,329</u>

13 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2020	Liabilities 2019
	£	£
Balances:		
ACAs	<u>(29,930)</u>	<u>(20,000)</u>
Movements in the year:		2020
		£
Asset at 1 February 2019		(20,000)
Credit to profit or loss		<u>(9,930)</u>
Asset at 31 January 2020		<u>(29,930)</u>

APS GROUP (SCOTLAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

14 Retirement benefit schemes

	2020	2019
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	41,791	35,845

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

15 Share capital

	2020	2019
	£	£
Ordinary share capital		
Issued and not fully paid		
100 ordinary shares of £1 each	100	100

16 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020	2019
	£	£
Within one year	186,480	186,480
Between two and five years	930,415	223,900
In over five years	74,335	74,335
	1,191,230	484,715

17 Ultimate controlling party

The company is a wholly owned subsidiary of APS Group Limited, and its results are included in the consolidated accounts of that company which are on public record. APS Group Limited is itself controlled by N J Snelson, a director of both companies. The registered office of APS Group Limited is Chetham House, Bird Hall Lane, Stockport, England, SK3 0ZP.

APS GROUP (SCOTLAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

18 Cash generated from operations

	2020 £	2019 £
Profit for the year after tax	1,427,613	1,250,185
Adjustments for:		
Taxation charged	336,002	185,303
Finance costs	328	2,364
Investment income	-	(89)
Loss on disposal of tangible fixed assets	9,061	-
Depreciation and impairment of tangible fixed assets	84,212	77,276
Movements in working capital:		
Decrease/(increase) in stocks	21,805	(8,877)
(Increase)/decrease in debtors	(2,358,312)	611,687
Increase/(decrease) in creditors	1,353,597	(1,597,692)
Cash generated from operations	874,306	520,157

19 Analysis of changes in net funds

	1 February 2019 £	Cash flows £	31 January 2020 £
Cash at bank and in hand	202,166	517,201	719,367

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.