Directors Report and Financial Statements

| 2019 |

cfh docmail ltd®

CFH Docmail Ltd
Report and Financial Statements

31 March 2019

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Year ended 31 March 2019

Company Information

Directors

DV Broadway (resigned 26 February 2019)
GT Broadway (resigned 19 May 2018)
K Broadway (resigned 26 February 2019)
JR Broadway (resigned 29 August 2018)
BJ Knowles (appointed 28 February 2019)
S Cray
AM Harwood
JL Helps
J Marsh
W McFedries
S Bunyan

Independent auditors

Bishop Fleming Bath Limited
Chartered Accountants & Statutory Auditors
Minerva House
Lower Bristol Road
Bath
BA2 9ER

Bankers

Clydesdale Bank
12th Floor Temple Point
1 Temple Row
Birmingham
West Midlands
B2 5YB

Solicitors

Thrings LLP
2 Queen Square
Bath
BA1 2HQ

Registered office

St. Peter's Park
Wells Road
Westfield
Radstock
BA3 3UP

Registered number

01716891 (England and Wales)

Group Strategic Report

Introduction

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

Business review

The group's principal activities during the year continues to be the provision of outsourced document creation, print and multichannel delivery services to business of all sizes.

The directors are pleased to report a profit before interest, tax, depreciation and amortisation of £2.9m (2018 - £2.8m). The results include the impact of the Vendor Initiated Management Buy Out (VIMBO) that occurred during the year. As part of the VIMBO process an offer for the shares in the group's parent company, CFH Tradeco Limited was made by CFH Investments Limited, a new company set up by the management team and Dave and Karen Broadway. The sale took place on 26 February 2019. The ultimate parent company of CFH Docmail Limited is now CFH Investments Limited. During the process the group committed to contribute £2m to the group's defined benefit pension scheme during the next financial year.

During the year the group invested in a Canon 6900 inkjet press increasing fixed assets by 51%. This was financed by extending our hire purchase debt.

Principal risks and uncertainties

The principal risks and uncertainties facing the group are broadly grouped as:

Market risk- the group operates in most sectors but the majority of customers fall within the health sector, the electoral sector and the financial sector. Events in these sectors can cause significant peaks, for example a general election. Production and capacity at these times, regardless of sector or event, is carefully planned and monitored. The business is also focussed on the overall impact of Brexit on the wider UK economy which in turn has the potential to impact revenue, in particular ad-hoc/discretionary spend by clients.

Legislative risk- the group handles sensitive data and therefore any changes, for example GDPR, requires a deep understanding and a commitment to implementation.

Financial and liquidity risk- the group continues to use a combination of an invoice financing facility and hire purchase agreements to match funding requirements. Availability of paper and equipment parts continues to be a risk due to Brexit and as a result stocks of both of these are higher than would be normal. All customers are monitored for credit risk and strict payment procedures followed to ensure a healthy cashflow.

Financial key performance indicators

The key financial and other performance indicators during the year were as follows:

Turnover increased by 6% during the year primarily due to new contracts won in the previous financial year. Work won during this year exceeded £7.7m of which £3.6m was long term. The coming year will see a fully year of this revenue.

Operating expenses increased following a £83,000 provision relating to the proposed closure of our Velopost operation.

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

JL Helps
Director

Date: 10 December 2019
St. Peter's Park, Wells Road, Westfield, Radstock BA3 3UP

Directors' Report

The directors present their report and the financial statements for the year ended 31 March 2019.

Principal activity

The principal activity of the company in the year under review was that of the provision of print, mail and online communication solutions.

Results and dividends

The profit for the year, after taxation, amounted to £1,180,000 (2018: £1,437,000).
The directors do not recommend a dividend for the year ended 31 March 2019.

Directors

The directors who served during the year were:

DV Broadway (resigned 26 February 2019)
GT Broadway (resigned 19 May 2018)
K Broadway (resigned 26 February 2019)
JR Broadway (resigned 29 August 2018)
BJ Knowles (appointed 28 February 2019)
S Cray
AM Harwood
JL Helps
J Marsh
W McFedries
S Bunyan

During the year the company purchased and maintained Directors' and Officers' Liability Insurance as permitted by the Companies Act 2006.

Charitable donations

Charitable donations made by the group during the year amounted to £32,658 (2018: £37,531). Political donations of £17,337 (2018: £5,156) and £Nil (2018: £2,328) were made to the Liberal Democrats and Green Party respectively during the year.

Research and development

The group continues to invest in research and development, using technological advances to meet changing market and customer needs. During the year the group incurred £490,000 on wages related to research and development.

Financial risk management objectives and policies

Details of financial risk management are provided in the strategic report.

Going concern statement

The group's business activities, together with the factors likely to affect its future development and its financial position are described in the Strategic Report. The group has a healthy net asset position, long-term contracts with the majority of its largest customers, a good spread of customers over a number of different markets and a good pipeline of opportunities. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Future developments

The directors aim to maintain the management policies which have resulted in the group's substantial growth in recent years. They consider that the next year will show a further significant growth in sales.

Employee involvement

During the year the policy of providing employees with information about the group has been continued including the use of bi-annual employee meetings, monthly factoid sheets, weekly newsletters. Employees are encouraged to present their suggestions and views on the group's performance directly to the CEO.

Disabled employees

The group gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately covered by a handicapped or disabled person. With regard to existing disabled employees and those who have become disabled during the year, the group has continued to examine ways and means of providing continuing employment under normal terms and conditions and to provide training, career development and promotion wherever appropriate.

Matters covered in the strategic report

The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 requires a Strategic Report to be prepared. Where mandatory disclosures in the Directors' Report are considered by the directors to be of strategic importance, these are addressed in the Strategic Report.

Disclosure of information to auditors

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

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

Post balance sheet events

There have been no significant events affecting the company since the year end.

Auditors

The auditors, Bishop Fleming Bath Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

Bill McFedries

W McFedries
Director

Date: 10 December 2019
St. Peter's Park, Wells Road, Westfield, Radstock BA3 3UP

Directors' Responsibilities Statement for Year Ended 31 March 2019

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to 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.

Independent Auditors' Report to the Shareholders of CFH Docmail Limited

Opinion

We have audited the financial statements of CFH Docmail Limited (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 March 2019, which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheet, the Consolidated Statement of Cash Flows, the Consolidated and Company Statement of Changes in Equity and the related notes, 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's affairs as at 31 March 2019 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 United Kingdom, including the Financial Reporting Council'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 or the parent 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 Auditors' 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.

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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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 Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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 Directors' Responsibilities Statement on page 5, 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 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 an Auditors' 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

John Talbot FCA (Senior Statutory Auditor)
for and on behalf of

Bishop Fleming Bath Limited
Chartered Accountants
Statutory Auditors
Minerva House
Lower Bristol Road
Bath
BA2 9ER

Date: 10 December 2019

Consolidated profit and loss account

		31 March 2019	31 March 2018
	Notes	£'000	£'000
Turnover	4	**48,875**	45,958
		--------	--------
Cost of sales		**(25,011)**	(22,586)
		--------	--------
Gross profit		**23,864**	23,372
Administrative expenses		**(22,499)**	(21,838)
		------	------
Operating profit	5	**1,365**	1,534
Interest receivable and similar income		**8**	2
Interest payable and similar charges	9	**(43)**	(58)
Other finance income		**(57)**	(75)
		------	------
Profit before tax		**1,273**	1,403
Tax on profit	11	**(93)**	34
		------	------
Profit for the financial year		**1,180**	1,437
		====	====

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Consolidated statement of comprehensive income

		31 March 2019	31 March 2018
	Notes	£'000	£'000
Profit for the financial year		**1,180**	1,437
		------	------
Other comprehensive income			
Actuarial (loss)/gain on defined benefit schemes		**(510)**	43
Movement on deferred tax relating to pension gains/(losses)		**28**	(320)
		------	------
Other comprehensive income for the year		**(482)**	(277)
		------	------
Total comprehensive income for the year		**698**	1,160
		====	====

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Consolidated statement of financial position

	Notes	31 March 2019 £'000	31 March 2018 £'000
Fixed assets			
Intangible assets	14	**2,466**	2,820
Tangible assets	15	**4,003**	2,648
		-------	-------
		6,469	5,468
Current assets			
Stocks	17	**1,698**	1,266
Debtors: amounts falling due within one year	18	**12,341**	7,256
Cash at bank and in hand	19	**71**	1,679
		-------	-------
		14,110	10,201
Creditors: amounts falling due within one year	20	**(12,374)**	(9,389)
		-------	-------
Net current assets		**1,736**	812
		-------	-------
Total assets less current liabilities		**8,205**	6,280
Creditors: amounts falling due after more than one year	21	**(1,293)**	(335)
Provisions for liabilities			
Deferred taxation	23	**(486)**	(402)
Other provisions	24	**(159)**	(141)
		-------	-------
		(645)	(543)
Net assets excluding pension liability		**6,267**	5,402
Pension liability		**(2,554)**	(2,387)
		------	------
Net assets		**3,713**	3,015
		====	====
Capital and reserves			
Called up share capital	25	**115**	115
Share premium account	26	**495**	495
Capital redemption reserve	26	**641**	641
Profit and loss account	26	**2,462**	1,764
		------	------
		3,713	3,015
		====	====

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

W McFedries, Group CEO and Group Managing Director

Date: 10 December 2019

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Company statement of financial position

		31 March 2019	31 March 2018
	Notes	£'000	£'000
Fixed assets			
Intangible assets	14	**1,900**	2,096
Tangible assets	15	**3,748**	2,294
Investments	16	**1,834**	1,834
		------	------
		7,482	6,224
Current assets			
Stocks	17	**1,528**	1,193
Debtors: amounts falling due within one year	18	**10,646**	6,381
Cash at bank and in hand	19	**71**	1,241
		------	------
		12,245	8,815
Creditors: amounts falling due within one year	20	**(13,070)**	(9,812)
		-------	-------
Net current liabilities		**(825)**	(997)
		-------	-------
Total assets less current liabilities		**6,657**	5,227
Creditors: amounts falling due after more than one year	21	**(1,239)**	(225)
Provisions for liabilities			
Deferred tax	23	**(489)**	(392)
		------	------
Net assets excluding pension scheme liabilities		**4,929**	4,610
Pension liability		**(2,554)**	(2,387)
		------	------
Net assets		**2,375**	2,223
		====	====
Capital and reserves			
Called up share capital	25	**115**	115
Share premium account	26	**495**	495
Capital redemption reserve	26	**641**	641
Profit and loss account brought forward		**972**	601
Profit for the year		**633**	1,964
Other changes in the profit and loss account		**(482)**	(1,593)
Profit and loss account carried forward		**1,124**	972
		-----	-----
		2,375	2,223
		====	====

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10 December 2019.

Bill McFedries

W McFedries, Group CEO and Group Managing Director

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Consolidated statement of changes in equity for the year ending 31 March 2019

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£'000	£'000	£'000	£'000	£'000
At 1 April 2018	115	495	641	1,764	3,015
	-----	-----	-----	-----	-----
Profit for the year	-	-	-	1,180	1,180
Actuarial losses and interest costs and movement on deferred taxation on pension scheme	-	-	-	(482)	(482)
	-----	-----	-----	-----	-----
At 31 March 2019	**115**	**495**	**641**	**2,462**	**3,713**
	====	====	====	====	====

Consolidated statement of changes in equity for the year ending 31 March 2018

	Called up share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2017	114	495	641	1,284	1,920	4,454
Profit for the year	-	-	-	-	1,437	1,437
Actuarial losses and interest costs and movement on deferred taxation on pension scheme	-	-	-	-	(277)	(277)
Dividends: Equity capital	-	-	-	-	(2,600)	(2,600)
Shares issued during the year	1	-	-	-	-	1
Transfer between reserves	-	-	-	(1,284)	1,284	-
	-----	-----	-----	-----	-----	-----
At 31 March 2018	**115**	**495**	**641**	**-**	**1,764**	**3,015**
	====	====	====	====	====	====

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Company statement of changes in equity for the year ending 31 March 2019

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£'000	£'000	£'000	£'000	£'000
At 1 April 2018	115	495	641	972	2,223
	-----	-----	-----	-----	-----
Profit for the year	-	-	-	633	633
Actuarial losses and interest costs and movement on deferred taxation on pension scheme	-	-	-	(482)	(482)
	-----	-----	-----	-----	-----
At 31 March 2019	**115**	**495**	**641**	**1,123**	**2,374**
	====	====	====	====	====

Company statement of changes in equity for the year ending 31 March 2018

	Called up share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2017	114	495	641	1,284	601	3,135
Profit for the year	-	-	-	-	1,964	1,964
Actuarial losses and interest costs and movement on deferred taxation on pension scheme	-	-	-	-	(277)	(277)
Dividends: Equity capital	-	-	-	-	(2,600)	(2,600)
Shares issued during the year	1	-	-	-	-	1
Transfer between reserves on disposal of property	-	-	-	(1,284)	1,284	-
	-----	-----	-----	-----	-----	-----
At 31 march 2018	**115**	**495**	**641**	**-**	**972**	**2,223**
	====	====	====	====	====	====

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Consolidated statement of cash flows

		31 March 2019	31 March 2018
	Notes	£'000	£'000
Cash flows from operating activities			
Profit for the financial year		**1,180**	1,437
Adjustments for:			
Amortisation of intangible assets		**844**	826
Depreciation of tangible assets		**733**	726
Loss on disposal of tangible assets		**2**	(77)
Interest paid		**44**	58
Interest received		**(8)**	(2)
Taxation charge		**93**	(39)
(Increase) in stocks		**(432)**	(47)
(Increase)/decrease in debtors		**(880)**	1,500
(Increase)/decrease in amounts owed by groups		**(4,200)**	-
Increase/(decrease) in creditors		**1,796**	(1,293)
Increase in provisions		**18**	-
Corporation tax (paid)		**(33)**	(133)
Employers defined benefit contributions		**(400)**	(1,279)
Pension finance charges		**57**	75
		-------	-------
Net cash generated from operating activities		**(1,186)**	1,752
		-------	-------
Cash flows from investing activities			
Purchase of intangible fixed assets		**(490)**	(674)
Purchase of tangible fixed assets		**(572)**	(535)
Sale of tangible fixed assets		**-**	46
Interest received		**8**	2
HP interest paid		**(42)**	(35)
		-------	-------
Net cash from investing activities		**(1,096)**	(1,196)
		-------	-------
Cash flows from financing activities			
Repayment of loans		**-**	(1,282)
Other new loans		**438**	-
Repayment of/new finance leases		**(267)**	(225)
Interest paid		**(1)**	(23)
		-------	-------
Net cash used in financing activities		**170**	(1,530)
		-------	-------
(Decrease) in cash and cash equivalents		**(2,112)**	(974)
Cash and cash equivalents at beginning of year		**1,545**	2,519
		-------	-------
Cash and cash equivalents at the end of year		**(567)**	1,545
		=====	=====
Cash and cash equivalents at the end of year comprise:			
Cash at bank and in hand		**71**	1,679
Bank overdrafts		**(638)**	(134)
		-------	-------
		(567)	(1,545)
		=====	=====

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Consolidated analysis of net debt for the year ended 31 March 2019

	At 1 April 2018	Cash flows	New loans	New finance leases	At 31 March 2019
	£'000	£'000	£'000	£'000	£'000
Cash at bank and in hand	1,679	(1,608)	-	-	71
Bank overdrafts	(134)	(504)	-	-	(638)
Other loans	-	-	(438)	-	(438)
Finance leases	(499)	-	-	(1,249)	(1,748)
	-----	-----	-----	-----	-----
	1,046	**(2,112)**	**(438)**	**(1,249)**	**(2,753)**
	====	====	====	====	====

Notes to the financial statements

1. General Information

CFH Docmail Limited is a limited liability company which is incorporated in England and Wales and has a registered address of St Peter's Park, Wells Road, Westfield, Radstock, BA3 3UP.

2. Accounting Policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Group has elected to apply all amendments to FRS 102, as set out in the triennial review published in December 2017, prior to the mandatory adoption for accounting periods beginning on or after 1 January 2019.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Income Statement in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Income Statement from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.4 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Income Statement over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

- Plant and machinery - 5 - 20 years straight line
- Fixtures and fittings - 4 - 5 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Income Statement.

Notes to the financial statements

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first outbasis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Leased assets: The group as lessee

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

2.12 Operating leases: The group as lessee

Rentals paid under operating leases are charged to the Consolidated Profit and Loss Account on a straight line basis over the lease term.

2.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.14 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Consolidated Income Statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Consolidated Income Statement over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Consolidated Income Statement is charged with fair value of goods and services received.

2.15 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Income Statement except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Income Statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Income Statement within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.16 Pensions

The group operates two pension schemes, one that operates on a defined contribution basis and one on a defined benefit basis.

For the scheme that operates on a defined contribution basis, contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

For the scheme that operates on a defined benefit basis, contributions are based on periodic actuarial calculations. The charge to the profit and loss account reflects the expected return on the scheme assets together with the interest on the scheme liabilities.

The group has accounted for pension costs in accordance with FRS 102.

FRS 102 requires that settlement gains are recognised when all parties whose consent is required are irrecoverably committed to the transaction and the gain should be recognised in the profit and loss account covering that date.

The company operates a defined benefit pension scheme and the pension charge is based on a full actuarial valuation dated 5 April 2013.

2.17 Research and development

The group has adopted a policy of capitalising research and development. Costs classified as development are capitalised in the Balance Sheet as intangible assets and amortised on a straight line basis over 5 years.

2.18 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Income Statement.

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 best estimate of the recoverable amount, which is an approximation of the amount that the Group 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.

2.19 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Goodwill and amortisation

Goodwill, as generated on previous business combinations, is capitalised and recognised as an intangible asset on the Consolidated Balance Sheet and amortised on a straight line basis over the useful life. The group establishes a reliable estimate of the useful life of the goodwill based on a variety of factors such as the expected use of the acquired company, the expected useful life of the cash generating units to which the asset is attributed and any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of a similar business.

WIP overhead allocation

The company recognises an element of work in progess within the year end stock balance. This is inclusive of an overhead allocation which is calculated based on the proportion of attributable overheads to the company's conventional stock division, where the work in progress occurs.

Debtor provision

The company recognises a provision against potential bad debts. Management consider the ageing profile and known concerns over recoverability when establishing this provision.

Share based payments

The company recognises a share based payment charge on granted options where it is considered to be material to the financial statements and where those options are considered likely to vest.

Capitalisation of development costs

The company recognises an intangible asset arising from the development phase of projects when they consider that the asset will generate probable future economic benefits and has satisfied the recognition criteria for the capitalisation of development costs as set out in section 18 of FRS 102.

Pension valuation

The present value of the defined benefit pension scheme depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 28, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 5 April 2013 (and updated on 31 March 2016) has been used by the actuary in valuing the pensions liability at 31 March 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

4. Turnover

The whole of the turnover is attributable to the principal activity of the group and arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	31 March 2019	31 March 2018
	£'000	£'000
Depreciation on assets:		
- owned by the group	**511**	620
- held under finance leases	**222**	105
Amortisation of intangible assets, including goodwill	**844**	825
Operating lease rentals:		
- plant and machinery	**957**	978
- other operating leases	**638**	638
Exchange differences	**7**	4
(Profit)/loss on the disposal of tangible fixed assets	**2**	(77)
	===	===

6. Auditors' Remuneration

	31 March 2019	31 March 2018
	£'000	£'000
Fees payable to the group's auditor and its associates for the audit of the group's annual accounts	**23**	16
Fees payable to the company's auditor and its associates in respect of:		
- The auditing of accounts of associates of the company	**8**	8
- Taxation compliance services	**6**	6
- All assurance services not included above	**26**	13
	---	---
	40	27
	===	===

7. Employees

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

	Group 2019	Group 2018	Company 2019	Company 2018
	£'000	£'000	£'000	£'000
Wages and salaries	**11,871**	11,375	**10,623**	10,066
Social security costs	**1,233**	1,226	**1,102**	1,092
Other pension costs	**446**	409	**386**	371
	---	---	---	---
	13,550	13,010	**12,111**	11,529
	===	===	===	===

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

	31 March 2019	31 March 2018
	No.	No.
Manufacturing	**136**	149
IT	**45**	45
Engineering and R&D	**17**	16
Office and management	**150**	136
Velopost	**24**	28
	-----	-----
	372	374
	===	===

8. Directors' remuneration

	31 March 2019	31 March 2018
	£'000	£'000
Directors' emoluments	**1,050**	1,023
Company pension contributions to defined contribution pension schemes	**143**	32
	-----	-----
	1,193	1,055
	===	===

During the year retirement benefits were accruing to 9 directors (2018: 8) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £169,000 (2018: £173,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £5,000 (2018: £6,000).

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the company are considered to be key management personnel. Total compensation in respect of these individuals excluding those above is £32,190 (2018: £32,190).

9. Interest payable and similar charges

	31 March 2019	31 March 2018
	£'000	£'000
Bank interest payable	**1**	23
Finance leases and hire purchase contracts	**42**	35
	------	------
	43	58
	====	====

10. Other finance costs

	31 March 2019	31 March 2018
	£'000	£'000
Interest on pension scheme liabilities	**57**	75
	------	------
	57	75
	====	====

11. Taxation

	31 March 2019	31 March 2018
	£'000	£'000
Corporation tax:		
Current tax on profits for the year	**5**	54
Adjustments in respect of previous periods	**3**	36
	----	----
Total current tax:	**8**	90
	====	====
Deferred tax:		
Origination and reversal of timing differences	**85**	(81)
Adjustment in respect of previous periods	**-**	(43)
	----	----
Total deferred tax:	**85**	(124)
	====	====
	----	----
Taxation on profit/(loss) on ordinary activities	**93**	(34)
	====	====

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	31 March 2019	31 March 2018
	£'000	£'000
Profit on ordinary activities before tax	**1,857**	1,634
	=====	=====
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	**223**	531
Effects of:		
Fixed asset differences	**121**	128
Expenses not deductible for tax purposes	**25**	34
Income not taxable for tax purposes	**(81)**	-
Adjustments to brought forward values	**(39)**	-
Amounts relating to other comprehensive income	**(98)**	-
Adjustments to tax charge in respect of prior periods	**(3)**	-
Tax losses carried back	-	46
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	-	(159)
Capitalised research and development costs expensed	**(106)**	(128)
Group income	-	(190)
Adjustments for defined benefit pension scheme	-	(212)
Deferred tax movement	**51**	(84)
	-----	-----
Total tax charge for the year	**93**	(34)
	====	====

Factors that may affect future tax charges

A reduction in the UK corporation tax rate to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016.

12. Dividends

	31 March 2019	31 March 2018
	£'000	£'000
Dividends paid on ordinary shares	-	2,600
	------	------
	-	2,600
	====	====

13. Parent company profit for the year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Income Statement in these financial statements. The profit after tax of the parent company for the year was £633,000 (2018: £1,964,000).

14. Intangible assets

Group	Development costs	Customer list	Goodwill	Total
	£'000	£'000	£'000	£'000
Cost:				
At 1 April 2018	5,789	291	1,776	7,856
Additions	490	-	-	490
	-----	-----	-----	-----
At 31 March 2019	**6,279**	**291**	**1,776**	**8,346**
	----	----	----	----
Amortisation:				
At 1 April 2018	3,836	150	1,050	5,036
Charge for the year	628	58	158	844
	-----	-----	-----	-----
At 31 March 2019	**4,464**	**208**	**1,208**	**5,880**
	----	----	----	----
Net book value:				
At 31 March 2019	**1,815**	**83**	**568**	**2,466**
	====	====	====	====
At 31 March 2018	1,953	141	726	2,820
	====	====	====	====

Company	Development costs	Customer list	Goodwill	Total
	£'000	£'000	£'000	£'000
Cost:				
At 1 April 2018	5,789	291	200	6,280
Additions	490	-	-	490
	-----	-----	-----	-----
At 31 March 2019	**6,279**	**291**	**200**	**6,770**
	----	----	----	----
Amortisation:				
At 1 April 2018	3,834	150	200	4,184
Charge for the year	628	58	-	686
	-----	-----	-----	-----
At 31 March 2019	**4,462**	**208**	**200**	**4,870**
	----	----	----	----
Net book value:				
At 31 March 2019	**1,817**	**83**	**-**	**1,900**
	====	====	====	====
At 31 March 2018	1,955	141	-	2,096
	====	====	====	====

15. Tangible fixed assets

Group	Plant & machinery	Fixtures & fittings	Total
	£'000	£'000	£'000
Cost or valuation:			
At 1 April 2018	6,698	3,606	10,304
Additions	1,722	368	2,090
Disposals	-	(15)	(15)
	--------	--------	-------
At 31 March 2019	**8,420**	**3,959**	**12,379**
	------	------	------
Depreciation:			
At 1 April 2018	5,154	2,502	7,656
Charge for the year on owned assets	194	317	511
Charge for the year on financed assets	130	92	222
Disposals	-	(13)	(13)
	-------	-------	-------
At 31 March 2019	**5,478**	**2,898**	**8,376**
	-----	------	------
Net book value:			
At 31 March 2019	**2,942**	**1,061**	**4,003**
	====	====	====
At 31 March 2018	1,544	1,104	2,648
	====	====	====

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

	31 March 2019	31 March 2018
	£'000	£'000
Plant and machinery	**1,443**	340
Fixtures and fittings	**324**	143
	====	====

15. Tangible fixed assets (continued)

Company	Plant and machinery	Fixtures and fittings	Total
	£'000	£'000	£'000
Cost or valuation:			
At 1 April 2018	5,572	3,229	8,801
Additions	1,701	356	2,057
Disposals	-	(15)	(15)
	--------	-------	---------
At 31 March 2019	**7,273**	**3,570**	**10,843**
	------	------	-------
Depreciation:			
At 1 April 2018	4,308	2,199	6,507
Charge for the year on owned assets	159	277	436
Charge for the year on financed assets	73	92	165
Disposals	-	(13)	(13)
	-------	-------	--------
At 31 March 2019	**4,540**	**2,555**	**7,095**
	------	------	------
Net book value:			
At 31 March 2019	**2,733**	**1,015**	**3,748**
	====	====	====
At 31 March 2018	1,264	1,030	2,294
	====	====	====

Finance leases

The net book value of assets held under finance leases or hire purchase contracts included above are £1,767,000 (2018: £414,000).

16. Fixed asset investments

Company	Investments in subsidiary companies
	£'000
Cost or valuation:	
At 1 April 2018	2,124

At 31 March 2019	2,124
Impairment:	
At 1 April 2018	290

At 31 March 2019	290
Net book value:	
At 31 March 2019	1,834
	====
At 31 March 2018	1,834
	====

Details of the principal subsidiaries can be found in Note 33.

17. Stocks

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Raw materials	**1,332**	892	**1,163**	819
Work-in-progress	**336**	348	**336**	348
Finished goods and goods for resale	**30**	26	**29**	26
	------	------	------	------
	1,698	1,266	**1,528**	1,193
	====	====	====	====

18. Debtors

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Trade debtors	**5,763**	4,343	**4,839**	3,701
Amounts owed by group undertakings	**4,200**	-	**4,200**	-
Other debtors	**486**	466	**486**	454
Prepayments and accrued income	**1,892**	2,447	**1,121**	2,228
	------	------	------	------
	12,341	7,256	**10,646**	6,383
	====	====	====	====

The amounts owed by group undertakings are due on demand and interest free.

19. Cash and cash equivalents

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Cash at bank and in hand	**71**	1,679	**71**	1,241
Less: bank overdrafts	**(638)**	(134)	**(550)**	-
	------	------	------	------
	(567)	1,545	**(479)**	1,241
	====	====	====	====

20. Creditors: amounts falling due within one year

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Bank overdrafts	**638**	134	**550**	-
Other loans	**438**	-	**347**	-
Trade creditors	**5,130**	3,948	**4,373**	3,588
Amounts owed to group undertakings	**-**	-	**2,213**	1,258
Corporation tax	**5**	54	**-**	-
Other taxation and social security	**1,468**	1,280	**1,383**	1,225
Obligations under finance lease and hire purchase contracts	**454**	164	**399**	112
Accruals and deferred income	**4,241**	3,809	**3,805**	3,629
	------	------	------	------
	12,374	9,389	**13,070**	9,812
	====	====	====	====

Other loans comprise the Clydesdale invoice discounting facility which are secured against trade debtors.

Hire purchase creditors are secured against assets as detailed in note 15.

The amounts owed to fellow group companies are due on demand and are interest free.

21. Creditors: amounts falling due after more than one year

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Net obligations under finance leases and hire purchase contracts	**1,293**	335	**1,239**	225
	----	----	----	----
	1,293	335	**1,239**	225
	====	====	====	====

Hire purchase creditors are secured against assets as detailed in note 15.

22. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Within one year	**454**	164	**399**	112
Between 2-5 years	**1,293**	335	**1,239**	225
	----	----	----	----
	1,747	499	**1,638**	337
	====	====	====	====

Hire purchase creditors are secured against assets as detailed in note 15.

23. Deferred taxation

	Group	Company
	2019	2019
	£'000	£'000
At beginning of year	**(402)**	**(392)**
Charged to profit or loss	**(84)**	**(97)**
	----	----
At end of year	**(486)**	**(489)**
	====	====

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Accelerated capital allowances	**(193)**	(169)	**(196)**	(158)
Short term timing differences	**5**	90	**5**	89
Deferred tax on capitalised development costs	**(298)**	(322)	**(298)**	(322)
	----	----	----	----
	(486)	(401)	**(489)**	(391)
	====	====	====	====

Notes to the financial statements

24. Provisions

	Group
	Dilapidation
	£'000
At 1 April 2018	**141**
Charged to profit or loss	**18**

At 31 March 2019	**159**
	====

The dilapidations provision is based on the future expected repair costs required to restore the leased building to their fair condition at the end of their respective lease terms. In the previous period this balance was included within accruals but the comparative balancec has been reclassified as a provision to better reflect the nature of the costs provided for. There is no impact on equity or profit or loss as a result of this reclassification.

25. Share capital

Allotted, called up and fully paid:	2019	2018
	£'000	£'000
114,533 (2018: 114,533) Ordinary shares of £1.00 each	**115**	115
	====	====

Share option scheme

The company operates two share-based compensation plans. For each plan the options may be exercised on either the sale or takeover of the group or at the discretion of the majority shareholder following the death of the option holder. The options lapse on the 10th anniversary of the grant date or if the option holder ceases to be employed by the group.

The directors consider that the likelihood of employees exercising options is very remote in the foreseeable future and consequently no share-based payment charge has been recognised during the current or prior year.

26. Reserves

Share premium

The share premium account includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Capital redemption reserve

The capital redemption reserve records the nominal value of shares repurchased by the company.

Profit and loss account

The profit and loss account includes all current and prior period retained profit and losses. All are considered distributable.

27. Capital commitments

At 31 March 2019 the Group and company had capital commitments as follows:

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Contracted for but not provided in these financial statements	-	1,365	-	1,365
	====	====	====	====

At the year end, the group and company had capital commitments of £Nil (2018: £1,365,000).

28. Pension commitments

The group and company operates two pension schemes in the United Kingdom: one scheme which provides defined contributions for certain employees and directors in the group, and one which provides defined benefits for certain other employees in the service of the group prior to 5 April 1994.

On 6 April 1994 members ceased to accrue benefits for future service in this scheme and commenced contributing to the defined contributions schemes.

The Group operates a Defined Benefit Pension Scheme.

The group and company operates a final salary defined benefit pension scheme. No benefits have accrued since 6 April 1994. Pension benefits for deferred members are based on the members' final pensionable salaries and service at 6 April 1994 (or date of leaving if earlier).

The most recent full actuarial valuation was carried out as at 5 April 2013 and was updated on 31 March 2019 by a qualified independent actuary.

Reconciliation of present value of plan liabilities:

	2019	2018
	£'000	£'000
Reconciliation of present value of plan liabilities		
At the beginning of the year	**8,186**	8,377
Interest cost	**211**	207
Actuarial gains/losses	**261**	(183)
Benefits paid	**(156)**	(215)
	----	----
At the end of the year	**8,502**	8,186
	====	====

	2019	2018
	£'000	£'000
Reconciliation of present value of plan assets		
At the beginning of the year	**5,799**	4,743
Actual return on assets less interest	**(95)**	(8)
Contributions	**400**	1,279
Benefits paid	**(156)**	(215)
	----	----
At the end of the year	**5,948**	5,799
	====	====

	2019	2018
	£'000	£'000
Fair value of plan assets	**5,948**	5,799
Present value of plan liabilities	**(8,502)**	(8,186)
	----	----
Net pension scheme liability	**(2,554)**	(2,387)
	====	====

The amounts recognised in profit or loss are as follows:

	2019	2018
	£'000	£'000
Interest on obligation	**(57)**	(75)
	----	----
Total	**(57)**	(75)
	====	====

A charge of £249,000 (2018: £140,000) has been recognised in Other Comprehensive Income in relation to the actual return on scheme assets generated in the year. Also included in Other Comprehensive income are actuarial losses (2018: gains) of £261,000 (2018: £183,000).

The cumulative amount of actuarial gains and losses recognised in the Consolidated Statement of Comprehensive Income was £4,359,000 (2018: £4,110,000).

The Group expects to contribute £2,000,000 to its Defined Benefit Pension Scheme in 2020.

Principal actuarial assumptions at the Statement of Financial Position date (expressed as weighted averages):

	2019	2018
Discount rate	**2.3%**	2.6%
Price inflation and rate increases for deferred pensioners	**3.4%**	3.3%
Consumer price inflation	**2.4%**	3.3%
Mortality rates		
- for a male aged 65 now	**21.6 years**	22.9 years
- at 65 for a male aged 45 now	**22.9 years**	23.3 years
- for a female aged 65 now	**23.3 years**	23.8 years
- at 65 for a female member aged 45 now	**24.8 years**	25.4 years

Amounts for the current and previous period are as follows:

Defined benefit pension schemes	2019	2018
	£'000	£'000
Defined benefit obligation	**(8,502)**	(8,054)
Scheme assets	**5,948**	5,667
	----	----
	(2,554)	(2,387)
	====	====
Deficit		
Experience adjustments on scheme liabilities	**(261)**	183
	====	====

29. Commitments under operating leases

At 31 March 2019 the Group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Expiry Date:				
Not later than 1 year	**1,851**	1,864	**1,546**	1,543
Later than 1 year and not later than 5 years	**4,407**	3,314	**3,093**	3,249
Later than 5 years	**2,765**	2,396	**1,847**	2,396
	----	----	----	----
Total	**9,023**	7,574	**6,486**	7,188
	====	====	====	====

30. Related party transactions

The company has taken exemption under FRS102, Section 33 not to disclose transactions with group companies as the consolidated accounts of the group are publicly available.

	2019	2018
	£'000	£'000
Amounts due from companies under common ownership	**37**	2
Purchases from companies under common ownership	**735**	628
	====	====

Key management personnel consist only of the directors of CFH Docmail Ltd and Print For Business Limited, of which remuneration details are available in note 8 of the financial statements.

31. Controlling Party

The company is a wholly owned subsidiary of CFH Tradeco Limited. Up until 26 February 2019 CFH Tradeco Limited was the ultimate parent undertaking. On this date the entire share capital of CFH Tradeco Limited was acquired by CFH Investments Limited, which became the ultimate parent undertaking.

The shareholders in unison control the company. No individual shareholder has a controlling interest and therefore there is no ultimate controlling party.

32. First time adoption of FRS 102 triennial review 2017

The policies applied under the company's previous accounting framework are not materially different to FRS 102 Triennial Review 2017 amendments and have not impacted on equity or profit or loss.

33. Subsidiary undertakings

The following were subsidiary undertakings of the company:

Company Name	Class of shares	Holding	Description
Dotpost Limited	Ordinary	100%	Dormant
Docmail Limited	Ordinary	100%	Dormant
Continu-forms Holdings PLC	Ordinary	100%	Dormant
Oval (1115) Limited	Ordinary	100%	Dormant
Proform Limited	Ordinary	100%	Dormant
Continu-sforms Profit Sharing Scheme Trust Limited	Ordinary	100%	Dormant
CFH Services Limited	Ordinary	100%	Dormant
Info-Source Publishing Limited	Ordinary	100%	Dormant
Mercury Workflow Solutions Limited	Ordinary	100%	Dormant
Mercury Secured Mail Limited	Ordinary	100%	Dormant
Picture Post Limited	Ordinary	100%	Dormant
Print For Business Limited	Ordinary	100%	Printers
Docmail BV	Ordinary	100%	Dormant

All companies were incorporated in the United Kingdom with the exception of Docmail BV, which was incorporated in the Netherlands.

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