

Marston Book Services Limited

Annual Report and Financial Statements

Year Ended 31 December 2016



Marston Book Services Limited

COMPANY INFORMATION AND PROFESSIONAL ADVISORS

Registered office: 160 Eastern Avenue
Milton Park
Abingdon
Oxfordshire
OX14 4SB

Directors: P J Holloran (Chairman)
R Clayton

Auditor: RSM UK Audit LLP
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
MK9 1BP

Marston Book Services Limited

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Marston Book Services Limited

DIRECTORS' REPORT

The directors present their report together with the audited financial statements for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The principal activity of the company continued to be that of book and journal fulfilment, subscriptions management and digital printing.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The company's main business is the selling and printing of a range products, but mainly books, as agent for a number of publishing clients.

Marston Book Services made very good progress during the year increasing pre-tax profit to £132,175 an increase of £82,653 or 167% on the pre-tax profit of £49,522 achieved in 2015. Post tax profit increased to £114,993 from £47,956 an increase of £67,037 or 140%.

Turnover increased by £263,434 or 4% over 2015 turnover while costs increased by only 2.7%.

We saw encouraging growth in like for like physical book sales during 2016 which reversed a long trend of falling physical and increasing e book sales, and was echoed across the publishing industry.

This more than offset our decision to be more margin-focused than in recent years, which resulted in the loss of a significant publisher. We were pleased to largely replace this departure with a significant new start.

The Brexit referendum decision in June 2016 does not appear to have had any discernible negative impact on sales in 2016 and has probably had a positive affect given that most sales are made in sterling, which has fallen against most currencies, making products cheaper in local currency equivalents.

The fall in sterling value has significantly impacted on some materials costs such as print paper and packing cartons.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £114,993 (2015: £47,956).

During the year the directors declared and paid a dividend of £500,000 (2015: £nil).

DIRECTORS

The directors who served the company during the year and through to the date of this report were as follows:

P J Holloran (Chairman)
R Clayton

THIRD PARTY INDEMNITY PROVISION FOR DIRECTORS

Qualifying third party indemnity provision is in place for the benefit of all directors of the company.

STATEMENT OF DISCLOSURE TO AUDITOR

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally the directors 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.

Marston Book Services Limited

DIRECTORS' REPORT

AUDITOR

A resolution to reappoint RSM UK Audit LLP as auditor will be put to the members at the Annual General Meeting.

By order of the board



P J Holloran
Director

14 September 2017

Marston Book Services Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' 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 those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARSTON BOOK SERVICES LIMITED

Opinion on financial statements

We have audited the financial statements on pages 6 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and, based on the work undertaken in the course of our audit, the Directors' Report has 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 company and its environment obtained in the course of the audit, we have not identified any material misstatements in 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARSTON BOOK SERVICES LIMITED

Respective responsibilities of directors and auditor (continued)

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.

RSM UK Audit LLP

GRAHAM RICKETTS (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
MK9 1BP

Date: 18 September 2017

Marston Book Services Limited
STATEMENT OF INCOME AND RETAINED EARNINGS
For the year ended 31 December 2016

	<i>Notes</i>	2016 £	2015 £
TURNOVER	2	6,918,761	6,655,327
Administrative expenses		(6,785,374)	(6,607,134)
OPERATING PROFIT		<u>133,387</u>	<u>48,193</u>
Interest receivable and similar income	3	5,144	7,735
Interest payable and similar charges	4	(6,356)	(6,406)
PROFIT BEFORE TAXATION	5	<u>132,175</u>	<u>49,522</u>
Taxation	7	(17,182)	(1,566)
PROFIT AFTER TAXATION AND PROFIT FOR THE FINANCIAL YEAR		<u>114,993</u>	<u>47,956</u>
RETAINED EARNINGS AT 1 JANUARY		2,585,150	2,537,194
Dividends paid or payable	8	(500,000)	-
RETAINED EARNINGS AT 31 DECEMBER		<u>2,200,143</u>	<u>2,585,150</u>

Marston Book Services Limited

STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

Company Registration No. 01186721

	Notes	2016 £	2015 £
FIXED ASSETS			
Intangible assets	9	14,371	9,000
Tangible assets	10	284,560	290,298
Investments	11	75,525	75,525
		<u>374,456</u>	<u>374,823</u>
CURRENT ASSETS			
Stocks	13	75,640	87,988
Debtors due within one year	14	1,676,641	1,527,950
Cash at bank and in hand		2,256,307	2,530,426
		<u>4,008,588</u>	<u>4,146,364</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	15	(1,872,585)	(1,591,393)
NET CURRENT ASSETS		<u>2,136,003</u>	<u>2,554,971</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,510,459</u>	<u>2,929,794</u>
Creditors: amounts falling due after more than one year	16	(44,164)	(94,644)
Provisions for liabilities	17	(16,152)	-
NET ASSETS		<u>2,450,143</u>	<u>2,835,150</u>
CAPITAL AND RESERVES			
Called up share capital	18	250,000	250,000
Profit and loss account	18	2,200,143	2,585,150
TOTAL EQUITY		<u>2,450,143</u>	<u>2,835,150</u>

The financial statements on pages 6 to 20 were approved and authorised for issue by the Board of Directors on 14 September 2017 and are signed on their behalf by:

P J Holforan
Director

Marston Book Services Limited

ACCOUNTING POLICIES

For the year ended 31 December 2016

GENERAL INFORMATION

Marston Book Services Limited (the 'company') is a private company limited by shares domiciled and incorporated in England and Wales. The address of the company's registered office and principal place of business is 160 Eastern Avenue, Milton Park, Abingdon, Oxfordshire, OX14 4SB.

The principal activities and the nature of the company's operations are disclosed in the Directors' Report.

BASIS OF ACCOUNTING

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, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

Monetary amounts in these financial statements are rounded to the nearest whole £1, except where otherwise indicated.

CONSOLIDATED FINANCIAL STATEMENTS

The company has taken advantage of the exemption in section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. Consequently, these financial statements present the financial position and financial performance of the company as a single entity.

REDUCED DISCLOSURES

In accordance with FRS 102, the company has taken advantage of the exemptions from the following disclosure requirements;

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures.
- Section 11 'Basic Financial Instruments' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Viola Media Services Limited which are available from its registered office at 160 Eastern Avenue, Milton Park, Abingdon, Oxfordshire, OX14 4SB.

GOING CONCERN

The directors have reviewed cash flow forecasts and the company's funding requirements and availability of cash resources for the coming year. The directors remain satisfied with the company's funding and liquidity position and, on the basis of the forecasts, have concluded that the going concern basis of preparation continues to be appropriate.

FUNCTIONAL AND PRESENTATIONAL CURRENCIES

The financial statements are presented in sterling which is also the functional currency of the company.

TURNOVER

Turnover is recognised at the fair value of the consideration received or receivable for the provision of services to external customers in the ordinary course of business.

Turnover is recognised when the provision of services is substantially fulfilled and is shown net of Value Added Tax. Where books have been delivered to a reseller and the books are held by that reseller on a consignment basis, the revenue for the services rendered by the company is recognised either when the books are sold on by the reseller, or when the provision of services is substantially fulfilled.

Marston Book Services Limited

ACCOUNTING POLICIES

For the year ended 31 December 2016

OTHER INCOME

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding, at the effective interest rate.

CLIENT FUNDS

The company acts as an agent in the warehousing and sales fulfilment of books and journals on behalf of publishing clients. Accordingly, as the company does not take title to the publications and operates client bank accounts to receive monies from the publishers' customers and to pay the publishing clients, these financial statements only reflect the fees and other income derived by the company from these activities and not the gross amounts received, receivable and payable in respect of its agency activities.

INTANGIBLE FIXED ASSETS

Purchased intangible assets are recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows:-

Computer software	- 2 to 5 years
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TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:-

Leasehold improvements	- the term of the lease
Plant and equipment	- 3 to 15 years
Motor vehicles	- 3 years

IMPAIRMENT OF FIXED ASSETS

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the company estimates the recoverable amount of the asset. Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses in profit or loss. Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss.

FIXED ASSET INVESTMENTS

Investments in subsidiary undertakings are initially measured at cost and are subsequently measured at cost less any accumulated impairment loss. Interests in subsidiaries are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

STOCKS

Stocks are valued at the lower of cost and net realisable value.

At each reporting date, the company assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss.

Marston Book Services Limited

ACCOUNTING POLICIES

For the year ended 31 December 2016

LEASES

Finance leases and hire purchase contracts

An asset and corresponding liability are recognised for leasing arrangements that transfer to the company substantially all of the risks and rewards incidental to ownership ("finance leases and hire purchase contracts"). The amount capitalised is the fair value of the leased asset or, if lower, the present value of the minimum lease payments payable during the lease term, both determined at inception of the lease. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases

All other leases are operating leases and the annual rentals are charged to profit or loss on a straight line basis over the lease term. Rent free periods or other incentives received for entering into an operating lease are accounted for as a reduction to the expense and are recognised on a straight line basis over the lease term.

EMPLOYEE BENEFITS

The costs of short-term employee benefits are recognised as a liability and an expense as incurred.

Where employees are entitled to carry forward unused holiday entitlement at the reporting date, the cost of any unused entitlement is recognised in the period in which the employee's services are received.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

RETIREMENT BENEFITS

The company operates and contributes to a defined contribution pension scheme for its employees. The amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted in the reporting period.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the reporting date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the reporting date, with the exception that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Marston Book Services Limited

ACCOUNTING POLICIES

For the year ended 31 December 2016

TAXATION (continued)

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the reporting date. Deferred tax is measured on a non-discounted basis.

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 statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets

Basic financial assets, which include trade debtors, amounts owed by group undertakings, accrued income and other debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost.

Impairment of financial assets

Financial assets 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. The impairment loss 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 when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Financial liabilities

Basic financial liabilities, which include trade creditors, obligations under finance lease and hire purchase contracts, amounts owed to group undertakings and accruals are initially measured at transaction price and subsequently measured at amortised cost.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, obligations are discharged, cancelled, or they expire.

Equity instruments

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

Marston Book Services Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

1. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Bad debts – the provision for bad debts is based on the expected recoverability of the amounts due from customers at the year end.

The directors do not consider there to be any critical areas of judgement.

2. TURNOVER

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

<u>Class of business</u>	2016 £	2015 £
Book and journal fulfilment, subscriptions and digital printing	6,918,761	6,655,327
	<u>6,918,761</u>	<u>6,655,327</u>

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

<u>Geographical segments</u>	2016 £	2015 £
United Kingdom	6,918,761	6,655,327
	<u>6,918,761</u>	<u>6,655,327</u>

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2016 £	2015 £
Bank interest	5,144	7,735
	<u>5,144</u>	<u>7,735</u>

Marston Book Services Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2016 £	2015 £
Interest payable on finance leases and hire purchase contracts	6,356	6,406
	<u>6,356</u>	<u>6,406</u>

5. PROFIT BEFORE TAXATION

	2016 £	2015 £
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Profit before taxation is stated after charging:

Depreciation of tangible fixed assets		
- owned assets	84,562	108,402
- held under finance lease and hire purchase	45,391	52,357
Amortisation of intangible fixed assets	4,076	-
Operating lease rentals	690,502	678,090

Fees payable to RSM UK Audit LLP and its associates in respect of audit and taxation services are as follows. Details of non-audit services provided to the group are provided in the financial statements of the parent company.

Audit services - statutory audit of the company	16,750	16,000
Taxation compliance services	4,408	3,583

6. DIRECTORS AND EMPLOYEES

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

	2016 No.	2015 No.
Warehouse and distribution	45	44
Administration	71	65
	<u>116</u>	<u>109</u>

Staff costs for the above persons during the year were as follows:

	2016 £	2015 £
Wages and salaries	2,424,775	2,047,568
Social security costs	215,693	176,215
Defined contribution pension cost	93,169	78,744
	<u>2,733,637</u>	<u>2,302,527</u>

Marston Book Services Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

DIRECTORS AND EMPLOYEES (continued)

In respect of the directors of Marston Book Services Limited:

	2016	2015
	£	£
Emoluments	145,200	141,580
	<u>145,200</u>	<u>141,580</u>

No current directors are accruing benefits under defined contributions pension schemes (2015: none).

7. TAXATION

	2016	2015
	£	£
Current tax		
UK corporation tax	-	-
Group relief	1,030	1,566
Total current tax	<u>1,030</u>	<u>1,566</u>
Deferred tax		
Origination and reversal of timing differences	16,152	-
Total deferred tax	<u>16,152</u>	<u>-</u>
Total tax on profit	<u>17,182</u>	<u>1,566</u>

The tax charge for the year differed from the charge associated with the standard rate of corporation tax in the UK of 20.00 % (2015: 20.25%). The difference is explained below:

	2016	2015
	£	£
Profit before taxation	<u>132,175</u>	<u>49,522</u>
Profit multiplied by the standard rate of corporation tax of 20.00% (2015: 20.25%)	26,435	10,027
Fixed asset differences	1,933	89
Expenses not deductible for tax purposes	390	58
Group relief claimed	(1,030)	(1,566)
Payment for group relief	1,030	1,566
Deferred tax not recognised	(7,854)	(9,376)
Change in rate of tax	(3,722)	768
Tax expense	<u>17,182</u>	<u>1,566</u>

Marston Book Services Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

8. DIVIDENDS

On 12 January 2016 a final dividend of £500,000 (2015: £nil) was paid to shareholders. This dividend was not recognised as a liability at 31 December 2015.

9. INTANGIBLE ASSETS

	Computer software £
Cost:	
At 1 January 2016	217,331
Additions – separately acquired	9,447
At 31 December 2016	<u>226,778</u>
Amortisation:	
At 1 January 2016	208,331
Charge for the year	4,076
At 31 December 2016	<u>212,407</u>
Net book value:	
At 31 December 2016	14,371
At 31 December 2015	<u>9,000</u>

The amortisation charge for the year is recognised within administrative expenses.

Marston Book Services Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

10. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Plant and equipment £	Motor vehicles £	Total £
Cost:				
At 1 January 2016	70,246	4,447,726	40,495	4,558,467
Additions	30,573	93,642	-	124,215
Disposals	-	(569,976)	-	(569,976)
At 31 December 2016	100,819	3,971,392	40,495	4,112,706
Depreciation:				
At 1 January 2016	70,246	4,163,538	34,385	4,268,169
Charge for the year	3,058	120,785	6,110	129,953
Disposals	-	(569,976)	-	(569,976)
At 31 December 2016	73,304	3,714,347	40,495	3,828,146
Net book value:				
At 31 December 2016	27,515	257,045	-	284,560
At 31 December 2015	-	284,188	6,110	290,298

The net book value of Plant and Equipment includes £80,281 (2015: £143,087) in respect of assets held under finance leases and hire purchase contracts.

11. INVESTMENTS

	Subsidiary undertakings £
Cost and carrying value:	
At 1 January 2016 and 31 December 2016	75,525

12. SUBSIDIARIES

The company's subsidiary undertakings are:

	Country of incorporation	Class of shares held	Proportion of shares held directly	Nature of business
Orca Book Services Limited	England & Wales	Ordinary	100%	Distribution of books and journals

At 31 December 2016, the capital and reserves of Orca Book Services Limited were £372,325 (2015: £440,672). The loss after tax for the year ended 31 December 2016 was £68,347 (2015: £174,883). The address of its registered office is 160 Eastern Avenue, Milton Park, Abingdon, Oxfordshire OX14 4SB.

Marston Book Services Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

13. STOCKS

	2016 £	2015 £
Raw materials and consumables	75,640	87,988
	<u>75,640</u>	<u>87,988</u>

14. DEBTORS

	2016 £	2015 £
Amounts falling due within one year:		
Trade debtors	828,979	912,509
Amounts owed by group undertakings	234,744	234,744
Other debtors	25,379	27,229
Prepayments and accrued income	368,733	298,680
Amounts due from associate	218,806	54,788
	<u>1,676,641</u>	<u>1,527,950</u>

During the year, a reversal of previous impairment losses of £1,596 (2015: £20,611 impairment loss) was made in respect of trade debtors.

15. CREDITORS: amounts falling due within one year

	2016 £	2015 £
Trade creditors	737,263	748,052
Obligations under finance leases and hire purchase contracts	50,480	50,480
Amounts owed to group undertakings	267,904	123,207
Other taxation and social security	179,645	150,321
Other creditors	10,593	10,769
Accruals and deferred income	626,700	508,564
	<u>1,872,585</u>	<u>1,591,393</u>

Marston Book Services Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

16. CREDITORS: amounts falling due after more than one year

	2016 £	2015 £
Obligations under finance leases and hire purchase contracts	44,164	94,644
	<u>44,164</u>	<u>94,644</u>

Finance lease and hire purchase contracts

The company's obligations under finance leases and hire purchase contracts are secured by the lessor's charge over the leased assets. The net book value of secured assets is disclosed in note 10.

The total future minimum lease payments are payable:

	2016 £	2015 £
Less than one year	50,480	50,480
Between one and five years	44,164	94,644
	<u>94,644</u>	<u>145,124</u>

17. PROVISIONS FOR LIABILITIES

Deferred tax

	2016 £
Deferred tax liability:	
At 1 January	-
Charge to the statement of income in the year:	16,152
At 31 December	<u>16,152</u>

Provision for deferred tax has been made as follows:

	2016 £	2015 £
Fixed asset timing differences	22,943	-
Other timing differences	(1,881)	-
Trading losses	(4,910)	-
Net deferred tax liability at 31 December	<u>16,152</u>	<u>-</u>

The deferred tax liability of £22,943 (2015: £nil) is not expected to reverse within the next 12 months, and relates to accelerated capital allowances that are also not expected to mature within that period.

Marston Book Services Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

PROVISIONS FOR LIABILITIES (continued)

The deferred tax asset of £6,791 (2015: £nil) is expected to reverse within 12 months and relates to the utilisation of tax losses and other short term timing differences against future profits of the same period.

18. SHARE CAPITAL AND RESERVES

SHARE CAPITAL

Ordinary shares
of £1 each
Number

Allotted, called up and fully paid:
At 1 January 2016 and 31 December 2016

250,000

Ordinary share rights

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

RESERVES

Reserves of the company represent the following:

Profit and loss account

Cumulative profit and loss net of distributions to owners.

19. COMMITMENTS UNDER OPERATING LEASES

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

	2016 £	2015 £
Amounts due:		
Within one year	781,751	532,697
Between one and five years	2,422,386	1,416,244
After five years	1,191,667	-
	<u>4,395,804</u>	<u>1,948,941</u>

20. RETIREMENT BENEFITS

The company operates a defined contribution pension scheme for the benefit of employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The contributions payable by the company charged to profit or loss amounted to £93,169 (2015: £78,744). Contributions totalling £10,593 (2015: £10,769) were payable to the fund at the year end and are included in creditors.

Marston Book Services Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

21. ULTIMATE PARENT COMPANY

The company's immediate and ultimate parent undertaking is Viola Media Services Limited, a company incorporated in Great Britain and registered in England and Wales. This company's financial statements are available from 160 Eastern Avenue, Milton Park, Abingdon, Oxfordshire OX14 4SB.

Viola Media Services Limited is the parent of both the largest and smallest group for which consolidated financial statements that include the financial statements of Marston Book Services Limited are prepared.

22. RELATED PARTY TRANSACTIONS

The company has undertaken transactions with Flame Tree Publishing Limited, an associated undertaking of its parent company, during the year. It invoiced £363,493 (2015: £328,217) in respect of distribution and accounting services. At the reporting date £34,288 (2015: £31,115) was due from Flame Tree Publishing Limited to the company. Included within debtors were advances paid to Flame Tree Publishing Limited and the balance at the year end was £184,518 (2015: £23,673).

23. FUNDS HELD FOR CLIENTS

The company holds cash in separate designated client accounts for its publishing clients. This cash and the corresponding liability to clients are not included in the statement of financial position.

The company acts as a distribution agent for a number of publishers. The company invoices on behalf of its clients for sales made to their customers. Cash collected on behalf of clients is banked into separate trust accounts, which are not included in these financial statements, and cash is remitted to clients in accordance with contractual terms. Trade debtors in these financial statements exclude these amounts.

24. CONTINGENT LIABILITIES

The company is a member of a group VAT registration. At 31 December 2016 the company had no potential contingent liability under the terms of the registration as the whole of the VAT creditor was included in the company's statement of financial position (2015: £nil).