

Martin-Lavell Limited

**Revised unaudited annual report and financial statements
for the year ended 31 August 2016**



Martin-Lavell Limited

Contents

	Page
Company information	1
Directors' report	2
Directors' responsibilities statement	3
Profit and loss account	5
Balance sheet	6
Statement of changes in equity	7
Notes to the financial statements	8

Martin-Lavell Limited

Company information

Directors

J M Bunting
M R Cashmore
N J Gresham (resigned 1 October 2016)
D G Bauernfeind (appointed 1 October 2016)
R Renwick

Company Secretary

S S Marriner

Registered Office

Rowan House
Cherry Orchard North
Kembrey Park
Swindon
Wiltshire
SN2 8UH

These revised financial statements replace the original financial statements for the year ended 31 August 2016 which were approved by the board on 18 May 2017. They are now the statutory financial statements of the company for that financial year. In accordance with the Companies Act 2006 (the Act), the financial statements have been revised as at the date of the original financial statements and not at the date of this revision. Accordingly they do not deal with events between those dates. *The original financial statements did not comply with the Act due to incorrect totals being displayed on the balance sheet.*

Martin-Lavell Limited

Directors' Report

The directors present their Annual Report and the company's financial statements for the year ended 31 August 2016. This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption. The Company has taken the small companies exemption from preparing a strategic report.

Principal activities

Martin-Lavell Limited is engaged in the distribution of newspapers and magazines direct to corporate and public sector organisations

Directors

The names of the present directors of the company and those who served during the year are shown on page 1.

Principal risks and uncertainties

Economic environment

The economic environment remains uncertain and reduction in discretionary spending may impact sales of newspapers and magazines

Trading

The company has increased profit before tax to £180,000 (2015: £102,000) after incurring re-organisation costs of £nil (2015: £7,000) and intangible amortisation costs of £33,000 (2015: £34,000).

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future despite the economic uncertainty. Thus they continue to adopt the going concern basis in preparing the financial statements.

Dividends

No dividend was declared or paid in the period under review (2015: £nil)

The company member has not required an audit of the financial statements for the year ended 31 August 2016 and the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Approved by order of the Board of Directors and signed on behalf of the Board



R Renwick
5 July 2017

Martin-Lavell Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company; and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 Reduced Disclosure Framework has been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

Martin-Lavell Limited

Profit and loss account for the year ended 31 August 2016

		2016			2015		
	Notes	Before Exceptional and other items £'000	Exceptional and other items (note 5) £'000	£'000	Before Exceptional and other items £'000	Exceptional and other items (note 5) £'000	£'000
Turnover		4,362	-	4,362	4,554	-	4,554
Cost of sales		(3,644)	-	(3,644)	(3,839)	-	(3,839)
Gross profit		718	-	718	715	-	715
Distribution costs		(488)	-	(488)	(522)	-	(522)
Administrative costs		(17)	(33)	(50)	(50)	(41)	(91)
Profit on ordinary activities before tax	2	213	(33)	180	143	(41)	102
Tax on profit on ordinary activities	3	(44)	6	(38)	(30)	8	(22)
Profit on ordinary activities after tax		169	(27)	142	113	(33)	80

All results derive from continuing operations.

There have been no gains or losses in either the current year or prior year other than those disclosed above and consequently a separate statement of other comprehensive income has not been presented

Martin-Lavell Limited

Balance sheet as at 31 August 2016

	Note	2016 £'000	2015 £'000
Fixed assets			
Intangible assets	6	159	183
Tangible assets	7	45	52
		<u>204</u>	<u>235</u>
Current assets			
Cash and cash equivalents		2,148	-
Trade and other receivables			
Due within one year	8	540	708
Due after one year	8	28	2,899
		<u>568</u>	<u>3,607</u>
Total assets		<u>2,716</u>	<u>3,842</u>
Current liabilities			
Creditors amounts falling due within one year	9	(2,643)	(3,707)
Total current liabilities		<u>(2,643)</u>	<u>(3,707)</u>
Net assets		<u>277</u>	<u>135</u>
Capital and reserves			
Called up share capital (2 ordinary shares of £1 each)	12	-	-
Profit and loss account		277	135
Total Shareholder's funds		<u>277</u>	<u>135</u>

For the year ending 31 August 2016 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements were approved by the Board of Directors of Martin-Lavell Limited, company number, 02654521, and authorised for issue on 5 July 2017. They were signed on its behalf by



R Renwick
Director

Martin-Lavell Limited

Statement of changes in equity for the year ended 31 August 2016

	Share capital £'000	Retained earning £'000	Total equity £'000
Balance at 31 August 2014	-	55	55
Profit for the year to 31 August 2015	-	80	80
Shareholders' funds at 31 August 2015	-	135	135
Profit for the year to 31 August 2016	-	142	142
Shareholders' funds at 31 August 2016	-	277	277

Martin-Lavell Limited

Notes to the financial statements for the year ended 31 August 2016

1. Accounting policies

Statement of compliance with FRS 101

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

Basis of preparation

Martin-Lavell Limited is a wholly owned subsidiary of Connect Group PLC (a listed entity). Its immediate parent undertaking is Smiths News Trading Limited. The consolidated financial statements of Connect Group PLC are available from Rowan House, Cherry Orchard North, Kembrey Park, Swindon, Wiltshire, SN2 8UH.

The financial statements are prepared on the historical cost basis and are presented in Pound Sterling rounded to £000's unless otherwise stated

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cashflows,
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member, and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets

Going concern and working capital facilities

The financial statements have been prepared on a going concern basis. The company will have access to the Connect Group group facilities if required. The directors have reviewed the financial forecasts, including sensitivity analysis on key assumptions and have concluded that the group has appropriate financing facilities in place to allow the group to operate for the foreseeable future and consider that the company is able to operate within the terms of those facilities

Intangible fixed assets

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit and loss account when the asset is derecognised. Customer relationships are amortised over a period of 7.5 years

Fixed assets

Tangible fixed assets are stated at cost. Depreciation is provided on all tangible fixed assets, at rates calculated to write down their cost to their estimated residual values in equal annual instalments over the estimated useful economic lives of the assets. The rates of depreciation are as follows

Short term leasehold	10% per annum
Equipment and vehicles	20% per annum
Fixtures and fittings	20% per annum

Martin-Lavell Limited

Notes to the financial statements for the year ended 31 August 2016 (continued)

1. Accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised on the company's balance sheet when the company becomes a party to the contractual obligations of the instrument. Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Trade and payables and receivables

Trade receivables and trade payables do not carry any interest and are stated at their nominal value. Provision is made for estimated irrecoverable receivables.

Turnover

Turnover represents amounts receivable for goods provided net of VAT and discounts and excludes the sales value of estimated returns. Turnover is recognised when goods are delivered and title has passed.

All turnover is derived from the company's principal activity which the directors consider comprises a single class of business and arose within the United Kingdom. Turnover by destination is not materially different to turnover by origin.

Exceptional items

Exceptional and other items are material items of income or expense which may include certain mergers and acquisitions related costs and business restructuring costs including those relating to strategy changes which are not normal operating costs of the underlying business. They are disclosed and described separately in the accounts where it is necessary to do so to provide further understanding of the financial performance of the company.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Full provision is made for the tax effect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases used in the computation of taxable profit, except where these differences arise upon the initial recognition of goodwill.

Deferred tax liabilities are recognised for all taxable temporary differences, except that no provision is made for the unremitted earnings of overseas subsidiaries where there is no commitment to remit such earnings. Deferred tax assets are recognised for all taxable temporary differences to the extent that it is probable that sufficient future taxable income will be available.

Deferred tax is charged or credited in the profit and loss account except when it relates to items charged or credited to equity, in which case it too is charged or credited directly to equity.

Martin-Lavell Limited

Notes to the financial statements for the year ended 31 August 2016 (continued)

1. Accounting policies (continued)

Retirement benefit (pension costs)

The company provides pension arrangements on a defined contribution basis and costs are charged to the profit and loss account as they fall due.

Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events and it is probable that the company will have to settle that obligation. The provision represents the current best estimate of the net expenditure required to settle the obligation.

Estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The key area of judgement is outlined below:

Revenue recognition

Revenue from the sale of goods is recognised when goods are delivered and title has passed. Revenue represents the amounts receivable for goods and services provided in the normal course of business, net of discounts, returns, VAT and other sales related taxes.

The recognition of revenue involves a number of judgements and estimations, including the level of future returns. The company records a returns reserve against the sales and cost of sales on the supply of newspapers and magazines on a sale or return basis. The provision is calculated in accordance with historical experience.

2. Profit on ordinary activities before tax

	2016 £'000	2015 £'000
Profit on ordinary activities before tax is stated after charging.		
Depreciation of fixed assets	9	3
Employee remuneration (note 4)	282	364
Auditor's remuneration	13	12
Exceptional items (note 5)	33	41

Auditor's remuneration for audit services, provided by Deloitte LLP, the company's auditor, comprises £13,000 (2015: £12,000) in respect of their audits of the company's annual financial statements.

3. Tax on profit on ordinary activities

	2016 £'000	2015 £'000
Current tax	37	21
Adjustment in respect of prior year UK corporation tax	2	-
Total current year tax charge	39	21
Deferred tax – current year	(1)	1
Deferred tax – prior year	-	-
Total tax on profit	38	22

Martin-Lavell Limited

Notes to the financial statements for the year ended 31 August 2016 (continued)

3. Tax on profit on ordinary activities (continued)

Corporation tax is calculated at the main rates of UK corporation tax, those being 20.0% (2015: 20.6%).

The total tax charge for the year can be reconciled to the profit in the profit and loss account as follows

	2016 £'000	2015 £'000
Profit on ordinary activities before tax	180	102
Profit on ordinary activities before tax at the standard rate of corporation tax in the UK of 20.0% (2015: 20.6%)	36	21
Expenses not deductible for tax purposes	-	1
Adjustments in respect of prior years	2	-
Total tax charge	38	22

4. Employee numbers and remuneration

The average monthly number of people (excluding the directors) employed by the company during the period was.

	2016 Number	2015 Number
Operations	6	6
Support functions	2	4
	8	10

Compensation (excluding that for the directors) for the period was:

	2016 £'000	2015 restated £'000
Wages and salaries	257	331
Social security costs	22	29
Pension costs	3	4
	282	364

The prior year number was restated to exclude contractor costs. The directors were not paid any remuneration in respect of services to the company during the current or prior period. All of the directors were paid by another group company for their services to group companies. It is not considered practicable to apportion the remuneration across the group companies.

5. Non-recurring and other items

	2016 £'000	2015 £'000
Restructuring and redundancy costs	0	7
Amortisation of intangibles	33	34
	33	41
Tax on non-recurring and other items	(6)	(8)
	27	33

Martin-Lavell Limited

Notes to the financial statements for the year ended 31 August 2016 (continued)

6. Intangible fixed assets

	Customer relationships £'000	Computer Software £'000
Cost		
At 31 August 2014	250	-
Additions	-	-
Disposals	-	-
At 31 August 2015	250	-
 Additions	 -	 10
Disposals	-	-
At 31 August 2016	250	10
 Accumulated amortisation		
At 31 August 2014	(33)	-
Charge for the year	(34)	-
At 31 August 2015	(67)	-
 Charge for the year	 (33)	 (1)
At 31 August 2016	(100)	(1)
 Net book value at 31 August 2016	150	9
 At 31 August 2015	183	-
 At 31 August 2014	217	-

Martin-Lavell Limited

Notes to the financial statements for the year ended 31 August 2016 (continued)

7. Tangible fixed assets

	Leasehold Properties Long-term £'000	Short-term £'000	Equipment and vehicles £'000	Fixtures and fittings £'000	Total £'000
Cost:					
At 31 August 2014	-	-	-	-	-
Additions	-	38	12	5	55
Disposals	-	-	-	-	-
At 31 August 2015	-	38	12	5	55
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
At 31 August 2016	-	38	12	5	55
Accumulated depreciation:					
At 31 August 2014	-	-	-	-	-
Charge for the year	-	(2)	(1)	-	(3)
Disposals	-	-	-	-	-
At 31 August 2015	-	(2)	(1)	-	(3)
Charge for the year	-	(4)	(2)	(1)	(7)
Disposals	-	-	-	-	-
At 31 August 2016	-	(6)	(3)	(1)	(10)
Net book value at 31 August 2016	-	32	9	4	45
Net book value at 31 August 2015	-	36	11	5	52

8. Trade and other receivables

	2016 £'000	2015 £'000
Amounts due within one year		
Trade receivables	514	702
Corporation tax	-	3
Prepayments and accrued income	26	3
	<u>540</u>	<u>708</u>
Amounts due after one year		
Amount due from group undertakings	28	2,899
	<u>28</u>	<u>2,899</u>

Martin-Lavell Limited

Notes to the financial statements for the year ended 31 August 2016 (continued)

9. Creditors: amounts falling due within one year

	2016	2015
	£'000	£'000
Trade and operating payables	43	69
Bank overdraft	-	93
Corporation tax	21	-
Deferred tax (note 11)	-	1
Other tax and social security	1	-
Other creditors	3	5
Provisions (note 10)	-	6
Accruals and deferred income	10	26
Amounts owed to Group undertakings	2,565	3,507
	2,643	3,707

The amounts owed to Group companies are not interest bearing and have no set repayment terms

10. Provisions

	2016	2015
	£'000	£'000
At 1 September	6	14
Arising during the year	(6)	6
Utilised during the year	-	(14)
At 31 August	-	6

11. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting periods

	Accelerated tax depreciation	Total
	£'000	£'000
At 31 August 2015	1	1
Charge to income	(1)	(1)
At 31 August 2016	-	-

The Finance Act 2013, which provides for a reduction in the main rate of UK corporation tax from 21% to 20%, effective from 1 April 2015, was substantively enacted on 2 July 2013. This rate reduction has been reflected in the prior year calculation of current and deferred tax. The Finance (No 2) Act 2015, which provides for a reduction in the main rate of UK corporation tax from 20% to 19% effective from 1 April 2017, and from 19% to 18%, effective from 1 April 2020, was substantively enacted on 26 October 2015. These rate reductions have been reflected in the current year calculation of deferred tax. A further rate reduction to 17% effective from 1 April 2020 was announced in the Finance Bill 2016. As this has not been substantively enacted at the balance sheet date, it has not been reflected in the calculation of deferred tax at the balance sheet date.

Martin-Lavell Limited

Notes to the financial statements for the year ended 31 August 2016 (continued)

12. Called up share capital

	2016 £	2015 £
Issued and fully paid		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

The Company has one class of ordinary shares that carry no right to a fixed income

13. Capital commitments

Amounts contracted for at 31 August 2016 but not provided in the financial statements amounted to £nil (2015: £nil).

14. Related party disclosures

The immediate parent undertaking is Smiths News Trading Limited a company registered in England and Wales

The ultimate parent and controlling company is Connect Group PLC, a company incorporated in England and Wales, which is the only group to prepare consolidated financial statements. Copies of the group financial statements are available from:

The Company Secretary
Connect Group PLC
Rowan House
Cherry Orchard North
Kembrey Park
Swindon
Wiltshire
SN2 8UH