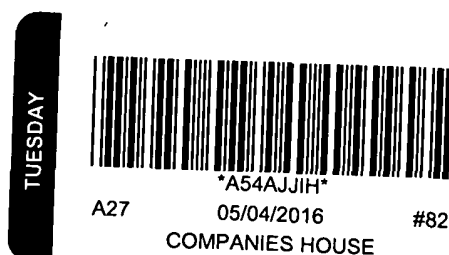


MOSAIC PRINT MANAGEMENT LIMITED

Annual Report & Financial Statements 2015

Company Registration Number 4724321



Brown Butler
Chartered Accountants
Leeds

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Mosaic Print Management Limited

Officers and Professional Advisers

Directors

S K Smith
A S Gill
J Gill
D S Marrison
D M Wadcock

Secretary

J Gill

Registered Office

Leigh House
28-32 St Paul's Street
Leeds
LS1 2JT

Company Registration Number

4724321

Statutory Auditor

Brown Butler
Chartered Accountants
Leigh House
28-32 St Paul's Street
Leeds
LS1 2JT

Bankers

National Westminster Bank plc
8 Park Row
Leeds
LS1 1QS

The directors present their annual report and the audited financial statements for the year ended 31 July 2015.

1. Activities and review of the business

The principal activity of the company and its subsidiaries is that of print management and design. There have been no significant changes in the company's or its subsidiaries' principal activities in the period under review.

2. Results and dividends

The results of the group for the year ended 31 July 2015 are shown in the consolidated profit and loss account on page 9.

The profit for the year after taxation amounted to £2,060,595 (2014: £1,738,229).

Dividends of £336,901 (2014: £350,418) were paid during the year. No final dividend has been declared.

3. Going concern

After considering future forecasts and cashflows based on trading performance during the year, the group is forecast to be cash generative going forwards. The group has no external debt and has significant reserves and cash resources.

The directors have a reasonable expectation that the group has sufficient resources to continue in operational existence for the foreseeable future even taking into consideration the uncertain economic outlook. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

4. Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period.

In preparing those financial statements, the directors are required to:-

- (a) Select suitable accounting policies and apply them consistently;
- (b) Make judgements and estimates that are reasonable and prudent;
- (c) 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 which disclose with reasonable accuracy, at any time, the financial position of the company and the group, and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

5. Directors

The present composition of the board is set out on page 2 and the directors who held office during the year are as set out below:-

S K Smith
A S Gill
J Gill
K A Perrin (resigned 14 May 2015)

D M Wadcock and D S Marrison were appointed as directors on 5 February 2016.

6. Audit enquiries

So far as the directors are aware, there is no information relevant to the audit of which the company's and the group's auditors are unaware. The directors have taken the necessary steps to ensure they themselves are aware of all relevant audit information and made sure that the company's and the group's auditors are also aware of that information.

On behalf of the Board



.....
A S Gill
Director

24 March 2016

Business Review

The directors are pleased with the group's results for the financial year and whilst they acknowledge the continuing uncertainty in the economy in general they are optimistic about the forthcoming year.

As part of the group's strategic growth the group successfully increased the investment in Untangled Print Solutions Limited at the end of last year and diversified its product range and capabilities. This acquisition has had a significant effect on this year's reportable profits.

The directors expect a bright future is ahead and as challenging as the recession years may have been, the business has still managed to grow and mature. The directors anticipate that the forthcoming financial year is going to be the best year yet both in terms of turnover and profit.

Financial key performance indicators

The group's key performance indicators during the year were as follows:

KPI	Progress
Revenue	Group turnover has increased by £2.8m in the year to 31 July 2015 from £33.5m in the year to 31 July 2014
Margin	Gross Profit margin was 19.96% in the year to 31 July 2015 compared to 17.4% in the prior year
Cash management	The group manages its capital to ensure that it is able to continue as a going concern while minimising costs and liquidity risk. As at 31 July 2015, the group had cash and cash equivalents of £4.7 million (2014: £4 million). This is sufficient for the ongoing working capital requirements of the group

Principal risks and uncertainties

The group uses various financial instruments, which include, cash and other items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations.

The existence of these financial instruments exposes the group to a number of financial risks. These are in the main liquidity risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs, by the use of bank facilities and loans, and to invest cash assets safely and profitably.

Credit risk

The group's debtors relate to amounts owed by UK Corporates and Government agencies. Given the size and stability of the core debtors, the directors do not believe that credit risk to the group is significant. However, the directors monitor any default credit risk on an ongoing basis.

In addition the group is exposed to the following additional risk

Price risk

The group seeks to manage price risk by continuous monitoring of market pricing and through profitability analysis ahead of entering into any significant contracts.

Future developments

The group will further develop its core business by strengthening its relationship with existing customers and pro-actively generating new opportunities via targeted sales and marketing activity.

The directors intend to grow the business both organically and where appropriate by strategic acquisitions.

The directors intend to continue to focus on providing quality service and finished product to the group's customers.

On behalf of the Board



A S Gill
Director

24 March 2016

We have audited the financial statements of the group and the parent company for the year ended 31 July 2015 which comprise the Consolidated Profit and Loss Account, the Group and Parent Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes. 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).

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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out in the Directors' Report, 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 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 Ethical Standards for Auditors.

Scope of the audit

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report and the Strategic Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 July 2015 and of the profit of the group 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.

Opinion on other matters 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.

Continued on page 8

Continued from page 7

Matters on which we are required to report by exception

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 parent company's 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.



Denis Cross (Senior Statutory Auditor)
For and on behalf of Brown Butler
Chartered Accountants and Statutory Auditor

Leigh House
28-32 St Paul's Street
Leeds LS1 2JT

24 March 2016

Mosaic Print Management Limited

Consolidated Profit and Loss Account
Year ended 31 July 2015

	Note	2015 £	2014 £
Turnover	2	36,272,233	33,457,338
Cost of sales		29,032,465	27,622,476
Gross profit		7,239,768	5,834,862
Administrative and selling expenses		4,688,364	4,339,208
Other operating income		8,600	8,650
Group operating profit		2,560,004	1,504,304
Share of operating profit in joint ventures		57,906	608,233
Total operating profit : group and share of joint ventures		2,617,910	2,112,537
Interest receivable	3	10,722	249,691
Interest payable		559	629
Profit on ordinary activities before taxation	5	2,628,073	2,361,599
Tax on profit on ordinary activities	6	567,478	623,370
Profit on ordinary activities after taxation		2,060,595	1,738,229
Equity minority interests		303,700	27,122
Profit for the financial year	18	1,756,895	1,711,107

The group had no recognised gains or losses other than the profit for the year, and the above results derive from continuing operations

The notes on pages 13 to 25 form part of these financial statements.

Consolidated Balance Sheet
Year ended 31 July 2015

	Note	2015 £	2014 £
Fixed assets			
Intangible assets	7	384,525	525,356
Tangible assets	8	240,595	291,651
Interests in joint ventures	10		
Share of gross assets		134,461	73,850
Share of gross liabilities		(28,417)	(13,658)
		<u>106,044</u>	<u>60,192</u>
		731,164	877,199
Current assets			
Stock	11	35,417	44,405
Debtors	12	8,622,029	8,052,839
Cash at bank and in hand		4,741,121	4,051,394
		<u>13,398,567</u>	<u>12,148,638</u>
Creditors: amounts falling due within one year	13	<u>7,823,947</u>	<u>8,275,652</u>
Net current assets		5,574,620	3,872,986
Total assets less current liabilities		6,305,784	4,750,185
Provisions for liabilities and charges	14	19,705	48,967
		<u>6,286,079</u>	<u>4,701,218</u>
Capital and reserves			
Called up share capital	15	10,000	10,000
Share premium account	16	44,235	44,235
Capital redemption reserve	17	1,765	1,765
Profit and loss account	18	5,378,682	3,958,688
Shareholders' funds	19	5,434,682	4,014,688
Minority interests		851,397	686,530
Capital employed		<u>6,286,079</u>	<u>4,701,218</u>

These financial statements were approved and authorised for issue by the board on 24 March 2016 and signed on its behalf by:



A S Gill

Director

The notes on pages 13 to 25 form part of these financial statements.

Company Balance Sheet
31 July 2015

	Note	2015 £	2014 £
Fixed assets			
Tangible assets	8	132,026	112,149
Investments	9	1,037,476	1,014,532
Interests in joint ventures	10	50	50
		<u>1,169,552</u>	<u>1,126,731</u>
Current assets			
Stock	11	35,417	44,405
Debtors	12	6,217,772	6,480,461
Cash at bank and in hand		4,002,827	3,699,952
		<u>10,256,016</u>	<u>10,224,818</u>
Creditors: amounts falling due within one year	13	<u>7,560,189</u>	<u>8,696,757</u>
Net current assets		<u>2,695,827</u>	<u>1,528,061</u>
Total assets less current liabilities		<u>3,865,379</u>	<u>2,654,792</u>
Provisions for liabilities	14	<u>11,266</u>	<u>15,622</u>
		<u>3,854,113</u>	<u>2,639,170</u>
Capital and reserves			
Called up share capital	15	10,000	10,000
Share premium account	16	44,235	44,235
Capital redemption reserve	17	1,765	1,765
Profit and loss account	18	3,798,113	2,583,170
Shareholders' funds	19	<u>3,854,113</u>	<u>2,639,170</u>

These financial statements were approved and authorised for issue by the board on 24 March 2016 and signed on its behalf by:


A S Gill

Director

The notes on pages 13 to 25 form part of these financial statements.

Mosaic Print Management Limited

Consolidated Cash Flow Statement
Year ended 31 July 2015

	Note	2015 £	2014 £
Net cash inflow from operating activities	26a	2,164,015	2,187,551
Returns on investments and servicing of finance			
Interest received		10,722	249,691
Interest paid		(559)	(629)
Dividends received from joint venture company		-	120,000
		<u> </u>	<u> </u>
Net cash inflow from returns on investments and servicing of finance		10,163	369,062
Taxation			
Corporation tax paid		(796,964)	(461,308)
Capital expenditure and financial investment			
Proceeds from sale of tangible fixed assets		14,512	
Payments to acquire tangible fixed assets		(58,373)	(194,305)
		<u> </u>	<u> </u>
Net cash outflow from capital expenditure and financial investment		(43,861)	(194,305)
Acquisitions and disposals			
Purchase of shares in subsidiary undertaking		(22,844)	(553,395)
Net cash balances acquired with subsidiaries		-	5,416
		<u> </u>	<u> </u>
Net cash outflow from acquisitions and disposals		(22,844)	(547,979)
Dividends paid		(461,203)	(359,620)
Financing			
Advances to director's		(154,000)	-
Repayment of director's loan		(5,579)	(1,637)
		<u> </u>	<u> </u>
Net cash outflow from financing		(159,579)	(1,637)
Increase in cash	26b	<u>689,727</u>	<u>991,764</u>

The notes on pages 13 to 25 form part of these financial statements.

1. Accounting policies

(a) Accounting convention and going concern

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

The financial statements have been prepared on the going concern basis. In the opinion of the directors, the group has sufficient financial resources to trade at its forecast level of business activity for the foreseeable future.

(b) Consolidation

The consolidated financial statements incorporate the financial statements of Mosaic Print Management Limited and its subsidiary companies and include the company's share of the profits or losses of its interests in joint ventures in the consolidated profit and loss account and its share of their net assets within 'Interests in joint ventures' in the consolidated balance sheet.

A profit and loss account is not presented for the company as permitted by Section 408 of the Companies Act 2006.

(c) Turnover

Turnover represents the amounts receivable for goods and services net of VAT.

(d) Goodwill

Goodwill on the acquisition of subsidiary undertakings is included in the consolidated balance sheet and is being amortised by equal instalments over five years. The directors consider this period does not exceed its useful economic life.

(e) Depreciation

Depreciation of tangible fixed assets is provided on cost over their estimated useful lives. The annual rates and methods of depreciation are as follows:-

Leasehold property improvements	50% reducing balance basis
Plant and computer equipment	33% straight line or 25%/50% reducing balance basis
Fixtures and fittings	15%/50% reducing balance basis
Motor vehicles	25% reducing balance basis

(f) Stock

Stock is stated at the lower of cost and net realisable value.

(g) Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date. Deferred tax is not recognised when assets are revalued unless, by the balance sheet date, the company has entered into a binding agreement to sell the assets and recognised the gains or losses expected to arise on sale.

1. Accounting policies

(h) Foreign currency translation

Transactions in foreign currency are translated at the ruling rate at the date of the transaction.

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet date or the contracted rate if applicable.

All exchange differences are taken to the profit and loss account.

(i) Leasing

Rentals payable under operating lease rentals are charged in the profit and loss account on a straight line basis over the term of the lease.

2. Turnover

An analysis of group turnover by geographical location of customers is given below:

	2015 £	2014 £
Sales – UK	33,790,482	31,216,706
Sales – Europe and Rest of World	2,481,751	2,240,632
	<u>36,272,233</u>	<u>33,457,338</u>

3. Interest receivable

	2015 £	2014 £
Bank interest receivable	9,505	15,093
Other interest receivable	1,217	234,598
	<u>10,722</u>	<u>249,691</u>

4. Staff costs

Employee costs, including directors, during the year:-

	2015 £	2014 £
Wages and salaries	2,699,156	2,491,613
Social security costs	257,831	229,575
Other pension costs	97,479	100,867
	<u>3,054,466</u>	<u>2,822,055</u>

The average number of employees, including directors, during the year:-

	£	£
Sales and administration	<u>67</u>	<u>68</u>

Directors' remuneration:-

	£	£
Aggregate remuneration – salaries	<u>7,950</u>	<u>15,300</u>

5. Profit on ordinary activities before taxation

The profit is after charging:-

	2015 £	2014 £
Loss on disposal of tangible fixed assets	1,159	-
Depreciation of owned assets	93,758	95,598
Amortisation of goodwill	149,144	135,082
Operating lease charges – land and buildings	172,496	185,370
Exchange losses	1,567	1,054
Auditor's remuneration	<u>27,798</u>	<u>15,900</u>

6. Tax on profit on ordinary activities

	2015 £	2014 £
Corporation tax		
Current year	581,811	397,459
Adjustments for prior year	2,875	48,144
Share of corporation tax of joint ventures	12,054	137,050
	<u>596,740</u>	<u>582,653</u>
Current tax charge	596,740	582,653
Transfer in respect of deferred tax	(29,262)	40,717
	<u>567,478</u>	<u>623,370</u>

The standard rate of corporation tax is the full rate of United Kingdom corporation tax applicable for the year.

A reconciliation of the current tax charge for the year to the charge that would result from applying the standard rate of tax to the profit on ordinary activities before tax is set out below:-

	2015 £	2014 £
Profit on ordinary activities before tax	2,628,073	2,361,599
Profit on ordinary activities multiplied by the standard rate of corporation tax of 20.67% (2014: 22.33%)	543,163	527,345
Effects of:-		
Expenses not deductible for tax purposes	58,605	46,077
Difference between capital allowances and depreciation	29	(35,923)
Adjustment in respect of marginal relief	(151)	(1,002)
Adjustments in respect of prior periods	2,875	48,144
Group relief	(7,781)	(1,988)
	<u>596,740</u>	<u>582,653</u>
Current tax charge	596,740	582,653

The transfer in respect of deferred tax is made up as follows:-

	2015 £	2014 £
Origination and reversal of timing differences	(29,262)	40,717
	<u>(29,262)</u>	<u>40,717</u>

Mosaic Print Management Limited

Notes to the Financial Statements
Year ended 31 July 2015

7. Intangible assets

Group	Purchased goodwill £	Total £
Cost		
At 1 August 2014	823,291	823,291
Additions	8,313	8,313
At 31 July 2015	<u>831,604</u>	<u>831,604</u>
Amortisation		
At 1 August 2014	297,935	297,935
Charge for the year	149,144	149,154
At 31 July 2015	<u>447,079</u>	<u>447,079</u>
Net book value		
At 31 July 2014	<u>525,356</u>	<u>525,356</u>
At 31 July 2015	<u>384,525</u>	<u>384,525</u>

8. Tangible assets

Group	Improvements to leasehold property £	Motor vehicles £	Plant and computer equipment £	Fixtures and fittings £	Total £
Cost					
At 1 August 2014	19,640	19,800	426,464	189,374	655,278
Additions	-	-	60,560	24,687	85,247
Disposals	-	(19,800)	(52,369)	-	(72,169)
At 31 July 2015	<u>19,640</u>	<u>-</u>	<u>434,655</u>	<u>214,061</u>	<u>668,356</u>
Depreciation					
At 1 August 2014	3,873	2,475	301,707	55,572	363,627
Charge for the year	7,884	2,166	61,895	21,813	93,758
Elimination on disposal	-	(4,641)	(24,983)	-	(29,624)
At 31 July 2015	<u>11,757</u>	<u>-</u>	<u>338,619</u>	<u>77,385</u>	<u>427,761</u>
Net book value					
At 31 July 2014	<u>15,767</u>	<u>17,325</u>	<u>124,757</u>	<u>133,802</u>	<u>291,651</u>
At 31 July 2015	<u>7,883</u>	<u>-</u>	<u>96,036</u>	<u>136,676</u>	<u>240,595</u>
Company					
Cost					
At 1 August 2014			250,953	108,261	359,214
Additions			29,582	23,496	53,078
Disposals			(20,536)	-	(20,536)
At 31 July 2015			<u>259,999</u>	<u>131,757</u>	<u>391,756</u>
Depreciation					
At 1 August 2014			218,348	28,717	247,065
Charge for the year			20,602	12,087	32,689
Eliminated on disposal			(20,024)	-	(20,024)
At 31 July 2015			<u>218,926</u>	<u>40,804</u>	<u>259,730</u>
Net book value					
At 31 July 2014			<u>32,605</u>	<u>79,544</u>	<u>112,149</u>
At 31 July 2015			<u>41,073</u>	<u>90,953</u>	<u>132,026</u>

Mosaic Print Management Limited

Notes to the Financial Statements
Year ended 31 July 2015

9. Investments

Company

Shares in subsidiary undertakings at cost:-	£
At 1 August 2014	1,014,532
Additions	22,944
At 31 July 2015	<u>1,037,476</u>

The subsidiary undertakings are as follows:-

	Description and proportion of shares held		Main activity
	Shares	%	
Mosaic Document Management Limited	Ordinary	67	Dormant
Mosaic Print Management (York) Limited	Ordinary	100	Dormant
G8 Communications Limited	Ordinary	75	Print management
Direct Marketing Strategies Limited	Ordinary	100	Direct marketing
Untangled Print Solutions Limited	Ordinary	70	Print management
Mosaic Point of Purchase Limited	Ordinary	75	Dormant
Mosaic Studio Marketing & Communication Management Limited	Ordinary	100	Print management
Mosaic Procurement Support Limited	Ordinary	100	Dormant
Mosaic Office Supplies Limited	Ordinary	100	Dormant
Mosaic Group PLC	Ordinary	100	Dormant

10. Interests in joint ventures

Group

At 1 August 2014 – net assets	£
Share of retained profits for the year	60,192
At 31 July 2015 – net assets	<u>45,852</u>
	<u>106,044</u>

Company

Shares in joint ventures at cost	£
At 1 August 2014 and 31 July 2015	<u>50</u>

The company owns 50% of the issued share capital of Mosaic Plus Limited which is incorporated in England. Its principal activity is that of print management and design.

Mosaic Print Management Limited

Notes to the Financial Statements
Year ended 31 July 2015

10. Interests in joint ventures - continued

The aggregate share of Mosaic Print Management Limited in the results for the year ended 31 July 2015 and the assets and liabilities of the joint ventures as at 31 July 2015 is as follows:-

	2015 £	2014 £
Turnover	<u>832,929</u>	<u>4,183,233</u>
Profit before tax	57,906	608,233
Taxation	<u>12,054</u>	<u>137,050</u>
Profit after tax	<u>45,852</u>	<u>471,183</u>
Gross assets:		
Fixed assets	24	124
Current assets	<u>134,437</u>	<u>73,827</u>
	<u>134,461</u>	<u>73,951</u>
Gross liabilities:		
Liabilities due within one year	<u>28,417</u>	<u>13,658</u>

Prior year figures include the results for the year of Mosaic Plus Limited and Untangled Print Solutions Limited. Untangled Print Solutions Limited became a subsidiary undertaking as at 31 July 2014.

11. Stock

Group and company	2015 £	2014 £
Goods for resale	<u>35,417</u>	<u>44,405</u>

12. Debtors

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Trade debtors	4,398,674	4,787,871	3,526,855	4,121,067
Amounts recoverable on contracts	1,411,462	704,075	-	-
Amounts owed by parent undertaking	2,408,742	1,929,000	2,408,742	1,929,000
Other debtors	51,470	267,213	4,041	162,012
Prepayments	197,681	364,680	124,134	268,382
Director's loan account	154,000	-	154,000	-
	<u>8,622,029</u>	<u>8,052,839</u>	<u>6,217,772</u>	<u>6,480,461</u>

13. Creditors

Amounts falling due within one year:-

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Trade creditors	6,552,133	6,800,488	3,694,736	4,994,971
Amounts owed to subsidiary undertakings	-	-	3,332,401	2,723,632
Amounts owed to joint ventures	231,420	143,127	231,420	143,127
Corporation tax	290,220	507,332	122,394	168,026
Social security and other taxes	120,112	147,793	18,005	21,940
Director's loan	7,650	13,229	7,650	13,229
Other creditors	866	556,726	867	553,320
Accruals and deferred income	621,546	106,957	152,716	78,512
	<u>7,823,947</u>	<u>8,275,652</u>	<u>7,560,189</u>	<u>8,696,757</u>

14. Provisions for liabilities

Deferred tax is analysed over the following timing differences:-

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Capital allowances in excess of depreciation	<u>19,705</u>	<u>48,967</u>	<u>11,266</u>	<u>15,622</u>

Movements on the provision for deferred tax are as follows:-

	Group 2015 £	Company 2015 £
At 1 August 2014	48,967	15,622
Charge in profit and loss account	(29,262)	(4,356)
At 31 July 2015	<u>19,705</u>	<u>11,266</u>

15. Called up share capital

Group and company

	2015 £	2014 £
Allotted, called up and fully paid		
5,000 'A' Ordinary shares of £1 each	5,000	5,000
5,000 'B' Ordinary shares of £1 each	5,000	5,000
	<u>10,000</u>	<u>10,000</u>

The 'A' and 'B' ordinary shares of £1 each rank pari passu in all respects except that no shareholder is entitled to any dividend or distribution declared on any other class of shares.

16. Share premium account

	2015	2014
Group and company	£	£
At 1 August 2014 and 31 July 2015	<u>44,235</u>	<u>44,235</u>

17. Capital redemption reserve

	2015	2014
Group and company	£	£
At 1 August 2014 and 31 July 2015	<u>1,765</u>	<u>1,765</u>

18. Profit and loss account

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
At 1 August 2014	3,958,688	2,597,999	2,583,170	1,699,242
Profit for the financial year	1,756,895	1,711,107	1,551,844	1,234,346
Dividends paid	(336,901)	(350,418)	(336,901)	(350,418)
At 31 July 2015	<u>5,378,682</u>	<u>3,958,688</u>	<u>3,798,113</u>	<u>2,583,170</u>

19. Reconciliation of movements in shareholders' funds

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Profit for the financial year	1,756,895	1,711,107	1,551,844	1,234,346
Dividends paid	(336,901)	(350,418)	(336,901)	(350,418)
Net addition to shareholders' funds	<u>1,419,994</u>	<u>1,360,689</u>	<u>1,214,943</u>	<u>883,928</u>
Opening shareholders' funds	<u>4,014,688</u>	<u>2,653,999</u>	<u>2,639,170</u>	<u>1,755,242</u>
Closing shareholders' funds	<u>5,434,682</u>	<u>4,014,688</u>	<u>3,854,113</u>	<u>2,639,170</u>

20. Leasing commitments

At 31 July 2015 the group and the company had operating lease commitments for the following year as set out below:-

	Other		Land and buildings	
	2015	2014	2015	2014
	£	£	£	£
Operating leases which expire:-				
Within one year	3,296	3,396	-	14,366
Within two and five years	19,125	4,944	-	-
Over five years	-	-	166,992	154,992
	<u>22,421</u>	<u>8,340</u>	<u>166,992</u>	<u>169,358</u>

21. Share based payments

At 31 July 2015 and 31 July 2014 no share options had been granted by the company. Direct Marketing Strategies Limited, a 100% subsidiary company, has granted unapproved share options to its senior members of staff on its ordinary shares of £1 each at an exercise price of £1 per share. At 31 July 2015 the number of options outstanding represented 27% of that company's share capital. The options can only be exercised on sale. These share options are immaterial to the results and financial position of the group.

22. Related party transactions

During the year the group made the following transactions with related parties:

	Sales £	Purchases £
Entourage Plc	-	141,919
Mosaic Fulfilment Solutions Limited	53,971	831,699
Complisoft Limited	-	162,274
Character Machinery plc Executive Pension Scheme	-	114,996

The companies listed above are under the control of A S and J Gill who are also trustees and beneficiaries of the Character Machinery plc Executive Pension Scheme.

The trade and activities of the joint venture company are carried out solely via Mosaic Print Management Limited. Details of the company and its results for the year are shown in note 9.

On 31 July 2015 the company gave an interest free loan to A S Gill, a director, of £154,000. This loan was repaid on 4 August 2015.

23. Acquisition of subsidiary undertakings

During the year, the company acquired a 90% interest in Mosaic Studio Marketing & Communication Management Limited for a consideration of £90. These shares were purchased at nominal value on incorporation.

The company subsequently increased its shareholding in Mosaic Studio Marketing & Communication Management Limited from 90% to 100% on 24 June 2015 for a total consideration, including expenses, of £20,084.

This purchase has been accounted for as an acquisition.

The assets and liabilities of Mosaic Studio Limited at the date of acquisition were as follows:-

	Fair value £
Fixed assets	
Tangible assets	19,123
Other net liabilities	126,289
Net liabilities required	<u>145,412</u>
Assets acquired (10%)	14,541
Goodwill	5,543
Consideration	<u><u>20,084</u></u>
Consideration satisfied by:	
Cash paid, including expenses	<u><u>20,084</u></u>

24. Contingent liability

The company has guaranteed the loan liabilities of its parent company which at 31 July 2015 amounted to £504,200.

The company has guaranteed operating lease liabilities of Mosaic Fulfilment Solutions Limited, a company under the control of Mr A S Gill and Mrs J Gill. At 31 July 2015 the amount guaranteed totalled £57,584.

25. Ultimate parent company and controlling party

The ultimate parent company is Mosaic Print Management Holdco Limited. Mosaic Print Management Holdco Limited is a company controlled by Mr A S Gill and Mrs J Gill, the directors, by virtue of their directorships and their interest in the entire issued share capital of the company.

26. Cash flow statement

a) Reconciliation of operating profit to net cash inflow from operating activities

	2015 £	2014 £
Operating profit	2,560,004	1,504,304
Depreciation of tangible assets	93,758	95,598
Amortisation of intangible assets	149,144	135,082
Loss on disposal of tangible assets	1,159	-
Decease/(increase) in stocks	8,988	(9,313)
Increase in debtors	(420,024)	(2,288,956)
(Decrease)/increase in creditors	(229,014)	2,750,836
Net cash inflow from operating activities	<u>2,164,015</u>	<u>2,187,551</u>

b) Reconciliation of net cash flow to movement in net funds

	2015 £	2014 £
Increase in cash	689,727	991,764
Cash to repay director's loan	5,579	1,637
Movements in net funds in the year	<u>695,306</u>	<u>993,401</u>
Net funds at beginning of year	4,038,165	3,044,764
Net funds at end of year	<u>4,733,471</u>	<u>4,038,165</u>

c) Analysis of changes in net debt

	At 01 08 14 £	Cash flows £	At 31 07 15 £
Cash at bank	4,051,394	689,727	4,741,121
Increase in cash		689,727	
Debts due within one year	(13,229)	5,579	(7,650)
Total	<u>4,038,165</u>	<u>695,306</u>	<u>4,733,471</u>