

MOSAIC PRINT MANAGEMENT LIMITED

Company Registration Number 04724321

Annual Report and Financial Statements 2016



Brown Butler
Chartered Accountants
Leeds

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Mosaic Print Management Limited

Company Information

Directors

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

Secretary

J Gill

Registered Number

04724321

Registered Office

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

Independent 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

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.

During the year the group sold one of its subsidiaries, Direct Marketing Strategies Limited. Whilst this has impacted on turnover for the year the directors believe the decision to concentrate on its core activity of print management will aid the group's future growth.

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 look forward to the forthcoming financial year with optimism in terms of both 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 decreased by £5.3m in the year to 31 July 2016 from £36.3m in the year to 31 July 2015.
Margin	Gross profit margin was 21.62% in the year to 31 July 2016 compared to 19.96% 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 2016, the group had cash and cash equivalents of £5.6 million (2015: £4.7 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.

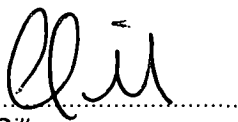
Future developments

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

1 November 2016

The directors present their annual report and the audited financial statements for the year ended 31 July 2016.

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 2016 are shown in the consolidated profit and loss account on page 9.

The profit for the year after taxation amounted to £2,771,538 (2015: £2,060,595).

Dividends of £208,773 (2015: £336,901) 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

D M Waddock (appointed 5 February 2016)

D S Marrison (appointed 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

1 November 2016

We have audited the financial statements of the group and the parent company for the year ended 31 July 2016 which comprise the Consolidated Profit and Loss Account, the Group and Parent Company Balance Sheets, the Consolidated Cash Flow Statement, the consolidated and company Statement of Changes in Equity 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 consolidated 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 2016 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 and the consolidated Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

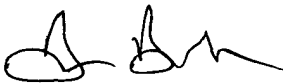
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Matters on which we are required to report by exception

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 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.



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

1 November 2016

Mosaic Print Management Limited

Consolidated Profit and Loss Account
Year ended 31 July 2016

		2016			2015		
	Note	Continuing operations £	Discontinued operations £	Total £	Continuing operations (as restated) £	Discontinued operations (as restated) £	Total £
Turnover	2	22,961,961	7,991,485	30,953,446	26,026,178	10,246,055	36,272,233
Cost of sales		18,710,075	5,549,789	24,259,864	21,515,516	7,516,949	29,032,465
Gross profit		4,251,886	2,441,696	6,693,582	4,510,662	2,729,106	7,239,768
Administrative expenses		1,680,111	1,976,007	3,656,118	1,675,178	3,013,186	4,688,364
Other operating income		-	8,250	8,250	-	8,600	8,600
Profit on disposal of operations	11	-	312,004	312,004	-	-	-
Operating profit	3	2,571,775	785,943	3,357,718	2,835,484	(275,480)	2,560,004
Share of operating profit of jointly controlled entity		76,639	-	76,639	57,906	-	57,906
Total operating profit and share of jointly controlled entity		2,648,414	785,943	3,434,357	2,893,390	(275,480)	2,617,910
Interest receivable and similar income	7	12,400	-	12,400	10,722	-	10,722
Interest payable and similar charges		-	-	-	398	161	559
Profit on ordinary activities before tax		2,660,814	785,943	3,446,757	2,903,714	(275,641)	2,628,073
Taxation	8	562,549	112,669	675,218	590,794	(23,316)	567,478
Profit for the financial year		2,098,265	673,274	2,771,539	2,312,920	(252,325)	2,060,595
Profit for the financial year attributable to:							
Owners of the parent		1,819,336	673,274	2,492,610	2,009,220	(252,325)	1,756,895
Non-controlling interests		278,929	-	278,929	303,700	-	303,700
		2,098,265	673,274	2,771,539	2,312,920	(252,325)	2,060,595

The group had no other recognised gains or losses other than profit for the year, therefore no statement of other comprehensive income has been presented.

The notes on pages 14 to 29 form part of these financial statements.

Mosaic Print Management Limited

Consolidated Statement of Changes in Equity
For the year ended 31 July 2016

	Called up share capital £	Share premium account £	Capital redemption £	Profit and loss account £	Total £	Non- controlling interest £	Total equity £
At 1 August 2014	10,000	44,235	1,765	3,958,688	4,014,688	686,530	4,701,218
Profit for the year	-	-	-	1,756,895	1,756,895	303,700	2,060,595
Dividends paid	-	-	-	336,901	336,901	138,833	475,734
At 31 July 2015	10,000	44,235	1,765	5,378,682	5,434,682	851,397	6,286,079
Profit for the year	-	-	-	2,492,610	2,492,610	278,929	2,771,539
Issue of shares	-	-	-	-	-	15	15
Dividends paid	-	-	-	208,773	208,773	111,600	320,373
At 31 July 2016	10,000	44,235	1,765	7,662,519	7,718,519	1,018,741	8,737,260

Company Statement of Changes in Equity

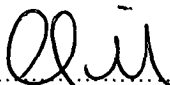
	Called up share capital £	Share premium account £	Capital redemption £	Profit and loss account £	Total £
At 1 August 2014	10,000	44,235	1,765	2,583,170	2,639,170
Profit for the year	-	-	-	1,551,844	1,551,844
Dividends paid	-	-	-	336,901	336,901
At 31 July 2015	10,000	44,235	1,765	3,798,113	3,854,113
Profit for the year	-	-	-	2,001,460	2,001,460
Dividends paid	-	-	-	208,773	208,773
At 31 July 2016	10,000	44,235	1,765	5,590,800	5,646,800

The notes on pages 14 to 29 form part of these financial statements.

Consolidated Balance Sheet
As at 31 July 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	9	80,944	384,525
Tangible assets	10	184,790	240,595
Investments	11	13,478	-
Interest in jointly controlled entity	12		
Share of gross assets		140,893	134,461
Share of gross liabilities		(24,016)	(28,417)
		<u>116,877</u>	<u>106,044</u>
		396,089	731,164
Current assets			
Stock	13	20,884	35,417
Debtors	14	7,125,595	8,622,029
Cash at bank and in hand	15	5,561,615	4,741,121
		<u>12,708,094</u>	<u>13,398,567</u>
Creditors: amounts falling due within one year	16	<u>4,346,228</u>	<u>7,823,947</u>
Net current assets		8,361,866	5,574,620
Total assets less current liabilities		8,757,955	6,305,784
Provisions for liabilities and charges	17	20,695	19,705
		<u>8,737,260</u>	<u>6,286,079</u>
Capital and reserves			
Called up share capital	18	10,000	10,000
Share premium account	19	44,235	44,235
Capital redemption reserve	19	1,765	1,765
Profit and loss account	19	7,662,519	5,378,682
Shareholders' funds		7,718,519	5,434,682
Non-controlling interests		1,018,741	851,397
Capital employed		<u>8,737,260</u>	<u>6,286,079</u>

The financial statements were approved and authorised for issue by the board on 1 November 2016 and signed on its behalf by:

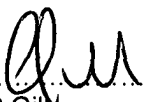

A S Gill
Director

The notes on pages 14 to 29 form part of these financial statements.

Company Balance Sheet
As at 31 July 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	10	163,142	132,026
Investments	11	636,455	1,037,476
Interests in jointly controlled entity	12	50	50
		<u>799,647</u>	<u>1,169,552</u>
Current assets			
Stock	13	20,884	35,417
Debtors	14	7,124,983	6,217,772
Cash at bank and in hand	15	5,550,944	4,002,827
		<u>12,696,811</u>	<u>10,256,016</u>
Creditors: amounts falling due within one year	16	<u>7,832,406</u>	<u>7,560,189</u>
Net current assets		<u>4,864,405</u>	<u>2,695,827</u>
Total assets less current liabilities		<u>5,664,052</u>	<u>3,865,379</u>
Provisions for liabilities	17	<u>17,252</u>	<u>11,266</u>
		<u>5,646,800</u>	<u>3,854,113</u>
Capital and reserves			
Called up share capital	18	10,000	10,000
Share premium account	19	44,235	44,235
Capital redemption reserve	19	1,765	1,765
Profit and loss account	19	5,590,800	3,798,113
Shareholders' funds		<u>5,646,800</u>	<u>3,854,113</u>

The financial statements were approved and authorised for issue by the board on 1 November 2016 and signed on its behalf by:


A S Gill
Director

The notes on pages 14 to 29 form part of these financial statements.

Mosaic Print Management Limited

Consolidated Cash Flow Statement
Year ended 31 July 2016

	2016 £	2015 £
Cash flows from operating activities		
Profit for the financial year	3,446,757	2,628,073
Adjustments for:		
Amortisation of intangible assets	123,190	149,144
Depreciation of tangible assets	103,110	93,758
Loss on disposal of tangible assets	-	1,159
Profit on sale of subsidiary undertakings	(312,004)	-
Interest paid	-	559
Interest received	(12,400)	(10,722)
Share of operating profit in jointly controlled entity	(76,639)	(57,906)
Decrease/(increase) in trade and other debtors	212,571	(420,024)
Decrease in stocks	14,533	8,988
Decrease in trade and other creditors	(932,462)	(229,014)
Cash from operations	2,566,656	2,164,015
Corporation tax paid	(585,804)	(796,964)
Net cash generated from operating activities	1,980,852	1,367,051
Cash flows from investing activities		
Purchase of investment	(13,478)	-
Sale of subsidiary undertaking	600,000	-
Cash disposed of with subsidiary undertaking	(1,496,759)	-
Purchase of shares in subsidiary undertaking	-	(22,844)
Proceeds from sale of tangible assets	-	14,512
Purchases of tangible assets	(158,340)	(58,373)
Interest received	12,400	10,722
Dividends from jointly controlled entity	50,000	-
Net cash used in investing activities	(1,006,177)	(55,983)
Cash flows from financing activities		
Proceeds from share issue	15	-
Advances to directors	-	(154,000)
Repayment of director's loans	166,176	(5,579)
Interest paid	-	(559)
Dividends paid	(320,372)	(461,203)
Net cash used in financing activities	(154,181)	(621,341)
Net increase in cash and cash equivalents	820,494	689,727
Cash and cash equivalents at the beginning of year	4,741,121	4,051,394
Cash and cash equivalents at end of year	5,561,615	4,741,121

The notes on pages 14 to 29 form part of these financial statements.

1.1 Company information

Mosaic Print Management Limited is a limited company limited by shares incorporated in the United Kingdom under company number 04724321.

The Registered Office is:

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

1.2 Basis of preparation

These financial statements have been prepared in accordance with applicable accounting standards, including Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102"), and with the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention modified to include certain items at fair value.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

The company adopted FRS 102 in the current year and an explanation of how transition to FRS 102 has affected the reported financial position and performance is given in note 26.

The financial statements are presented in Sterling (£).

The group financial statements consolidate the financial statements of Mosaic Print Management Limited, its subsidiary undertakings and the company's interest in jointly controlled entities drawn up to 31 July each year.

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Profit and Loss Account in these financial statements. The parent company's profit for the year was £2,001,460 (2015: £1,551,844).

Going concern

The financial statements have been prepared on the going concern basis. The directors have taken note of the guidance issued by the Financial Reporting Council on Going Concern Assessment in determining that this is the appropriate basis of preparation of the financial statements. After reviewing the group's forecasts and projections, the directors have a reasonable expectation that the group has adequate resources to continue in operation existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the consolidated financial statements.

1.3 Accounting policies

a) Basis of consolidation

The financial statements consolidate the accounts of Mosaic Print Management Limited and all of its subsidiary undertakings ("subsidiaries"). The company's share of the profits or losses of its jointly controlled entity are included in the consolidated profit and loss account and its share of their net assets within 'Interest in jointly controlled entity' in the consolidated balance sheet.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisitions and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

b) Turnover

Turnover is measured at fair value of the consideration received or receivable, net of discounts.

Turnover includes revenue earned from the provision of print management services and is recognised according to the date of delivery.

c) Intangible fixed assets and amortisation

Goodwill on consolidation is valued at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated to write off the cost in equal annual instalments over its estimated useful life of five years. Impairment reviews of goodwill are carried out at the end of the first financial year after acquisition and where there is any indication of impairment.

d) Tangible fixed assets and depreciation

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, other than freehold land, over their expected useful lives. The annual rates and methods of depreciation are as follows:-

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

e) Investment in subsidiaries

Investments in subsidiaries are valued at cost less provision for impairment.

1.3 Accounting policies

f) Impairment of assets

At the balance sheet date, if there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared to its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised in the profit and loss account.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short term highly liquid investments that are ready convertible to a known amount of cash and are subject to an insignificant risk of change in value.

h) Stocks

Stocks are stated at lower of cost and estimated selling price less costs to sell using the first in first out method.

i) Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions concerning the future. The resulting accounting estimates and assumptions may not equal the related actual results. The directors are of the opinion that there are no areas of estimation uncertainty and critical judgements that affect materially the accounting policies and the reported amounts of assets, liabilities, income and expenses in the current and previous year.

j) Debtors

Short term debtors are not interest bearing and are stated at their original invoice value reduced by appropriate allowances for estimated irrecoverable amounts.

k) Creditors

Trade and other short term creditors are measured at transaction price. Other financial liabilities which are basic financial instruments are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

l) Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

1.3 Accounting policies

m) Taxation

The tax expense for the period comprises current tax and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the year using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing differences. The tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income). Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

n) Provisions

A provision is recognised if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

o) Dividends

Dividends are recognised as a liability in the period in which the shareholder's right to receive payment has been established.

p) Pensions

The group operates a defined contribution pension scheme and the pension costs charged to the profit and loss account represent the amounts payable by the group to the fund in respect of the year.

q) 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.

All exchange differences are taken to the profit and loss account in the period in which they arise.

2. Turnover

Turnover represents amounts derived from the provision of services which fall within the group's ordinary activities.

The group's continuing operations relate to the provision of print management services.

The group's discontinued operations relate to the provision of direct marketing services.

Analysis of group turnover by geographical location of customers is given below:

	2016		2015	
	Continuing operations £	Discontinued operations £	Continuing operations £	Discontinued operations £
Sales – UK	22,961,961	6,190,116	26,026,178	7,764,304
Sales – Europe and Rest of World	-	1,801,369	-	2,481,751
	<u>22,961,961</u>	<u>7,991,485</u>	<u>26,026,178</u>	<u>10,246,055</u>

3. Operating profit

The operating profit is stated after charging:

	2016 £	2015 £
Amortisation – intangible fixed assets	123,190	149,144
Depreciation of tangible fixed assets – owned by the group	103,110	93,758
Operating lease rentals – land and buildings	155,223	172,496
Exchange losses	736	1,567
Loss on sale of tangible fixed assets	-	1,159
Profit on sale of subsidiary undertaking	<u>312,004</u>	<u>-</u>

4. Auditor's remuneration

	2016 £	2015 £
Fees payable to the company's auditor for the audit of the company's annual accounts	6,375	4,873
Fees payable to the company's auditor in respect of:		
- The auditing of the accounts of the company's subsidiary undertakings	<u>18,275</u>	<u>22,925</u>

5. Staff costs

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

	2016 £	2015 £
Wages and salaries	2,112,154	2,699,156
Social security costs	171,787	257,831
Other pension costs	76,148	97,479
	<u>2,360,089</u>	<u>3,054,466</u>

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

	2016 No	2015 No
Directors	5	5
Sales and administration	47	62
	<u>52</u>	<u>67</u>

6. Directors' remuneration

	2016 £	2015 £
Remuneration	57,468	7,950
Sums paid to third parties for directors' services	96,603	115,253
	<u>154,071</u>	<u>123,203</u>

7. Interest receivable

	2016 £	2015 £
Bank interest receivable	12,329	9,505
Other interest receivable	71	1,217
	<u>12,400</u>	<u>10,722</u>

8. Taxation

	2016 £	2015 £
Analysis of tax charge in the year included in profit and loss		
Current tax		
UK corporation tax charge on profit for the year	644,334	581,811
Adjustments in respect of prior periods	9,434	2,875
Share of corporation tax of jointly controlled entity	15,806	12,054
Total current tax	669,574	596,740
Deferred tax (see note 17)		
Origination and reversal of timing differences	5,644	(29,262)
Tax on profit on ordinary activities	675,218	567,478

The tax assessed for the year is higher than (2015 – higher than) the standard rate of corporation tax in the UK of 20% (2015: 21%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	3,446,757	2,628,073
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 20.67%)	689,351	543,163
Effects of:		
Expenses not deductible for tax	43,915	58,605
Difference between capital allowances and depreciation	3,034	(29,233)
Adjustments to tax charge in respect of prior periods	9,434	2,875
Marginal relief	-	(151)
Group relief	(4,160)	(7,781)
Non taxable income	(66,356)	-
Tax charge for the year	675,218	567,478

9. Intangible fixed assets

	Purchased goodwill £
Group	
Cost	
At 1 August 2015	831,604
Disposals	(721,568)
At 31 July 2016	<u>110,036</u>
Amortisation	
At 1 August 2015	447,079
Charge for the year	123,190
Disposals	(541,177)
At 31 July 2016	<u>29,092</u>
Net book value	
At 31 July 2016	<u><u>80,944</u></u>
At 31 July 2015	<u><u>384,525</u></u>

Amortisation of intangible fixed assets is included within the profit and loss account in administrative expenses.

10. Tangible fixed assets

Group	Improvement to leasehold property £	Plant and computer equipment £	Fixtures and fittings £	Total £
Cost				
At 1 August 2015	19,640	214,061	434,655	668,356
Additions	49,807	35,686	72,847	158,340
Disposals	(69,447)	(82,304)	(166,273)	(318,024)
At 31 July 2016	-	167,443	341,229	508,672
Depreciation				
At 1 August 2015	11,757	77,385	338,619	427,761
Charge for the year	13,511	39,812	49,787	103,110
Elimination on disposal	(25,268)	(61,302)	(120,419)	(206,989)
At 31 July 2016	-	55,895	267,987	323,882
Net book value				
At 31 July 2016	-	111,548	73,242	184,790
At 31 July 2015	7,883	136,676	96,036	240,595

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10. Tangible fixed assets (continued)

Company	Plant and computer equipment £	Fixtures and fittings £	Total £
Cost			
At 1 August 2015	259,999	131,757	391,756
Additions	37,827	35,686	73,513
At 31 July 2016	<u>297,826</u>	<u>167,443</u>	<u>465,269</u>
Depreciation			
At 1 August 2015	218,926	40,804	259,730
Charge for the year	27,306	15,091	42,397
At 31 July 2016	<u>246,232</u>	<u>55,895</u>	<u>302,127</u>
Net book value			
At 31 July 2016	<u>51,594</u>	<u>111,548</u>	<u>163,142</u>
At 31 July 2015	<u>41,073</u>	<u>90,953</u>	<u>132,026</u>

11. Fixed asset investments

	Group Other investments £	Company Subsidiary undertakings £
Cost		
At 1 August 2015	-	1,037,476
Additions	13,478	485
Disposals	-	(381,432)
At 31 July 2016	13,478	656,529
Provision for impairment		
Charge for the year	-	(20,074)
Net book value		
At 31 July 2016	13,478	636,455
At 31 July 2015	-	1,037,476

The subsidiary undertakings are as follows:-

	Description and proportion of shares held		Main activity
	Shares	%	
Mosaic Retail Services Limited	Ordinary	85	Print management
Mosaic Marketing Resource Management Limited	Ordinary	100	Dormant
Mosaic Print Management (York) Limited	Ordinary	100	Dormant
G8 Communications Limited	Ordinary	75	Print management
Untangled Print Solutions Limited	Ordinary	70	Print management
Mosaic Studio Marketing & Communication Management Limited	Ordinary	100	Print management
Mosaic Office Supplies Limited	Ordinary	100	Dormant
Mosaic Group PLC	Ordinary	100	Dormant
Big M Small C Limited	Ordinary	100	Dormant
Mosaic MRM Limited	Ordinary	100	Dormant

11. Fixed asset investments - continued

Disposal of subsidiary undertaking – discontinued operations

On 1 April 2016, the group completed the sale of Direct Marketing Strategies Limited. The disposal is analysed as follows:

	£
Net assets disposed of:	
Fixed assets	111,035
Debtors	1,129,862
Cash at bank	1,496,759
Other creditors	(2,630,051)
	<u>107,605</u>
Profit on disposal (see below)	<u>492,395</u>
	<u><u>600,000</u></u>
Satisfied by:	
Loan notes	<u><u>600,000</u></u>

The profit attributable to members of the parent company for the year includes profit of £361,270 contributed by Direct Marketing Strategies Limited up to its date of disposal on 1 April 2016.

Profit on disposal in consolidate profit and loss account

	£
Profit on disposal (see above)	492,395
Goodwill written off	(180,391)
	<u><u>312,004</u></u>

12. Interest in jointly controlled entity

	£
Group	
At 1 August 2015 – net assets	106,044
Share of retained profits for the year	10,833
	<u>116,877</u>
At 31 July 2016 – net assets	<u><u>116,877</u></u>
Company	
Shares in jointly controlled entity	£
At 1 August 2015 and 31 July 2016	<u><u>50</u></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

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For the year ended 31 July 2016

13. Stock

Group and company

	2016 £	2015 £
Goods for resale	<u>20,884</u>	<u>35,417</u>

14. Debtors

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Trade debtors	3,528,152	4,398,674	3,528,152	3,526,855
Amounts recoverable on contracts	-	1,411,462	-	-
Amounts owed by parent undertakings	2,929,000	2,408,742	2,929,000	2,408,742
Other debtors	579,691	51,470	579,079	4,041
Prepayments	88,752	197,681	88,752	124,134
Director's loan account	-	154,000	-	154,000
	<u>7,125,595</u>	<u>8,622,029</u>	<u>7,124,983</u>	<u>6,217,772</u>

15. Cash and cash equivalents

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Cash in hand	5,560,598	4,740,209	5,550,241	4,002,825
Cash at bank	1,017	912	703	2
	<u>5,561,615</u>	<u>4,741,121</u>	<u>5,550,944</u>	<u>4,002,827</u>

Mosaic Print Management Limited

Notes to the Financial Statements
For the year ended 31 July 2016

16. Creditors

Amounts falling due within one year:-

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade creditors	3,738,849	6,552,133	3,738,849	3,694,736
Amounts owed to subsidiary undertakings	-	-	3,635,197	3,332,401
Amounts owed to joint ventures	227,389	231,420	227,389	231,420
Corporation tax	245,513	290,220	123,011	122,394
Social security and other taxes	49,453	120,112	22,236	18,005
Director's loan	19,826	7,650	19,826	7,650
Other creditors	868	866	868	867
Accruals and deferred income	64,330	621,546	65,030	152,716
	<u>4,346,228</u>	<u>7,823,947</u>	<u>7,832,406</u>	<u>7,560,189</u>

17. Provisions for liabilities

Deferred tax is analysed over the following timing differences:-

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Capital allowances in excess of depreciation	<u>20,695</u>	<u>19,705</u>	<u>17,252</u>	<u>11,266</u>

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

	Group	Company
	2016	2016
	£	£
At 1 August 2016	19,705	11,266
Charge in profit and loss account	5,644	5,986
Disposal on sale of subsidiary undertaking	(4,654)	-
At 31 July 2016	<u>20,695</u>	<u>17,252</u>

18. Called up share capital

Group and company

	2016	2015
	£	£
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.

19. Capital and reserves

Called up share capital – represents the nominal value of shares that have been issued.

Profit and loss account – includes all current and prior period retained profits and losses.

Capital redemption reserve – this reserve records the nominal value of shares repurchased by the company.

Share premium account – includes any premiums received on issue of share capital.

20. Financial instruments

Categorisation of financial instruments

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Financial assets that are debt instruments measured at amortised cost	12,598,458	13,165,469	12,587,175	10,096,465
Financial liabilities measured at amortised cost	(4,036,385)	(6,912,181)	(7,644,365)	(7,825,078)
	<u>8,562,073</u>	<u>6,253,288</u>	<u>4,942,810</u>	<u>2,271,387</u>

21. Leasing commitments

At 31 July 2016 the group and the company had future minimum operating lease commitments as set out below:-

	Other		Land and buildings	
	2016	2015	2016	2015
	£	£	£	£
Operating leases which expire:-				
Within one year	15,600	15,600	52,000	52,000
Within two and five years	5,100	20,700	208,000	208,000
Over five years	-	-	195,000	57,000
	<u>20,700</u>	<u>36,300</u>	<u>455,000</u>	<u>317,000</u>

22. Pension commitments

The group operates a number of defined contribution pension schemes for the benefit of qualifying employees. The assets of the schemes are administered by trustees in funds independent from those of the group. In addition the group makes a contribution to the personal pension schemes of certain employees.

The pension cost of £76,148 charge represents contributions payable by the group to the funds. Contributions totalling £nil were payable to the funds at the balance sheet date.

23. Related party transactions

The trade and activities of the jointly controlled entity are carried out solely via Mosaic Print Management Limited. Details of the company and its results for the year are shown in note 12.

24. Contingent liability

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 2016 the amount guaranteed totalled £38,322.

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.

The financial statements of Mosaic Print Management Holdco Limited are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

26. Transition to FRS 102

The company transitioned to FRS 102 from previous UK GAAP as at 1 August 2014.

There has been no material impact on the capital and reserves of the group as a result of the transition to FRS 102. There has also been no material change to the groups accounting policies. As a result, a reconciliation of equity shareholder funds at the transition date and at 31 July 2015 and 31 July 2016 is not presented in these financial statements.