

MOSAIC GROUP LIMITED

Company Registration Number 04724321

Annual Report and Financial Statements 2018

Brown Butler
Chartered Accountants
Leeds

SATURDAY



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Directors

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

Registered Number

04724321

Registered Office

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

Statutory Auditor

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

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 cautiously optimistic about the forthcoming year.

The group is in a strong financial position and the directors are of the opinion that the group will remain profitable for the foreseeable future.

Financial key performance indicators

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

KPI	Progress
Revenue	Group turnover on continuing operations has decreased by £1.9m in the year to 31 July 2018 from £23m in the year to 31 July 2017.
Margin	Gross profit margin on continuing operations was 22.0% in the year to 31 July 2018 compared to 19.6% 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 2018, the group had cash and cash equivalents of £2.2 million (2017: £3.2 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.

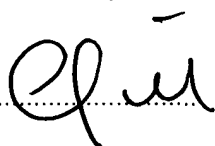
Future developments

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

16 APRIL 2019

The directors present their annual report and the audited financial statements for the year ended 31 July 2018.

1. Activities and review of the business

The principal activity of the company and its subsidiaries is that of print management and design.

2. Results and dividends

The results of the group for the year ended 31 July 2018 are shown in the consolidated profit and loss account on page 10.

The profit for the year after taxation amounted to £1,913,217 (2017: £1,910,973).

Dividends of £90,000 (2017: £165,175) 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 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

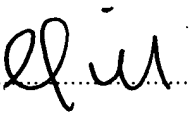
The present composition of the board is set out on page 2 and the directors who held office during the year are as set out below:-

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

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

16 APRIL 2019

Opinion.

We have audited the financial statements of Mosaic Group Limited (the "parent company") and its subsidiaries (the "group") for the year ended 31 July 2018 which comprise the Consolidated Profit and Loss Account, the Group and Parent Company Balance Sheets, the Consolidated and Parent Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 July 2018 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.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company'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.

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Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out in the directors' report on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or cease operations, or have no realistic alternative but to do so.

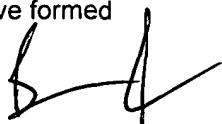
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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



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

16 APRIL 2019

Mosaic Group Limited

Consolidated Profit and Loss Account
Year ended 31 July 2018

	Note	2018 £	2017 £
Turnover	2	21,456,764	23,374,983
Cost of sales		16,726,556	18,787,160
Gross profit		4,730,208	4,587,823
Administrative expenses		2,327,079	2,232,707
Other operating income		4,707	-
Profit on disposal of operations		-	-
Operating profit	3	2,407,836	2,355,116
Share of operating profit of jointly controlled entity		-	16,098
Total operating profit and share of jointly controlled entity		2,407,836	2,371,214
Interest receivable and similar income	6	12,679	6,113
Profit on ordinary activities before tax		2,420,515	2,377,327
Taxation	7	507,298	466,354
Profit for the financial year		1,913,217	1,910,973
Profit for the financial year attributable to:			
Owners of the parent		1,913,217	1,874,139
Non-controlling interest		-	36,834
		1,913,217	1,910,973

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 results for the year were derived from continuing operations.

The notes on pages 15 to 28 form part of these financial statements.

Mosaic Group Limited

Consolidated Statement of Changes in Equity
For the year ended 31 July 2018

	Called up share capital £	Share premium account £	Capital redemption £	Profit and loss account £	Total £	Non- controlling interest £	Total equity £
At 1 August 2016	10,000	44,235	1,765	7,662,519	7,718,519	1,018,741	8,737,260
Profit for the year	-	-	-	1,874,139	1,874,139	36,834	1,910,973
Adjustments to non- controlling interests	-	-	-	988,179	988,179	(988,179)	-
Dividends paid	-	-	-	(165,175)	(165,175)	(67,396)	(232,571)
At 31 July 2017	10,000	44,235	1,765	10,359,662	10,415,662	-	10,415,662
Profit for the year	-	-	-	1,913,217	1,913,217	-	1,913,217
Dividends paid	-	-	-	(90,000)	(90,000)	-	(90,000)
At 31 July 2018	10,000	44,235	1,765	12,182,879	12,238,879	-	12,238,879

Company Statement of Changes in Equity

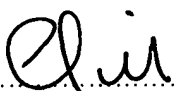
	Called up share capital £	Share premium account £	Capital redemption £	Profit and loss account £	Total £
At 1 August 2016	10,000	44,235	1,765	5,590,800	5,646,800
Profit for the year	-	-	-	5,056,339	5,056,339
Dividends paid	-	-	-	(165,175)	(165,175)
At 31 July 2017	10,000	44,235	1,765	10,481,964	10,537,964
Profit for the year	-	-	-	1,818,214	1,818,214
Dividends paid	-	-	-	(90,000)	(90,000)
At 31 July 2018	10,000	44,235	1,765	12,210,178	12,266,178

The notes on pages 15 to 28 form part of these financial statements.

Consolidated Balance Sheet
As at 31 July 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	8	-	-
Tangible assets	9	159,383	201,528
Investments	10	-	-
		<u>159,383</u>	<u>201,528</u>
Current assets			
Stock	11	25,290	33,021
Debtors	12	14,129,829	12,001,516
Cash at bank and in hand	13	2,207,611	3,194,963
		<u>16,362,730</u>	<u>15,229,500</u>
Creditors: amounts falling due within one year	14	<u>4,264,007</u>	<u>4,990,202</u>
Net current assets		<u>12,098,723</u>	<u>10,239,298</u>
Total assets less current liabilities		<u>12,258,106</u>	<u>10,440,826</u>
Provisions for liabilities and charges	15	<u>19,227</u>	<u>25,164</u>
		<u>12,238,879</u>	<u>10,415,662</u>
Capital and reserves			
Called up share capital	16	10,000	10,000
Share premium account	17	44,235	44,235
Capital redemption reserve	17	1,765	1,765
Profit and loss account	17	12,182,879	10,359,662
Shareholders' funds		<u>12,238,879</u>	<u>10,415,662</u>

The financial statements were approved and authorised for issue by the board on 16 APRIL 2019 and signed on its behalf by:

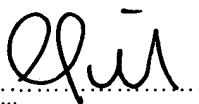

A S Gill
Director

The notes on pages 15 to 28 form part of these financial statements.

Company Balance Sheet
As at 31 July 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	9	154,384	197,262
Investments	10	52,375	51,975
		<u>206,759</u>	<u>249,237</u>
Current assets			
Stock	11	25,290	33,021
Debtors	12	14,144,875	12,122,090
Cash at bank and in hand	13	2,200,965	3,185,588
		<u>16,371,130</u>	<u>15,340,699</u>
Creditors: amounts falling due within one year	14	<u>4,292,484</u>	<u>5,026,808</u>
Net current assets		12,078,646	10,313,891
Total assets less current liabilities		12,285,405	10,563,128
Provisions for liabilities	15	19,227	25,164
		<u>12,266,178</u>	<u>10,537,964</u>
Capital and reserves			
Called up share capital	16	10,000	10,000
Share premium account	17	44,235	44,235
Capital redemption reserve	17	1,765	1,765
Profit and loss account	17	12,210,178	10,481,964
Shareholders' funds		<u>12,266,178</u>	<u>10,537,964</u>

The financial statements were approved and authorised for issue by the board on 16 APRIL 2019 and signed on its behalf by:



A S Gill
Director

The notes on pages 15 to 28 form part of these financial statements.

Mosaic Group Limited

Consolidated Cash Flow Statement
Year ended 31 July 2018

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	1,913,217	1,910,973
Adjustments for:		
Amortisation of intangible assets	-	1,537
Depreciation of tangible assets	64,814	58,356
Loss on disposal of fixed assets	39	-
Amounts written off investments	-	13,478
Interest received	(12,679)	(6,113)
Taxation	507,298	466,354
Share of operating profit in jointly controlled entity	-	(16,098)
Decrease/(increase) in trade and other debtors	840,033	(767,353)
Decrease/(increase) in stocks	7,731	(12,137)
(Decrease)/increase in trade and other creditors	(666,349)	625,480
Cash from operations	2,654,104	2,274,477
Corporation tax paid	(547,478)	(440,212)
Net cash generated from operating activities	2,106,626	1,834,265
Cash flows from investing activities		
Purchases of tangible assets	(22,708)	(75,094)
Interest received	12,679	6,113
Dividends from jointly controlled entity	-	209,203
Net cash (uses in) / generated from investing activities	(10,029)	140,222
Cash flows from financing activities		
Loan to parent company	(2,968,346)	(4,225,568)
Repayment of director's loans	(25,603)	-
Dividends paid	(90,000)	(115,571)
Net cash used in financing activities	(3,083,949)	(4,341,139)
Net decrease in cash and cash equivalents	(987,352)	(2,366,652)
Cash and cash equivalents at the beginning of year	3,194,963	5,561,615
Cash and cash equivalents at end of year	2,207,611	3,194,963

The notes on pages 15 to 28 form part of these financial statements.

1.1 Company information

Mosaic Group 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

The principal place of business is:

York House
Wetherby Road
Long Marston
York
YO26 7NH

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, where appropriate, 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 financial statements are presented in Sterling (£).

The group financial statements consolidate the financial statements of Mosaic Group Limited, its subsidiary undertakings and where appropriate 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 £1,818,214 (2017: £5,056,339).

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 parent company and the group have 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 Group Limited and all of its subsidiary undertakings ("subsidiaries").

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.

Negative goodwill on the acquisition of a subsidiary undertaking is included in the balance sheet and is credited to the profit and loss account in the periods in which the acquired non-monetary assets are recovered through depreciation or sale.

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 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 or next financial 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 charge 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 group 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.

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

	2018 £	2017 £
Sales – UK	14,692,872	18,515,564
Sales – Europe and Rest of World	6,763,892	4,859,419
	<u>21,456,764</u>	<u>23,374,983</u>

3. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Amortisation – intangible fixed assets	-	1,537
Depreciation of tangible fixed assets – owned by the group	64,814	55,653
Loss on sale of tangible fixed assets	39	-
Operating lease rentals – land and buildings	64,500	80,254
Exchange gains	(119)	-
Auditors remuneration for the audit of the company's annual accounts	<u>15,380</u>	<u>14,390</u>

4. Staff costs

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

	2018 £	2017 £
Wages and salaries	1,073,101	1,150,954
Social security costs	115,113	123,686
Other pension costs	9,859	5,574
	<u>1,198,073</u>	<u>1,280,214</u>

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

	2018 No	2017 No
Directors	4	5
Sales and administration	24	47
	<u>28</u>	<u>52</u>

5. Directors' remuneration

	2018 £	2017 £
Remuneration	105,095	228,699
Sums paid to third parties for directors' services	36,000	22,522
	<u>141,095</u>	<u>251,221</u>

6. Interest receivable

	2018 £	2017 £
Bank interest receivable	5,051	6,045
Other interest receivable	7,628	68
	<u>12,679</u>	<u>6,113</u>

7. Taxation

	2018 £	2017 £
Analysis of tax charge in the year included in profit and loss		
Current tax		
UK corporation tax charge on profit for the year	488,763	458,746
Adjustments in respect of prior periods	24,472	(40)
Share of corporation tax of jointly controlled entity	-	3,179
Total current tax	513,235	461,885
Deferred tax (see note 16)		
Origination and reversal of timing differences	(5,937)	4,469
Tax on profit on ordinary activities	507,298	466,354

The tax assessed for the year is higher than (2017 – lower than) the standard rate of corporation tax in the UK of 19% (2017: 19.67%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	2,420,515	2,377,327
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.67%)	459,898	467,620
Effects of:		
Expenses not deductible for tax	55,830	17,652
Difference between capital allowances and depreciation	1,415	2,855
Adjustments to tax charge in respect of prior periods	24,472	(40)
Group relief	(16,292)	(21,733)
Utilisation of losses brought forward	(18,025)	-
Tax charge for the year	507,298	466,354

8. Intangible fixed assets

	Negative goodwill £	Purchased goodwill £	Total £
Group			
Cost			
At 1 August 2017	(79,407)	110,036	30,629
Disposals	79,407	(110,036)	(30,629)
At 31 July 2018	-	-	-
Amortisation			
At 1 August 2017	(79,407)	110,036	30,629
Eliminated on disposals	79,407	(110,036)	(30,629)
At 31 July 2018	-	-	-
Net book value			
At 31 July 2018	-	-	-
At 31 July 2017	-	-	-

9. Tangible fixed assets

	Plant and computer equipment £	Fixtures and fittings £	Total £
Group			
Cost			
At 1 August 2017	397,488	186,278	583,766
Additions	17,645	5,063	22,708
Disposals	(49,849)	(198)	(50,047)
At 31 July 2018	<u>365,284</u>	<u>191,143</u>	<u>556,427</u>
Depreciation			
At 1 August 2017	309,164	73,074	382,238
Charge for the year	48,448	16,366	64,814
Eliminated on disposals	(49,849)	(159)	(50,008)
At 31 July 2018	<u>307,763</u>	<u>89,281</u>	<u>397,044</u>
Net book value			
At 31 July 2018	<u>57,521</u>	<u>101,862</u>	<u>159,383</u>
At 31 July 2017	<u>88,324</u>	<u>113,204</u>	<u>201,528</u>
	£	£	£
Company			
Cost			
At 1 August 2017	368,764	186,278	555,042
Additions	14,639	5,063	19,702
Disposals	(49,849)	(198)	(50,047)
At 31 July 2018	<u>333,554</u>	<u>191,143</u>	<u>524,697</u>
Depreciation			
At 1 August 2017	284,706	73,074	357,780
Charge for the year	46,175	16,366	62,541
Eliminated on disposal	(49,849)	(159)	(50,008)
At 31 July 2018	<u>281,032</u>	<u>89,281</u>	<u>370,313</u>
Net book value			
At 31 July 2018	<u>52,522</u>	<u>101,862</u>	<u>154,384</u>
At 31 July 2017	<u>84,058</u>	<u>113,204</u>	<u>197,262</u>

10. Fixed asset investments

	Group	Company
	Other investments £	Shares in subsidiary undertakings £
Cost		
At 1 August 2017	13,478	657,444
Additions	-	400
Disposals	(13,478)	-
At 31 July 2018	-	657,844
Provision for impairment		
At 1 August 2017	13,478	605,469
Eliminated on disposal	(13,478)	-
At 31 July 2018	-	605,469
Net book value		
At 31 July 2018	-	52,375
At 31 July 2017	-	51,975

The subsidiary undertakings are as follows:-

	Description and proportion of shares held		Main activity
	Shares	%	
Mosaic Retail Services Limited	Ordinary	100	Dormant
Mosaic Marketing Resource Management Limited	Ordinary	100	Dormant
Mosaic Print Management (York) Limited	Ordinary	100	Dormant
G8 Communications Limited	Ordinary	100	Dormant
Untangled Print Solutions Limited	Ordinary	100	Dormant
Mosaic Studio Marketing & Communication Management Limited	Ordinary	100	Dormant
Mosaic Office Supplies Limited	Ordinary	100	Dormant
Mosaic Print Management Limited	Ordinary	100	Dormant
Big M Small C Limited	Ordinary	100	Dormant
Mosaic MRM Limited	Ordinary	100	Dormant
Mosaic Studio Limited	Ordinary	65	Print management
Mosaic Content Limited	Ordinary	100	Dormant
Mosaic Corporate Gifts Limited	Ordinary	100	Dormant
Mosaic Document Management Limited	Ordinary	100	Dormant
Mosaic Signs Limited	Ordinary	100	Dormant
Mosaic Packaging Limited	Ordinary	100	Dormant

Mosaic Group Limited

Notes to the Financial Statements
For the year ended 31 July 2018

11. Stock

Group and company

	2018 £	2017 £
Goods for resale	<u>25,290</u>	<u>33,021</u>

12. Debtors

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Trade debtors	3,868,715	4,225,186	3,863,399	4,225,186
Amounts owed by subsidiary undertakings	-	-	31,308	133,164
Amounts owed by parent undertaking	10,005,914	7,037,568	10,005,914	7,037,568
Other debtors	198,970	660,489	189,344	647,899
Prepayments	56,230	78,273	54,910	78,273
	<u>14,129,829</u>	<u>12,001,516</u>	<u>14,144,875</u>	<u>12,122,090</u>

13. Cash and cash equivalents

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Cash at bank	2,206,129	3,194,300	2,199,783	3,184,925
Cash in hand	1,482	663	1,182	663
	<u>2,207,611</u>	<u>3,194,963</u>	<u>2,200,965</u>	<u>3,185,588</u>

14. Creditors

Amounts falling due within one year:-

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Trade creditors	3,885,686	4,558,967	3,885,663	4,555,717
Amounts owed to subsidiary undertakings	-	-	50,400	50,400
Corporation tax	229,764	264,007	229,764	264,007
Social security and other taxes	57,488	38,712	35,252	28,129
Director's loan	-	25,603	-	25,603
Other creditors	32,390	2,005	31,526	944
Accruals and deferred income	58,679	100,908	59,879	102,008
	<u>4,264,007</u>	<u>4,990,202</u>	<u>4,292,484</u>	<u>5,026,808</u>

15. Provisions for liabilities

Deferred tax is analysed over the following timing differences:-

Group and company

	2018	2017
	£	£
Capital allowances in excess of depreciation	<u>19,227</u>	<u>25,164</u>

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

	£
At 1 August 2017	25,164
Credit in profit and loss account	(5,937)
At 31 July 2018	<u>19,227</u>

16. Called up share capital

Group and company

	2018 £	2017 £
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.

17. 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.

18. Financial instruments

Categorisation of financial instruments

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Financial assets that are debt instruments measured at amortised cost	16,281,210	15,118,206	16,290,930	15,179,104
Financial liabilities measured at amortised cost	(3,975,564)	(4,625,287)	(3,952,441)	(4,610,493)
	<u>12,305,646</u>	<u>10,492,919</u>	<u>12,338,489</u>	<u>10,568,611</u>

19. Leasing commitments

At 31 July 2018 the group and the company had future minimum operating lease commitments as set out below:-

	Other		Land and buildings	
	2018	2017	2018	2017
	£	£	£	£
Operating leases which expire:-				
Within one year	3,300	9,600	52,000	52,000
Within two and five years	-	3,300	208,000	208,000
Over five years	-	-	91,000	143,000
	<u>3,300</u>	<u>12,900</u>	<u>351,000</u>	<u>403,000</u>

20. 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 £9,859 (2017: £5,574) for the year represents contributions payable by the group to the funds. Contributions totalling £2,658 (2017: £944) were payable to the funds at the balance sheet date.

21. Contingent liabilities

The bank borrowings of the ultimate parent company, Holdco 123 Limited, are secured over the assets of the company. There is also a cross guarantee between this company and its fellow group undertakings. Group bank borrowings at the balance sheet date amounted to £2,461,353 (2017: £3,162,407).

22. Ultimate parent company and controlling party

The ultimate parent company is Holdco 123 Limited. Holdco 123 Limited does not have one individual controlling party.

The financial statements of Holdco 123 Limited are available from Companies House, Crown Way, Cardiff, CF14 3UZ.