

REGISTERED NUMBER: 08474721 (England and Wales)

**Group Strategic Report,
Report of the Directors and
Audited
Consolidated Financial Statements
for the Year Ended 30th June 2017
for
Echo Studios Holdings Limited**



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for the Year Ended 30th June 2017**

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Echo Studios Holdings Limited
Company Information
for the Year Ended 30th June 2017

DIRECTORS:

F H Cardwell
Mrs P C Cardwell
M D Cardwell

REGISTERED OFFICE:

Sovereign House
155 High Street
Aldershot
Hampshire
GU11 1TT

REGISTERED NUMBER:

08474721 (England and Wales)

AUDITORS:

Whiteleys
Chartered Certified Accountants
& Statutory Auditor
Sovereign House
155 High Street
Aldershot
Hampshire
GU11 1TT

**Group Strategic Report
for the Year Ended 30th June 2017**

The directors present their strategic report of the company and the group for the year ended 30th June 2017.

REVIEW OF BUSINESS

The Company's principal activity continues to be that of a group holding company.

RESULTS AND PERFORMANCE

The results of the Group for the year, as set out on pages 7 to 27 show a profit on ordinary activities before taxation of £2,287,472 (2016 : Profit of £2,191,951). The shareholders' funds of the Group total £5,831,795 (2016 : £4,191,879).

The directors consider the results for the year ended 30 June 2017 are very satisfactory and reflect the strength and continued growth of the subsidiary company, Echo Studios Limited. The revenue is represented by studio art-working, design and printing.

BUSINESS ENVIRONMENT

The design and print industry in which the subsidiary operates remains highly competitive, however the Group has continued to expand in its target markets and to attract new blue chip clients. The impact of technology remains significant and the Group has continued to keep pace with new developments and has invested in new technology and machinery.

STRATEGY

The Group's success has been and will continue to depend on being able to provide the best quality product by taking advantage of the most up to date equipment and technologies as well as the careful strategic targeting of new business.

The Group will continue to consolidate its position and concentrate its efforts on achieving maximum growth in its existing market segments and in offering a wider spectrum of design and fabrication solutions to its clients.

KEY PERFORMANCE INDICATORS (KPI'S)

We have made significant progress throughout the year in relation to key elements of our strategy. The Board monitors the progress of the Group by reference to the following KPIs:

2017 (2016)

Group Net Revenue **£11.059m** (£9.557m)

Gross margin **69%** (71%)

PRINCIPAL RISKS AND UNCERTAINTIES

The process of risk acceptance and risk management is addressed through robust internal policies, procedures and controls.

The board manages our cash and working capital to ensure the Company has the financial strength to meet its requirements and support the growth of the business.

ON BEHALF OF THE BOARD:



F H Cardwell - Director

Date:

21.3.2018

**Report of the Directors
for the Year Ended 30th June 2017**

The directors present their report with the financial statements of the company and the group for the year ended 30th June 2017.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of computerised photographic design and printing.

DIVIDENDS

No dividends will be distributed for the year ended 30th June 2017.

FUTURE DEVELOPMENTS

These are set out in the strategic report under strategy.

DIRECTORS

The directors shown below have held office during the whole of the period from 1st July 2016 to the date of this report.

F H Cardwell
Mrs P C Cardwell
M D Cardwell

GOING CONCERN

No material uncertainties that may cast significant doubt about the ability of the company to continue as a going concern have been identified by the directors.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

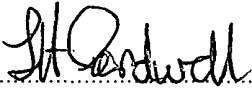
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**Report of the Directors
for the Year Ended 30th June 2017**

AUDITORS

The auditors, Whiteleys, are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

ON BEHALF OF THE BOARD:



F H Cardwell - Director

Date: 21.3.2018

Report of the Independent Auditors to the Members of Echo Studios Holdings Limited

Opinion

We have audited the consolidated financial statements of Echo Studios Holdings Limited and its subsidiary (the Group) for the year ended 30th June 2017 which comprise the consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement and the related consolidated notes, 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).

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 a Report of the Auditors 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.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the affairs as at 30th June 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for 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 Auditors' 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 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.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, 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.

**Report of the Independent Auditors to the Members of
Echo Studios Holdings Limited**

Opinion 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 Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors 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 and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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 , or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

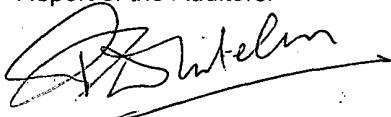
As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary 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's and the '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 or to cease operations, or have no realistic alternative but to do so.

Our 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 a Report of the Auditors 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 Report of the Auditors.



Paul Timothy Whiteley (Senior Statutory Auditor),
for and on behalf of Whiteleys
Chartered Certified Accountants
& Statutory Auditor
Sovereign House
155 High Street
Aldershot
Hampshire
GU11 1TT

Date: 22nd March 2018

Echo Studios Holdings Limited (Registered number: 08474721)

**Consolidated Statement of Comprehensive Income
for the Year Ended 30th June 2017**

	Notes	2017 £	2016 £
TURNOVER		11,058,935	9,556,589
Cost of sales		3,409,002	2,721,783
GROSS PROFIT		7,649,933	6,834,806
Administrative expenses		5,378,589	4,646,732
		2,271,344	2,188,074
Other operating income		20,717	12,700
OPERATING PROFIT	6	2,292,061	2,200,774
Interest receivable and similar income		4,903	2,430
		2,296,964	2,203,204
Amounts written off investments	7	-	3,600
		2,296,964	2,199,604
Interest payable and similar expenses	8	9,492	7,653
PROFIT BEFORE TAXATION		2,287,472	2,191,951
Tax on profit	9	395,520	537,681
PROFIT FOR THE FINANCIAL YEAR		1,891,952	1,654,270
OTHER COMPREHENSIVE INCOME			
Capital contribution-release of DLA		(252,036)	552,510
Income tax relating to other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		(252,036)	552,510
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,639,916	2,206,780
Profit attributable to: Owners of the parent		1,891,952	1,654,270
Total comprehensive income attributable to: Owners of the parent		1,639,916	2,206,780

The notes on pages 14 to 27 form part of these financial statements

Consolidated Balance Sheet
30th June 2017

	Notes	2017	2016
		£	£
FIXED ASSETS			
Intangible assets	11	3,195,012	3,651,442
Tangible assets	12	3,493,133	2,703,968
Investments	13	80,000	80,000
Investment property	14	-	-
		<u>6,768,145</u>	<u>6,435,410</u>
CURRENT ASSETS			
Stocks	15	108,100	114,641
Debtors	16	3,120,705	1,997,936
Cash at bank and in hand		2,848,950	2,778,054
		<u>6,077,755</u>	<u>4,890,631</u>
CREDITORS			
Amounts falling due within one year	17	4,456,976	3,424,440
NET CURRENT ASSETS		<u>1,620,779</u>	<u>1,466,191</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,388,924</u>	<u>7,901,601</u>
CREDITORS			
Amounts falling due after more than one year	18	(2,387,107)	(3,540,991)
PROVISIONS FOR LIABILITIES	21	(170,022)	(168,731)
NET ASSETS		<u><u>5,831,795</u></u>	<u><u>4,191,879</u></u>
CAPITAL AND RESERVES			
Called up share capital	22	1,000,000	1,000,000
Capital redemption reserve	23	1,800,000	1,800,000
Other reserves	23	300,474	552,510
Retained earnings	23	2,731,321	839,369
SHAREHOLDERS' FUNDS		<u><u>5,831,795</u></u>	<u><u>4,191,879</u></u>

The financial statements were approved by the Board of Directors on 21/3/15 and were signed on its behalf by:

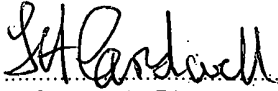

 F H Cardwell - Director

The notes on pages 14 to 27 form part of these financial statements

Company Balance Sheet
30th June 2017

	Notes	2017		2016	
		£	£	£	£
FIXED ASSETS					
Intangible assets	11	-	-	-	-
Tangible assets	12	1,391,700		993,699	
Investments	13	5,880,000		5,880,000	
Investment property	14	3,175,000		1,385,765	
		<u>10,446,700</u>		<u>8,259,464</u>	
CURRENT ASSETS					
Debtors	16	78,671		10,783	
Cash at bank		<u>1,374,756</u>		<u>1,377,674</u>	
		1,453,427		1,388,457	
CREDITORS					
Amounts falling due within one year	17	<u>1,522,260</u>		<u>1,700,849</u>	
NET CURRENT LIABILITIES			<u>(68,833)</u>		<u>(312,392)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			10,377,867		7,947,072
CREDITORS					
Amounts falling due after more than one year	18		(2,320,475)		(3,464,858)
PROVISIONS FOR LIABILITIES	21		<u>(406,888)</u>		<u>(130,393)</u>
NET ASSETS			<u><u>7,650,504</u></u>		<u><u>4,351,821</u></u>
CAPITAL AND RESERVES					
Called up share capital	22	1,000,000		1,000,000	
Capital redemption reserve	23	1,800,000		1,800,000	
Other reserves	23	300,474		552,510	
Fair value reserve	23	1,178,923		-	
Retained earnings	23	3,371,107		999,311	
SHAREHOLDERS' FUNDS			<u><u>7,650,504</u></u>		<u><u>4,351,821</u></u>
Company's profit for the financial year			<u><u>3,550,719</u></u>		<u><u>1,732,978</u></u>

The financial statements were approved by the Board of Directors on 21/3/18 and were signed on its behalf by:


 F H Cardwell - Director

The notes on pages 14 to 27 form part of these financial statements

Echo Studios Holdings Limited (Registered number: 08474721)

**Consolidated Statement of Changes in Equity
for the Year Ended 30th June 2017**

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Other reserves £	Total equity £
Balance at 1st July 2015	5,800,000	185,099	800,000	-	6,785,099
Changes in equity					
Issue of share capital	(4,800,000)	-	-	-	(4,800,000)
Total comprehensive income	-	654,270	1,000,000	552,510	2,206,780
Balance at 30th June 2016	<u>1,000,000</u>	<u>839,369</u>	<u>1,800,000</u>	<u>552,510</u>	<u>4,191,879</u>
Changes in equity					
Total comprehensive income	-	1,891,952	-	(252,036)	1,639,916
Balance at 30th June 2017	<u>1,000,000</u>	<u>2,731,321</u>	<u>1,800,000</u>	<u>300,474</u>	<u>5,831,795</u>

The notes on pages 14 to 27 form part of these financial statements

**Company Statement of Changes in Equity
for the Year Ended 30th June 2017**

	Called up share capital £	Retained earnings £	Capital redemption reserve £
Balance at 1st July 2015	5,800,000	266,333	800,000
Changes in equity			
Issue of share capital	(4,800,000)	-	-
Total comprehensive income	-	732,978	1,000,000
Balance at 30th June 2016	<u>1,000,000</u>	<u>999,311</u>	<u>1,800,000</u>
Changes in equity			
Total comprehensive income	-	2,371,796	-
Balance at 30th June 2017	<u>1,000,000</u>	<u>3,371,107</u>	<u>1,800,000</u>
	Other reserves £	Fair value reserve £	Total equity £
Balance at 1st July 2015	-	-	6,866,333
Changes in equity			
Issue of share capital	-	-	(4,800,000)
Total comprehensive income	552,510	-	2,285,488
Balance at 30th June 2016	<u>552,510</u>	<u>-</u>	<u>4,351,821</u>
Changes in equity			
Total comprehensive income	(252,036)	1,178,923	3,298,683
Balance at 30th June 2017	<u>300,474</u>	<u>1,178,923</u>	<u>7,650,504</u>

The notes on pages 14 to 27 form part of these financial statements

**Consolidated Cash Flow Statement
for the Year Ended 30th June 2017**

	Notes	2017 £	2016 £
Cash flows from operating activities			
Cash generated from operations	1	747,226	8,221,597
Interest paid		(357)	(2,045)
Interest element of hire purchase payments paid		(9,135)	(604)
Finance costs paid		-	(5,004)
Tax paid		(500,713)	(429,960)
Net cash from operating activities		237,021	7,783,984
Cash flows from investing activities			
Purchase of tangible fixed assets		(1,316,460)	(551,064)
Purchase of fixed asset investments		-	(83,600)
Sale of tangible fixed assets		376,999	26,800
Revaluation of fixed asset investment		-	3,600
Interest received		4,903	2,430
Net cash from investing activities		(934,558)	(601,834)
Cash flows from financing activities			
Preference share repayments		-	(1,000,000)
Capital repayments in year		(8,620)	80,431
Amount introduced by directors		-	2,969
Amount withdrawn by directors		-	(1)
Share buyback		-	(4,800,000)
Net cash from financing activities		(8,620)	(5,716,601)
(Decrease)/increase in cash and cash equivalents		(706,157)	1,465,549
Cash and cash equivalents at beginning of year	2	2,146,116	680,567
Cash and cash equivalents at end of year	2	1,439,959	2,146,116

The notes on pages 14 to 27 form part of these financial statements

Notes to the Consolidated Cash Flow Statement
for the Year Ended 30th June 2017

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2017 £	2016 £
Profit before taxation	2,287,472	2,191,951
Depreciation charges	851,252	774,649
(Profit)/loss on disposal of fixed assets	(244,525)	25,536
Capital contribution-restatement of DLA	-	552,510
Capital contribution-release of DLA	(252,036)	-
Finance costs	9,492	7,653
Finance income	(4,903)	(2,430)
	<u>2,646,752</u>	<u>3,549,869</u>
Decrease/(increase) in stocks	6,541	(25,379)
Increase in trade and other debtors	(1,122,769)	(16,554)
(Decrease)/increase in trade and other creditors	<u>(783,298)</u>	<u>4,713,661</u>
Cash generated from operations	<u><u>747,226</u></u>	<u><u>8,221,597</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 30th June 2017

	30.6.17 £	1.7.16 £
Cash and cash equivalents	2,848,950	2,778,054
Bank overdrafts	(1,408,991)	(631,938)
	<u><u>1,439,959</u></u>	<u><u>2,146,116</u></u>

Year ended 30th June 2016

	30.6.16 £	1.7.15 £
Cash and cash equivalents	2,778,054	680,567
Bank overdrafts	(631,938)	-
	<u><u>2,146,116</u></u>	<u><u>680,567</u></u>

The notes on pages 14 to 27 form part of these financial statements

**Notes to the Consolidated Financial Statements
for the Year Ended 30th June 2017**

1. STATUTORY INFORMATION

Echo Studios Holdings Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

The principal place of business of the company is Echo House, Red Lion Business Park, Surbiton, Surrey KT6 7RD.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for management charges and rental income, stated net of Value Added Tax.

The company recognises revenue when the amount of revenue can be measured reliably, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the company's activities described above.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2013, is being amortised in accordance with FRS102 evenly over 10 years from the transition date of 1st June 2015.

Tangible fixed assets

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

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over their estimated useful lives as follows:

Freehold property	-	2% on cost
Plant and machinery	-	15% on cost
Fixtures and fittings	-	25% on cost
Motor vehicles	-	25% on cost and 25% reducing balance
Computer equipment	-	15% on cost

On disposal, the difference between the net disposal proceeds and the carrying amount of the item sold is recognised in profit or loss.

Stocks

Inventories are measured at the lower of cost and selling price less cost to complete and sell. Cost is calculated on a first in, first out basis and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30th June 2017**

3. ACCOUNTING POLICIES - continued

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Transactions in foreign currencies are initially recognised at the rate of exchange ruling at the date of the transaction.

At the end of each reporting period foreign currency monetary items are translated at the closing rate of exchange. Non-monetary items that are measured at historical cost are translated at the rate ruling at the date of the transaction. All differences are charged to profit or loss.

Hire purchase and leasing commitments

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases.

The rights of use and obligations under finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments.

Minimum lease payments are apportioned between the finance charge and the reduction in the outstanding liability using the effective interest rate method. The finance charge is allocated to each period during the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Leased assets are depreciated in accordance with the company's policy for tangible fixed assets. If there is no reasonable certainty that ownership will be obtained at the end of the lease term, the asset is depreciated over the lower of the lease term and its useful life.

Operating lease payments are recognised as an expense on a straight line basis over the lease term.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30th June 2017

3. **ACCOUNTING POLICIES - continued**

Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and the best estimate, which is an approximation, of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value, like goodwill and plant, property and equipment, are reviewed to determine whether there is an indication that an asset may be impaired. If there is an indication of possible impairment, the recoverable amount of any asset or group of related assets, which is the higher of value in use and the fair value less cost to sell, is estimated and compared with its carrying amount. If the recoverable amount is lower, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised immediately in profit or loss.

Stocks are also assessed for impairment at each reporting date. The carrying amount of each item of stock, or group of similar items, is compared with its selling price less costs to complete and sell. If an item of stock or group of similar items is impaired, its carrying amount is reduced to selling price less costs to complete and sell, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset or group of related assets is increased to the revised estimate of its recoverable amount, but not to exceed the amount that would have been determined had no impairment loss been recognised for the asset or group of related assets in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

Investments

Unlisted investments are recognised at cost.

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are initially measured at cost, including transaction costs. Subsequently investment properties whose fair value can be measured reliably without undue cost or effort on an on-going basis are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30th June 2017

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Estimation uncertainty - valuation of investment property

As described in note 13 to the financial statements below, investment property is stated at fair value based on the valuation performed by an independent professional valuer Andrew Scott Robertson Chartered Surveyors with recent experience in the location and category of property valued. The valuer used observable market prices adjusted as necessary for any difference in the future, location or condition of the specific asset.

5. EMPLOYEES AND DIRECTORS

	2017 £	2016 £
Wages and salaries	3,306,289	2,640,705
Social security costs	360,835	322,575
Other pension costs	37,604	23,038
	<u>3,704,728</u>	<u>2,986,318</u>

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

	2017	2016
Office and administration	7	7
Production and design	82	71
	<u>89</u>	<u>78</u>

The average number of employees by undertakings that were proportionately consolidated during the year was 89 (2016 - 78).

	2017 £	2016 £
Directors remuneration	577,324	577,214
Directors' pension contributions to money purchase schemes	<u>3,577</u>	<u>2,655</u>

Information regarding the highest paid director is as follows:

	2017 £	2016 £
Emoluments etc	133,855	123,669
Pension contributions to money purchase scheme	<u>3,577</u>	<u>2,655</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30th June 2017

6. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2017 £	2016 £
Depreciation - owned assets	371,513	316,522
Depreciation - assets on hire purchase contracts	23,308	1,697
(Profit)/loss on disposal of fixed assets	(244,525)	25,536
Goodwill amortisation	456,430	456,430
Auditors remuneration - audit	13,325	10,795
Auditors remuneration - other	4,000	7,687
Foreign exchange differences	(9,063)	(4,903)

7. AMOUNTS WRITTEN OFF INVESTMENTS

	2017 £	2016 £
Amounts written off investments	-	3,600

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017 £	2016 £
HMRC interest payable	357	2,045
Hire purchase & loan interest	9,135	604
Finance charges on shares	-	5,004
	9,492	7,653

9. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2017 £	2016 £
Current tax:		
UK corporation tax	471,505	511,035
Over provision in prior year	(77,276)	-
Total current tax	394,229	511,035
Deferred tax	1,291	26,646
Tax on profit	395,520	537,681

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30th June 2017

9. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2017 £	2016 £
Profit before tax	<u>2,287,472</u>	<u>2,191,951</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19.750% (2016 - 20%)	451,776	438,390
Effects of:		
Expenses not deductible for tax purposes	15,058	18,613
Income not taxable for tax purposes	-	(408)
Adjustments to tax charge in respect of previous periods	(77,726)	-
R&D enhanced expenditure	(56,343)	-
Chargeable gains	(15,593)	-
Adjustments to tax in previous periods - deferred tax	(2,435)	7,070
Non tax adjustments in group accounts	92,120	92,765
Adjust closing deferred tax to average rate	(11,337)	(18,749)
Total tax charge	<u>395,520</u>	<u>537,681</u>

Tax effects relating to effects of other comprehensive income

	Gross £	2017 Tax £	Net £
Capital contribution-release of DLA	<u>(252,036)</u>	<u>-</u>	<u>(252,036)</u>
	Gross £	2016 Tax £	Net £
Capital contribution-restatement of DLA	<u>552,510</u>	<u>-</u>	<u>552,510</u>

10. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30th June 2017

11. INTANGIBLE FIXED ASSETS

Group	Goodwill £
COST	
At 1st July 2016 and 30th June 2017	4,804,528
AMORTISATION	
At 1st July 2016	1,153,086
Amortisation for year	456,430
At 30th June 2017	1,609,516
NET BOOK VALUE	
At 30th June 2017	3,195,012
At 30th June 2016	3,651,442

12. TANGIBLE FIXED ASSETS

Group	Freehold property £	Improvements to property £	Plant and machinery £
COST			
At 1st July 2016	1,385,765	31,484	1,283,270
Additions	350,677	32,972	790,834
Disposals	-	-	(277,500)
At 30th June 2017	1,736,442	64,456	1,796,604
DEPRECIATION			
At 1st July 2016	20,919	31,484	345,967
Charge for year	10,004	5,495	221,279
Eliminated on disposal	-	-	(149,157)
At 30th June 2017	30,923	36,979	418,089
NET BOOK VALUE			
At 30th June 2017	1,705,519	27,477	1,378,515
At 30th June 2016	1,364,846	-	937,303

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30th June 2017

12. TANGIBLE FIXED ASSETS - continued

Group

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1st July 2016	425,154	112,866	504,312	3,742,851
Additions	53,451	12,750	75,776	1,316,460
Disposals	-	(9,625)	-	(287,125)
At 30th June 2017	478,605	115,991	580,088	4,772,186
DEPRECIATION				
At 1st July 2016	299,539	10,481	330,493	1,038,883
Charge for year	79,910	26,568	51,565	394,821
Eliminated on disposal	-	(5,494)	-	(154,651)
At 30th June 2017	379,449	31,555	382,058	1,279,053
NET BOOK VALUE				
At 30th June 2017	99,156	84,436	198,030	3,493,133
At 30th June 2016	125,615	102,385	173,819	2,703,968

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
COST	
At 1st July 2016 and 30th June 2017	93,920
DEPRECIATION	
At 1st July 2016	2,667
Charge for year	23,308
At 30th June 2017	25,975
NET BOOK VALUE	
At 30th June 2017	67,945
At 30th June 2016	91,253

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30th June 2017

12. TANGIBLE FIXED ASSETS - continued

Company

	Plant and machinery £	Fixtures and fittings £	Totals £
COST			
At 1st July 2016	1,283,270	172,844	1,456,114
Additions	790,834	-	790,834
Disposals	(277,500)	-	(277,500)
At 30th June 2017	1,796,604	172,844	1,969,448
DEPRECIATION			
At 1st July 2016	345,967	116,448	462,415
Charge for year	221,279	43,211	264,490
Eliminated on disposal	(149,157)	-	(149,157)
At 30th June 2017	418,089	159,659	577,748
NET BOOK VALUE			
At 30th June 2017	1,378,515	13,185	1,391,700
At 30th June 2016	937,303	56,396	993,699

13. FIXED ASSET INVESTMENTS

Group

	Unlisted investments £
COST	
At 1st July 2016 and 30th June 2017	80,000
NET BOOK VALUE	
At 30th June 2017	80,000
At 30th June 2016	80,000

Company

	Shares in group undertakings £	Unlisted investments £	Totals £
COST OR VALUATION			
At 1st July 2016 and 30th June 2017	5,800,000	80,000	5,880,000
NET BOOK VALUE			
At 30th June 2017	5,800,000	80,000	5,880,000
At 30th June 2016	5,800,000	80,000	5,880,000

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30th June 2017

13: **FIXED ASSET INVESTMENTS - continued**

Company

Cost or valuation at 30th June 2017 is represented by:

	Shares in group undertakings £	Unlisted investments £	Totals £
Valuation in 2017	5,800,000	80,000	5,880,000

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiary

Echo Studios Limited

Registered office:

Nature of business: Trading company

Class of shares:

Ordinary

%
holding
100.00

Aggregate capital and reserves
Profit for the year

	2017 £	2016 £
Aggregate capital and reserves	1,996,124	2,009,536
Profit for the year	2,317,819	2,354,570

14: **INVESTMENT PROPERTY**

Company

FAIR VALUE

At 1st July 2016

Additions

Revaluations

At 30th June 2017

NET BOOK VALUE

At 30th June 2017

At 30th June 2016

Total
£

1,385,765
350,677
1,438,558

3,175,000

3,175,000

1,385,765

The investment property was purchased in August 2013. The fair value of the property at June 2017 has been arrived at on the basis of a valuation carried out at that date by Andrew Scott Robertson, Chartered Surveyors. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in its location and takes into account the rental market in the area where the property is situated.

The historic cost of the investment property was £1,736,442, which includes the additions made to it (2016 : £1,385,765). This property has been re-classified as freehold property in the group accounts as the rental income relates solely to the subsidiary company.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30th June 2017

14. INVESTMENT PROPERTY - continued

Company

Fair value at 30th June 2017 is represented by:

Valuation in 2017	£
Cost	1,438,558
	1,736,442
	<u>3,175,000</u>

15. STOCKS

	Group	
	2017	2016
	£	£
Stocks	<u>108,100</u>	<u>114,641</u>

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	2,632,448	1,455,798	-	-
Amounts owed by group undertakings	-	-	62,159	-
Other debtors	18,080	22,822	-	10,783
VAT	-	-	16,512	-
Prepayments and accrued income	470,177	519,316	-	-
	<u>3,120,705</u>	<u>1,997,936</u>	<u>78,671</u>	<u>10,783</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bank loans and overdrafts (see note 19)	1,408,991	631,938	-	-
Hire purchase contracts (see note 20)	11,840	10,959	-	-
Trade creditors	1,034,090	489,517	388,034	11,858
Other creditors	1,079,606	1,305,135	1,079,606	1,305,135
Amounts owed to group undertakings	-	-	-	319,644
Tax	173,159	279,643	48,620	48,275
Social security and other taxes	92,193	93,758	-	-
VAT	343,766	278,278	-	8,187
Other creditors	-	3,617	-	-
Accruals and deferred income	313,331	331,595	6,000	7,750
	<u>4,456,976</u>	<u>3,424,440</u>	<u>1,522,260</u>	<u>1,700,849</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30th June 2017

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Hire purchase contracts (see note 20)	66,632	76,133	-	-
Other creditors	2,320,475	3,464,858	2,320,475	3,464,858
	<u>2,387,107</u>	<u>3,540,991</u>	<u>2,320,475</u>	<u>3,464,858</u>

19. LOANS

An analysis of the maturity of loans is given below:

	Group	
	2017	2016
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>1,408,991</u>	<u>631,938</u>

20. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Hire purchase contracts	
	2017	2016
	£	£
Net obligations repayable:		
Within one year	11,840	10,959
Between one and five years	66,632	76,133
	<u>78,472</u>	<u>87,092</u>

21. PROVISIONS FOR LIABILITIES

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Deferred tax				
Other timing differences	1,108	(504)	-	-
Investment property revalued	-	-	259,635	-
Fixed asset timing differences	168,914	169,235	147,253	130,393
	<u>170,022</u>	<u>168,731</u>	<u>406,888</u>	<u>130,393</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30th June 2017

21. PROVISIONS FOR LIABILITIES - continued

Group

	Deferred tax £
Balance at 1st July 2016	168,731
Credit to Statement of Comprehensive Income during year	1,291
Balance at 30th June 2017	<u>170,022</u>

Company

	Deferred tax £
Balance at 1st July 2016	130,393
Credit to Statement of Comprehensive Income during year	276,495
Balance at 30th June 2017	<u>406,888</u>

22. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value: £1.00	2017 £	2016 £
1,000,000	Ordinary-A	£1.00	<u>1,000,000</u>	<u>1,000,000</u>

23. RESERVES

Group

	Retained earnings £	Capital redemption reserve £	Other reserves £	Totals £
At 1st July 2016	839,369	1,800,000	552,510	3,191,879
Profit for the year	1,891,952			1,891,952
Capital contribution - restatement of DLA to present value	-	-	(252,036)	(252,036)
At 30th June 2017	<u>2,731,321</u>	<u>1,800,000</u>	<u>300,474</u>	<u>4,831,795</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30th June 2017

23. RESERVES - continued

Company

	Retained earnings £	Capital redemption reserve £	Other reserves £	Fair value reserve £	Totals £
At 1st July 2016	999,311	1,800,000	552,510	-	3,351,821
Profit for the year	3,550,719				3,550,719
Capital contribution - restatement of DLA to present value	-	-	(252,036)	-	(252,036)
Transfer	(1,178,923)	-	-	1,178,923	-
At 30th June 2017	<u>3,371,107</u>	<u>1,800,000</u>	<u>300,474</u>	<u>1,178,923</u>	<u>6,650,504</u>