Writtle

Writtle Holdings Limited
Annual Report and Accounts 2015

Who we are

Writtle is an investment and management services company that owns majority shareholdings in a portfolio of media and marketing services companies. We create value for our shareholders by using our experience in the media sector and capital to support these specialist businesses to achieve their full potential.

Contents

Key financial information

Turnover

£83.1m

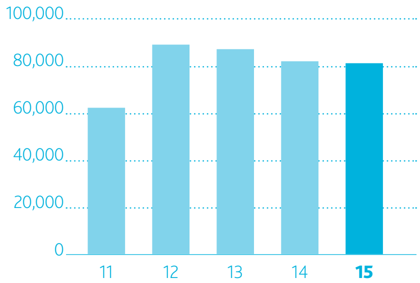
2014: £83.1m

Profit before tax

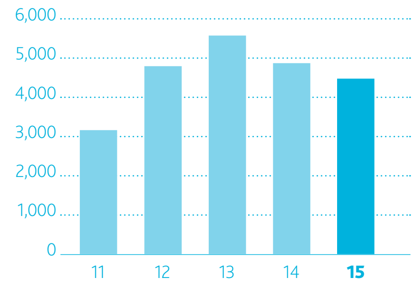
£3.6m

2014: £4.6m

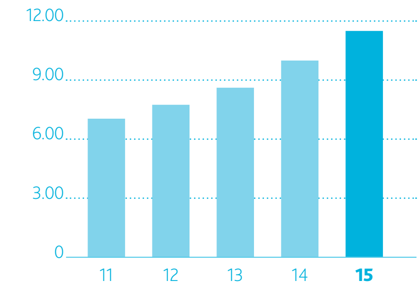
Turnover (£000)



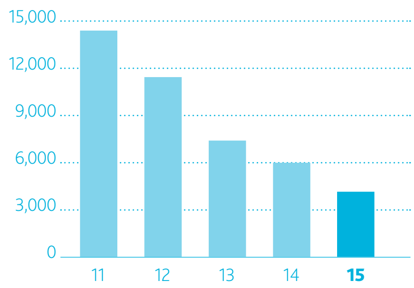
Headline profit before tax (£000)



Dividend per share (pence)



Net debt (£000)



Headline measures are defined as being before exceptional items, amortisation and share-based payments.

Writtle's model continues to be based on equity involvement and decentralised growth.

I am pleased to present the Writtle accounts for 2015. A strong second half helped deliver another good year for Writtle.

Results and dividends

Turnover and profit before tax from continuing operations were £83.12m (2014: £79.03m) and £3.61m (2014: £3.31m) respectively. With no acquisitions or disposals, there were no profits on sale of investments as there have been in the last two years.

Writtle's year-end net debt was further reduced by £1.79m to £4.28m (2014: £6.07m).

The directors are recommending a final dividend for 2015 of 8.2p per share (2014: 7.0p per share), making a total of 11.5p per share for the year (2014: 10.0p per share). Subject to shareholders' approval, the dividend will be paid on 31 May 2016 to shareholders on the register on 23 March 2016.

Principal activities

Writtle invests in media and marketing communications businesses with the aim of creating a substantial international marketing group.

The Writtle model continues to be based on equity involvement and decentralised growth. Whether a group company was a start-up or acquired, Writtle will typically hold a majority shareholding alongside management, which creates a motivational structure. Writtle looks for businesses in the media and marketing communications sector which can demonstrate potential for further growth, either organically or by acquisition, and where Writtle can add value through its experience or by funding further expansion. Growth opportunities are typically identified by operating company management rather than dictated by the centre. However, when larger opportunities have been identified, as with the acquisition of Loewy Group, we have integrated the individual companies into Writtle by reducing the central head office and marketing function, and instead promoted the individual company brands. Alongside this decentralised approach comes a re-incentivisation package for operational management through the opportunity to purchase equity on favourable terms in their companies, and participation in share option schemes in Writtle. This creates a lean head office structure, as well as considerable incentives for management in their individual companies and the group as a whole.

Writtle has noted the recent trend amongst other marketing services groups to adopt a similar part-ownership equity structure in their operating companies. Writtle has operated in this way for many years, understanding that people businesses benefit most from part-ownership, rather than value-destroying earn-outs. This form of equity involvement has proved to be the best way to motivate management and truly align their goals and aspirations with those of Writtle shareholders.

A short review by operating company follows this section, each written by its directors. Each operating company has its own unique style and apart from overlaying similar financial controls, Writtle encourages individual company autonomy and identity.

Review of business

As is customary, the second half of the year was stronger than the first.

What was less usual was the fact that the first half laggards in performance were the second half leaders and, to a lesser extent, vice versa. Arken, Magnet Harlequin and Technik, which were exposed to the fragile UK retail market in the first half, recovered strongly in the second half. The performance of Arken was the most notable as the delayed roll-out for its largest retail client was brilliantly executed, and indeed continues into 2016. On the flip side, progress of Creo was hampered in the last quarter by unwelcome completion issues with its factory extension, which meant missing its demanding budget for the first time. These frustrations are now behind us and the extended premises provide an excellent platform for future growth of Creo.

Writtle has noted the recent trend amongst other marketing services groups to adopt a similar part-ownership equity structure in their operating companies. Writtle has operated in this way for many years, understanding that people businesses benefit most from part-ownership, rather than value-destroying earn-outs.

Other stars of the first half Seymourpowell and 20.20 saw business slow in the final quarter of the year. In the case of Seymourpowell, a major client dramatically reduced its spending plans as it became the target of a high-profile acquisition. It provides a stark reminder that however brilliant the company reputation and output, events outside our control can quickly derail momentum and require adjustment of overheads. Faced with a rapidly changing world and the need for flexibility and a low fixed cost base, a number of our companies undertook overhead reduction exercises in 2015 and we have recorded £559k of restructuring costs in these accounts.

Corporate Activity

As shareholders will be aware, after the year-end Writtle made an offer for the AIM-quoted business Tangent Communications PLC after it announced an intention to come off the AIM market at what we considered to be too low a price. Although Writtle was ultimately unsuccessful in the face of a higher counter offer that was beyond our valuation, our offer demonstrated our ability to secure funding quickly and I hope gives shareholders a reminder of the ambition of Writtle. We did look at other opportunities in 2015 but the really good deals do not appear very often and while we receive prospectuses from many small owner-driven agencies for sale we prefer to continue seeking an opportunity of scale. The profile gained from the Tangent bid has presented some interesting opportunities and we have reasonable expectations that 2016 will be marked by a significant corporate event.

Having alerted shareholders to the possibility of a value-enhancing event later in the year, we will again be offering a matched bargain share trading facility in May and shareholders wishing to participate now, either buying or selling, should follow the guidelines set out in the letter accompanying this report.

Summary

2015 was another good year for Writtle. We continued to invest in our group companies to facilitate further organic growth and our profit growth and cash generation has enabled us to reduce debt and increase our dividends. We are still looking for the significant deal to accelerate our scale and value and we hope the event is not too far away.

Robert Essex
Chairman

11 April 2016

NEW FORMAT COSMETICS MERCHANDISING

Following its successful trial in Cardiff, Arken launched a new cosmetics merchandising system into the first phase of 100 Beauty Studio stores for Superdrug. Hailed a triumph for ease of shopper selection and purchase, the remaining Superdrug stores will be updated during 2016 and 2017.

REALSENSE LAUNCH

Intel work continued into 2015 with the launch of their RealSense technology, culminating in the production of in-store materials like the modular plinth (pictured above). Designed with maximum flexibility in mind, it is now being rolled out into key retailers across EMEA.

arken
creators of award winning p-o-p

Arken is a multi-award-winning, creative-led designer and manufacturer of retail display and signage, shop-in-shop theatre and point-of-purchase products.

Arken had its most profitable year so far with continued growth across its two key sectors of Consumer Electronics and Health and Beauty. 2015 witnessed the first of a three-year contract to provide cosmetics displays for the retail chain Superdrug, providing units for over 22 leading make-up brands. Work began on the opening of a second manufacturing site, in Sandy, Bedfordshire, that will focus solely on the production of these displays.

We continued to innovate with the use of printed circuit board technology in-store for key clients including Logitech and, most notably, for the display of Intel's '2 in 1' laptop products across the entire DSGi UK network.

www.arken-pop.com

20.20 is a strategic design consultancy. We transform retail and leisure businesses into emotionally connected brand experiences; making it easier for customers, fans and colleagues to transact, engage and belong – in person, on the move or online.

2015 was a growth year for our leisure sector, it was also a year of firsts: our first major hospitality design in America with Churchill Downs, home of the Kentucky Derby; our first cruise ship design, the next-generation passenger experience for TUI Thomson; and our first retail projects in both India and Africa. Our reputation as experts in blue chip leisure branding and hospitality is spreading across the world, helped by the opening of Arsenal's Royal Oak bar and restaurant in August, while in 2016 we unveil our hospitality work at the London Olympic Stadium.
In retail we designed a new high street cafe format (more news on the launch in 2016). We rekindled our relationship with Sainsbury's and helped design their future format stores, which launched in September with great fanfare. And we continued to innovate with Nissan, pushing the limits of car retailing in this rapidly changing sector.

www.20.20.co.uk

Beyond creates beautifully distinct brands, memorable campaigns and retail environments that will turn heads, capture hearts, sell products and inspire loyalty.

The asset enhancement and retail design delivery team completed a major new shopping mall project in Birmingham linking the new Grand Central and Bullring shopping centres.

Working with major asset owners as design and brand guardians for some of the UK's largest shopping centres, Beyond has now added a number of new centres to the 22 already under management.

The brand team stayed focused on fashion branding for Karen Millen, art directing and developing campaigns both in print and online, and we had a major win to help deliver ongoing promotions and communications for HS1.

The retail design team completed a number of high-profile projects including the latest and biggest flagship store for Vodafone in Westfield White City and a number of Body Shop concept stores around the world.

www.beyond-communications.co.uk

Creo designs, project manages and manufactures high-quality and high-impact point-of-sale products, and supplies fulfilment services for in-store marketing.

2015 was another record-breaking turnover and profit year for Creo with the strengthening of our key client relationships and a busy year for the film industry – with releases including Minions, Jurassic World and Fifty Shades of Grey.

In addition to our successful home entertainment sector our expertise in health and beauty continues to be recognised with relationships developing with Unilever, Pfizer and Superdrug.

Ongoing investment in our proprietary online campaign management tool, Opus, has proved successful with global roll-outs achieved for Reckitt Benckiser and Revlon. The tool helps us cement relationships with clients whilst also driving additional revenue streams.

The £2m, 35,000-square foot extension at our Aylesford site was completed at the end of 2015. This will enable us to realise our growth expectations and deliver the rapid response service our clients require to meet the challenges in their marketplaces.

www.creo-uk.com

CUBANISTO RUM-FLAVOURED BEER
The strategic repositioning, rebranding and activation created by Epoch has resulted in a highly successful relaunch of this speciality beer from AB InBev across multiple European markets.

EPOCH DESIGN

Epoch is a creative agency specialising in packaging, in-store and online for global FMCG brands.

2015 was another successful year for the agency. We continued to build on our agency story, and our strong sense of culture, identity and purpose helped to deliver a diverse and exciting range of FMCG branding projects.

Importantly, 2015 saw significant growth for the agency in international markets, most notably Asia, India and Africa, where our unique blend of intelligence, insight and creativity has proved invaluable to major FMCG brands operating there. These economies continue to grow at pace for our clients and the demand for intelligent creative remains very strong so we are confident of further, significant growth in these regions in 2016.

www.epochdesign.co.uk

magLabs

Maglabs is a global digital asset management, marketing resource and workflow technology provider. We support market-leading businesses and brands worldwide.

2015 was a further transformational year for Maglabs, it saw a new CEO and CTO appointed while achieving budget. Maglabs continue to offer leading cloud-based digital and marketing resource management solutions to some of the world's best-known companies and brands, with more than 40 solutions providing content and services to 90,000 active users across 50 countries. New business success added Telemundo International to the client list and we retained existing key contracts and expanded into new regions to grow the Heinz portfolio.

Existing long-term clients also continued to grow their business with us, including M&S, NBCUniversal, and Deloitte, who all undertook significant new projects.

The continuation of both ISO 9001, and the new ISO 27001 accreditation demonstrates quality, service and security across the whole of the business.

www.maglabs.net

[magnetharlequin]

TECHNIK

The Magnet Harlequin Group, comprising **Magnet Harlequin**, **Technik** and **Magnet Harlequin Asia**, provides pre-media production, business process management and creative services to retailers and brand owners alike.

Despite confirmation that ongoing retail projects would continue their momentum into 2015, the brakes were applied by some clients, particularly in general merchandise (GM) packaging projects, affecting our first half performance. However, at the half-way mark many stalled projects came off 'hold' and helped us to revive our position.

We won three major packaging pre-media tenders: M&S – continuing an eight-year sole supply of GM; Tesco – where, after seven years we secured sole supply GM responsibility and, most recently, Home Retail Group – a brand-new client, who also appointed us as sole supplier.

Our marketing communications division held up well – with Network Rail, a tender win late 2014, contributing strongly – as did our creative and photographic divisions: Go Creative and Studio 4.

Although we were disappointed with the overall result (our first below-budget return in several years), we enter 2016 with a solid base, excellent prospects and new division-wide management information system, The Hub, already delivering efficiency across the business.

www.magharl.co.uk

seymourpowell

Seymourpowell creates brilliantly integrated product and brand experiences. Experiences that people love, make a difference, add value and define a brand.

Our suite of capabilities was strengthened in 2015 with the introduction of our digital team. This addition completes the circle of expertise and sets the stage to deliver on the changing needs of our clients and to forge an offer, where every brand touchpoint needs to become a seamless part of a single journey.

Nestlé, Nu Skin, Barclays, Angel Trains and The Fat Duck dominated our client list, and we achieved notable new product launches with Brompton, Silent Pool Distillers, Fairphone and Fat Duck Bray. Our creative excellence was once again recognised, with 13 coveted industry design awards and 30 new client wins.

An exceptional first half's trading in 2015 was dragged back at the end of the year by a number of projects being put on hold, some as a result of a macro economic loss of confidence but most notably when one of our largest global clients was the subject of a takeover. This setback prompted a number of necessary structural changes, from which Seymourpowell emerges stronger into 2016.

www.seymourpowell.com

RBS customer service campaign – Determined to make a difference.

The Team developed the idea, 'the many faces of determination' to share pride and put a face to those people who show positivity whatever the challenge.

ROYAL MAIL

This year The Team had the privilege to design and produce a series of commemorative stamps and presentation pack for the 75th anniversary of the Battle of Britain.

theTeam.

The Team is an award-winning integrated brand and communications business. We create clarity of brand purpose, promise and presence.

2015 was another successful and profitable year for The Team. Notable new client wins were Boots, Rolls-Royce, Williams & Glyn, NATS and QBE with ongoing projects from Avanade, RBS, English Heritage and Wolseley. We were ranked 21st in the top 100 agencies by Design Week and fifth for Branding in the same report. While global digital media platform The Drum placed us at no. 2 in its 2015 Digital Census.

Continuing our challenge to expand into new territories, we created an online immersive experience for UKTI to support the UK Pavilion at The World Expo in Milan. Considerable press coverage was generated by the Royal Mail stamps we designed to mark the 75th anniversary of the Battle of Britain.

We enter 2016 with a firm focus on achieving our vision to be the 'obvious go-to agency for creative ideas and delivery, helping brands bring their purpose to life'.

www.theteam.co.uk

Williams Murray Hamm

Williams Murray Hamm fuses serious strategic muscle with creatively adventurous design, resulting in out-of-the-ordinary innovation and branding.

2015 saw WMH's welcome return to its radically redesigned Clerkenwell studio, which had suffered a major flood the year before. This coincided with a very positive upturn in work for key clients Carlsberg and Castrol, both of which had undergone major organisational restructures.

Changes at WMH's US client ConAgra meant that we were unable to expand the US studio as we had wished. However, a highlight of the year in the US was the development of two excellent innovation projects.

WMH continued to receive unsolicited client approaches, brought about by our long-term philosophy on reputation building. Homebase, RBS and Nongfu Orchard, a huge Chinese soft drinks manufacturer, all worked with WMH during the year.

Prismologie, a high-end beauty brand for which we had created branding, packaging and promotional films launched exclusively in SpaceNK and was lauded for its originality. Similarly, WMH's risqué designs for Coco de Mer, the lingerie and sex toy retailer led to a clutch of creative awards and much positive noise in the design media.

www.wmhagency.com

Writtle PROPERTY

Writtle Property Limited (WPL) was formed to invest in certain properties owned or part-owned by the group and occupied by group companies.

WPL owns a 27% share of 10 Studlands Park Avenue, Newmarket, which is occupied by Arken, and property in Uxbridge, occupied by Magnet Harlequin. In 2016 WPL has taken a 25% shareholding in Creo Property Ltd, which owns property occupied by Creo.

Group strategic report

Introduction and business review

The directors present their strategic report for Writtle Holdings Limited for the year ended 31 December 2015. See 'Principal activities' and 'Review of business' sections in the Chairman's statement on pages 2 to 3.

Principal risks and uncertainties The success of the group's operations depends on retaining key management and the group addresses the risk by creating for employees a rewarding work environment and remuneration and incentive structures that are aligned with shareholders. The group's operations expose it to a variety of financial risks that include the effects of credit risk, liquidity risk and interest rate risk.

Credit risk The group imposes credit limits on customers and insures its debtor balances where practical to mitigate credit risk.

Liquidity risk The group maintains a mixture of long-term and short-term debt finance that is designed to ensure the group has sufficient available funds for operations.

Interest rate risk Group borrowings are at variable rates linked to LIBOR or bank base rates. The directors believe that at current levels of borrowing the business would be able to absorb the costs associated with significantly higher rates of interest.

Financial key performance indicators

The company considers turnover, profit before tax and net debt to be the key performance indicators; these are set out in the 'Results and dividends' section of the Chairman's statement on pages 2 to 3.

This report was approved by the board and signed on its behalf.

G R Harris Director 11 April 2016

Directors' report

The directors present their report and the financial statements for the year ended 31 December 2015.

Directors' responsibilities

The directors are responsible for preparing the group strategic report, the directors' 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 group and company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Results and dividends

The profit for the year, after taxation and non-controlling interests, amounted to £1,973,000 (2014: £2,725,000).

The directors are recommending a final dividend for 2015 of 8.20p per share (2014: 7.00p per share), making a total of 11.50p per share for the year (2014: 10.00p per share). Subject to shareholders' approval, the dividend will be paid on 31 May 2016 to the shareholders on the register on 23 March 2016. The dividends paid, as disclosed in the financial statements, are not inclusive of the final dividend declared.

Directors

The directors who served during the year were:

R T T Essex	A W Lucas	R Saysell	A Sutcliffe
G A Booker	K MacKenzie	R W Seymour	R C J Williams
G R Harris	D H Powell	N D Stern	A Wright

Political contributions

The company made no political contributions during the financial year (2014: £nil).

Future developments

See 'Corporate activity' section in the Chairman's statement on pages 2 to 3.

Employee involvement

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units.

Disabled employees

Disabled employees receive appropriate training to promote their career development within the group. Employees who become disabled are retained in their existing posts where possible or retrained for suitable alternative posts.

Directors indemnity insurance

As permitted by Section 234 of the Companies Act 2006, the company has purchased insurance cover on behalf of the directors, indemnifying them against certain liabilities which may be incurred by them in relation to the company.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the group since the year end.

Auditor

The auditor, BDO LLP, replaced Mazars LLP during the year and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

G R Harris Director 11 April 2016

Independent auditor's report to the members of Writtle Holdings Limited

We have audited the financial statements of Writtle Holdings Limited for the year ended 31 December 2015 which comprise the Consolidated statement of comprehensive income, the Consolidated and Company statement of financial position, the Consolidated statement of cash flows, 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 statement of directors' responsibilities, 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Chairman's statement, our companies report, strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.

Andrew Viner

(Senior Statutory Auditor)

for and on behalf of BDO LLP, Statutory Auditor

London

United Kingdom

11 April 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated statement of comprehensive income for the year ended 31 December 2015

	Note	2015 £000	Continuing operations 2014 £000	Discontinued operations 2014 £000	Total 2014 £000
Turnover	3	83,120	79,034	4,081	83,115
Cost of sales		(34,617)	(31,690)	(905)	(32,595)
Gross profit		48,503	47,344	3,176	50,520
Administrative expenses		(44,595)	(43,714)	(1,854)	(45,568)
Operating profit	4	3,908	3,630	1,322	4,952
Operating profit before exceptional items, amortisation and share-based payments		4,727	4,812	417	5,229
Exceptional items	5	(559)	–	905	905
Amortisation		(731)	(722)	–	(722)
Share-based payments		471	(460)	–	(460)
Operating profit		3,908	3,630	1,322	4,952
Income from current asset investments	9	5	–	–	–
Interest payable and similar charges	10	(305)	(323)	(4)	(327)
Profit on ordinary activities before taxation		3,608	3,307	1,318	4,625
Taxation on profit on ordinary activities	11	(833)	(899)	(9)	(908)
Profit on ordinary activities after taxation		2,775	2,408	1,309	3,717
Non-controlling interests		(802)			(992)
Profit for the financial year		1,973			2,725

All amounts recognised in the statement of comprehensive income for the year ended 31 December 2015 relate to continuing operations.

There were no recognised gains and losses for 2015 or 2014 other than those included in the consolidated income statement.

The notes on pages 19 to 33 form part of these financial statements.

Consolidated statement of financial position as at 31 December 2015

	Note		2015 £000		2014 £000
Fixed assets					
Intangible assets	13		11,076		11,807
Tangible assets	15		11,471		8,660
Investments	16		498		433
			23,045		20,900
Current assets					
Stocks	17	1,716		1,844	
Debtors	18	22,183		24,639	
Current asset investments	19	–		180	
Cash at bank and in hand	20	3,061		3,614	
		26,960		30,277	
Creditors: Amounts falling due within one year	21	(20,218)		(22,612)	
Net current assets			6,742		7,665
Total assets less current liabilities			29,787		28,565
Creditors: Amounts falling due after more than one year	22		(4,728)		(4,818)
Provisions for liabilities					
Deferred taxation			(328)		(197)
Net assets			24,731		23,550
Capital and reserves					
Called up share capital	27		6,992		6,830
Share premium account			6,497		6,395
Other reserves			(428)		90
Profit and loss account			8,424		7,286
Equity attributable to owners of the parent company			21,485		20,601
Non-controlling interests			3,246		2,949
			24,731		23,550

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

R T T Essex
Director

G R Harris
Director

11 April 2016
The notes on pages 19 to 33 form part of these financial statements.

Company statement of financial position as at 31 December 2015

	Note		2015 £000		2014 £000
Fixed assets					
Tangible assets	15		2		2
Investments	16		15,369		16,893
			15,371		16,895
Current assets					
Debtors	18	5,215		8,417	
Cash at bank and in hand	20	7		129	
		5,222		8,546	
Creditors: Amounts falling due within one year	21	(2,200)		(3,980)	
Net current assets			3,022		4,566
Total assets less current liabilities			18,393		21,461
Creditors: Amounts falling due after more than one year	22		(1,875)		(2,375)
Net assets			16,518		19,086
Capital and reserves					
Called up share capital	27		6,992		6,830
Share premium account			6,497		6,395
Other reserves			1,657		1,657
Profit and loss account			1,372		4,204
			16,518		19,086

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

R T T Essex
Director

G R Harris
Director

11 April 2016

The notes on pages 19 to 33 form part of these financial statements.

Consolidated statement of changes in equity as at 31 December 2015

	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Equity attributable to owners of parent Company £000	Non-controlling interests £000	Total equity £000
At 1 January 2015	6,830	6,395	90	7,286	20,601	2,949	23,550
Comprehensive income for the year							
Profit for the year	–	–	–	1,973	1,973	802	2,775
Total comprehensive income for the year	–	–	–	1,973	1,973	802	2,775
Contributions by and distributions to owners							
Dividends: Equity capital	–	–	–	(704)	(704)	(145)	(849)
Shares issued during the year	162	102	–	–	264	–	264
Other movements	–	–	(518)	(131)	(649)	(360)	(1,009)
Total contributions by and distributions to owners	162	102	(518)	(835)	(1,089)	(505)	(1,594)
At 31 December 2015	6,992	6,497	(428)	8,424	21,485	3,246	24,731

The notes on pages 19 to 33 form part of these financial statements.

Consolidated statement of changes in equity as at 31 December 2014

	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Equity attributable to owners of parent company £000	Non-controlling interests £000	Total equity £000
At 1 January 2014	6,707	6,353	90	5,612	18,762	2,896	21,658
Comprehensive income for the year							
Profit for the year	–	–	–	2,725	2,725	992	3,717
Total comprehensive income for the year	–	–	–	2,725	2,725	992	3,717
Contributions by and distributions to owners							
Dividends: Equity capital	–	–	–	(609)	(609)	(369)	(978)
Shares issued during the year	123	42	–	–	165	–	165
Other movements	–	–	–	(442)	(442)	(570)	(1,012)
Total contributions by and distributions to owners	123	42	–	(1,051)	(886)	(939)	(1,825)
At 31 December 2014	6,830	6,395	90	7,286	20,601	2,949	23,550

The notes on pages 19 to 33 form part of these financial statements.

Company statement of changes in equity as at 31 December 2015

	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total equity £000
At 1 January 2015	6,830	6,395	1,657	4,204	19,086
Comprehensive income for the year					
Loss for the year	–	–	–	(2,128)	(2,128)
Total comprehensive income for the year	–	–	–	(2,128)	(2,128)
Contributions by and distributions to owners					
Dividends: Equity capital	–	–	–	(704)	(704)
Shares issued during the year	162	102	–	–	264
Total contributions by and distributions to owners	162	102	–	(704)	(440)
At 31 December 2015	6,992	6,497	1,657	1,372	16,518

The notes on pages 19 to 33 form part of these financial statements.

Company statement of changes in equity as at 31 December 2014

	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total equity £000
At 1 January 2014	6,707	6,353	1,657	3,184	17,901
Comprehensive income for the year					
Profit for the year	–	–	–	1,629	1,629
Total comprehensive income for the year	–	–	–	1,629	1,629
Contributions by and distributions to owners					
Dividends: Equity capital	–	–	–	(609)	(609)
Shares issued during the year	123	42	–	–	165
Total contributions by and distributions to owners	123	42	–	(609)	(444)
At 31 December 2014	6,830	6,395	1,657	4,204	19,086

The notes on pages 19 to 33 form part of these financial statements.

Consolidated statement of cash flows for the year ended 31 December 2015

	2015 £000	2014 £000
Cash flows from operating activities		
Profit for the financial year	2,775	3,717
Adjustments for:		
Amortisation of intangible fixed assets	731	722
Depreciation of tangible fixed assets	1,899	1,800
Profit on disposal of tangible fixed assets	(2)	(18)
Decrease in stocks	128	144
Interest charge	305	327
Corporation tax charge	833	908
Decrease/(Increase) in debtors	2,405	(1,525)
Increase/(decrease) in creditors	618	(67)
Corporation tax paid	(973)	(1,163)
Profit on disposal of investment in subsidiary	–	(905)
Income from current asset investments	(5)	–
Profit on disposal of current asset investments	(25)	–
Share-based payment (credit)/charge	(471)	460
Net cash generated from operating activities	8,218	4,400
Cash flows from investing activities		
Purchase of tangible fixed assets	(4,712)	(1,811)
Sale of tangible fixed assets	4	24
Sale of current asset investments	205	–
Purchase of additional equity in subsidiaries	(493)	(841)
Sale of subsidiaries	–	1,783
Purchase of fixed asset investments	(25)	(55)
Dividends received	5	–
Cash disposed with subsidiaries	–	(626)
Net cash used in investing activities	(5,016)	(1,526)

	2015 £000	2014 £000
Cash flows from financing activities		
Issue of ordinary shares	264	165
Issue of ordinary shares by subsidiaries	–	69
New secured loans	–	5,975
Repayment of loans	(3,633)	(3,642)
New finance leases	1,120	–
Repayment of finance leases	(407)	(508)
Movements on invoice discounting	573	(469)
Equity dividends paid	(704)	(609)
Interest paid	(305)	(327)
Dividends paid to non-controlling interests	(145)	(369)
Purchase of shares by ESOT	(518)	–
Net cash (used in)/generated from financing activities	(3,755)	285
Net (decrease)/increase in cash and cash equivalents	(553)	3,159
Cash and cash equivalents at beginning of year	3,614	455
Cash and cash equivalents at the end of year	3,061	3,614
Cash at bank and in hand	3,061	3,614

Analysis of net debt

	31 December 2015 £000	31 December 2014 £000
Cash at bank and in hand	3,061	3,614
Debt:		
Finance leases	(1,301)	(588)
Debts due within one year	(2,163)	(4,564)
Debts falling due after more than one year	(3,873)	(4,532)
Net debt	(4,276)	(6,070)

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 38.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgment in applying the company's accounting policies (see note 2).

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No statement of cash flows has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosures have been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

1.2 Basis of consolidation

The consolidated financial statements present the results of group and its own subsidiaries ("the group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 January 2014.

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Any income received relating to incomplete projects is deferred to the extent that the proportion of that project is incomplete at the year end.

In respect of contracts for ongoing services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of such contracts is recognised by reference to the stage of completion.

1.4 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the income statement over its useful economic life.

1.5 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on the following bases:

Freehold buildings	1% – 2% straight line
Leasehold improvements	over the period of the lease
Plant and machinery	7% – 20% straight line
Motor vehicles	20% – 50% straight line
Fixtures, fittings and equipment	20% – 33% straight line

1.5 Tangible fixed assets continued

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within administrative expenses in the statement of comprehensive income.

1.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted shares, whose market value can be reliably determined, are remeasured to market value at each year end. Gains and losses on remeasurement are recognised in the Consolidated income statement for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each statement of financial position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

1.7 Leased assets: Lessee

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the income statement on a straight-line basis over the term of the lease.

The group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard (1 January 2014) to continue to be charged over the shorter period to the first market rent review rather than the term of lease.

For leases entered into on or after 1 January 2014, reverse premiums and similar incentives received to enter into operating lease agreements are released to the income statement over the term of the lease.

Where the group has a legal obligation, a dilapidations provision is created on inception of a lease. These provisions are a best estimate of the cost required to return leased properties to their original condition upon termination of the lease. Where the obligation arises from wear and tear, the provision is accrued as the wear and tear occurs.

1.8 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGUs) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

1.9 Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each year end stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the income statement.

Work in progress includes third party billable costs incurred on client work that have not been recharged to clients at the year end or deferred costs relating to projects where the work is recognised in future periods in line with the group's revenue recognition policy.

1.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than one business day. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

1.11 Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to and from related parties and accrued expenses.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other debtors and creditors, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors or creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of a short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- At fair value with changes recognised in the income statement if the shares are publicly traded or their fair value can otherwise be measured reliably;
- At cost less impairment for all other investments.

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 the income statement.

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 best estimate, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the year end 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.

1.12 Employee share ownership trust

The cost of the group's shares held by the ESOT is deducted from equity in the group statement of financial position. Any cash received by the ESOT on disposal of the shares it holds is also recognised directly in equity. Other assets and liabilities of the ESOT (including borrowings) are recognised as assets and liabilities of the group.

1.13 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is pounds sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses are presented in the income statement within administrative expenses.

On consolidation, the results of overseas operations are translated into the functional currency at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

1.14 Finance costs

Finance costs are charged to the income statement account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders.

1.16 Pensions

Defined contribution pension plan

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payments obligations.

The contributions are recognised as an expense in the income statement when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the group in independently administered funds.

1.17 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the year end date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the year end.

1.18 Provisions for Liabilities

Provisions are made where an event has taken place that gives the group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the income statement in the year that the group becomes aware of the obligation, and are measured at the best estimate at the year end of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the statement of financial position.

1.19 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end in the countries where the company and the group operate and generate income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the year end, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the year end.

1.20 Share-based payments

Some subsidiaries within the group operate Phantom Share Incentive Plans. Under the plans, certain employees are entitled to a capital entitlement on the sale or listing of the group's parent entity, Writtle Holdings Limited, or the group company in which the incentive plan was issued. The capital entitlement payment will be cash settled based on the increase in market value of the group company over the initial valuation in each employee's agreement. The fair value of the capital entitlement has been valued using the binomial valuation model, with any changes in fair value recognised in the income statement for the period.

2. Judgments in applying accounting policies and key sources of estimation uncertainty

- Determining whether leases entered into by the group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determining whether there are indicators of impairment of the group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Determining the most appropriate valuation method in ascertaining the fair value of the share options.
- Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- Long-term contract balances include the directors' best estimates related to costs incurred where amounts are unknown or disputed.

3. Analysis of turnover

Analysis of turnover by country of destination:

	2015 £000	2014 £000
United Kingdom	71,274	72,503
Rest of the world	11,846	10,612
	83,120	83,115

4. Operating profit

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

	2015 £000	2014 £000
Depreciation of tangible fixed assets:		
owned by the group	1,346	1,255
held under finance leases	553	545
Amortisation of intangible assets	731	722
Exchange differences	39	(21)
Defined contribution pension cost	875	840
Operating lease rentals	2,236	2,129
Profit on sale of tangible fixed assets	(2)	(18)
Share-based payment (credit)/charge	(471)	460

5. Exceptional items

	2015 £000	2014 £000
Exceptional items	559	(905)

Exceptional costs in the current year comprise amounts incurred relating to the restructuring of certain operations in order to improve flexibility through a lower cost base.

Exceptional income in the prior year relates to the sale of Writtle's interests in Interact-2020 Limited, Raymond Loewy International Limited, trading as Speed Communications and The Less Packaging Company Limited.

6. Auditor's remuneration

	2015 £000	2014 £000
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	17	10
Fees payable to the company's auditor in respect of:		
the auditing of group companies' annual accounts	140	71
taxation compliance services	35	–
all other services	24	–
	199	71

7. Employees

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

	2015 £000	2014 £000
Wages and salaries	32,208	33,786
Social security costs	3,546	3,741
Defined contribution pension scheme	875	840
	36,629	38,367

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

	2015 Number	2014 Number
Directors of trading entities	55	57
Office and management	176	204
Production	609	625
	840	886

8. Directors' remuneration

	2015 £000	2014 £000
Directors' emoluments	1,854	2,014
Company contributions to defined contribution pension schemes	140	139
	1,994	2,153

During the year retirement benefits were accruing to nine directors (2014: nine) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £200,000 (2014: £261,000).

The value of contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £9,000 (2014: £10,000).

The highest paid director had options over 62,500 (2014: 32,500 shares).

During the year three (2014: two) directors exercised share options over 45,000 (2014: 42,856) shares with an exercise price of £2 (2014: £1.40) per share.

9. Income from investments

	2015 £000	2014 £000
Income from current asset investments	5	–

10. Interest payable and similar charges

	2015 £000	2014 £000
Bank interest payable	276	278
Finance leases and hire purchase contracts	29	49
	305	327

11. Taxation

	2015 £000	2014 £000
Corporation tax		
Current tax on profits for the year	779	832
Adjustments in respect of prior periods	(211)	(249)
	568	583
Double taxation relief	–	(10)
	568	573
Foreign tax		
Foreign tax on income for the year	–	10
Total current tax	568	583
Deferred tax		
Origination and reversal of timing differences	227	183
Changes to tax rates	43	–
Adjustments in respect of prior periods	(5)	142
Total deferred tax	265	325
Taxation on profit on ordinary activities	833	908

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2014: lower than) the standard rate of corporation tax in the UK of 20.23% (2014: 21.49%). The differences are explained below:

	2015 £000	2014 £000
Profit on ordinary activities before tax	3,608	4,625
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.23% (2014: 21.49%)	730	994
Effects of:		
Non-tax deductible amortisation of goodwill	12	155
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	324	172
Capital allowances for year less than/(in excess of) depreciation	124	(65)
Carry back/(utilisation) of tax losses	34	(122)
Non-deductible profit on disposal	–	(286)
Adjustments to tax charge in respect of prior periods	(211)	(249)
Land redemption expenditure	(6)	(14)
Short-term timing difference leading to an increase in taxation	–	323
Non-taxable income	(166)	–
Other differences leading to a decrease in the tax charge	(8)	–
Total tax charge for the year	833	908

Factors that may affect future tax charges

Deferred tax rate:

Deferred tax has been calculated at 20% which is the rate which has been enacted to apply from 1 April 2015.

Some of the group's freehold land and buildings have been revalued in the subsidiaries' accounts in accordance with Financial Reporting Standard 102. It is the Group's intention to retain the properties for the foreseeable future. No deferred tax has been provided for on the gains arising from revaluation as such tax would only be payable if the properties were sold without a rollover relief being obtained. The tax which would be payable in such circumstances is estimated to be £nil (2014: £60,000).

12. Dividends

	2015 £000	2014 £000
Dividends paid on equity capital	704	609

The directors are recommending a final dividend for 2015 of 8.20p per share (2014: 7.00p per share), making a total of 11.50p per share for the year (2014: 10.00p per share for the year). Subject to shareholders' approval, the dividend will be paid on 31 May 2016 to shareholders on the register on 23 March 2016. The dividends paid, as disclosed in the financial statements, are not inclusive of the final dividend declared.

13. Intangible assets

	Goodwill £000
Group	
Cost	
At 1 January 2015	14,084
At 31 December 2015	14,084
Amortisation	
At 1 January 2015	2,277
Charge for the year	731
At 31 December 2015	3,008
Net book value	
At 31 December 2015	11,076
At 31 December 2014	11,807

14. Parent company result for the year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The loss after tax of the parent company for the year was £2,128,000 (2014: profit of £1,629,000).

15. Tangible fixed assets

	Land and buildings £000	Plant and machinery £000	Motor vehicles £000	Fixtures, fittings and equipment £000	Total £000
Group					
Cost or valuation					
At 1 January 2015	5,578	5,383	254	1,709	12,924
Additions	2,141	1,804	–	767	4,712
Disposals	–	(11)	–	(60)	(70)
At 31 December 2015	7,719	7,176	254	2,416	17,565
Depreciation					
At 1 January 2015	234	2,580	191	1,259	4,264
Charge for the year	220	1,189	27	463	1,899
Disposals	–	(11)	–	(58)	(69)
At 31 December 2015	454	3,758	218	1,664	6,094
Net book value					
At 31 December 2015	7,265	3,418	36	752	11,471
At 31 December 2014	5,344	2,803	63	450	8,660

The net book value of land and building may be further analysed as follows:

	2015 £000	2014 £000
Freehold land and buildings	6,481	4,562
Leasehold improvements	784	782
	7,265	5,344

15. Tangible fixed assets continued

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2015 £000	2014 £000
Plant and machinery	1,473	1,394
Motor vehicles	–	24
Furniture, fittings and equipment	6	17
	1,479	1,435

	Fixtures, fittings and equipment £000
Company	
Cost or valuation	
At 1 January 2015	12
Additions	2
At 31 December 2015	14
Depreciation	
At 1 January 2015	10
Charge for the year	2
At 31 December 2015	12
Net book value	
At 31 December 2015	2
At 31 December 2014	2

16. Fixed asset investments

	Unlisted investments £000
Group	
Cost or valuation	
At 1 January 2015	433
Additions	25
Revaluations	40
At 31 December 2015	498
Net book value	
At 31 December 2015	498
At 31 December 2014	433

	Investments in subsidiary companies £000
Company	
Cost or valuation	
At 1 January 2015	16,893
Additions	431
At 31 December 2015	17,324
Impairment	
Charge for the period	1,955
At 31 December 2015	1,955
Net book value	
At 31 December 2015	15,369
At 31 December 2014	16,893

17. Stocks

	Group 2015 £000	Group 2014 £000	Company 2015 £000	Company 2014 £000
Raw materials	814	793	–	–
Work in progress	798	954	–	–
Finished goods and goods for resale	104	97	–	–
	1,716	1,844	–	–

18. Debtors

	Group 2015 £000	Group 2014 £000	Company 2015 £000	Company 2014 £000
Due after more than one year				
Other debtors	122	120	–	–
	122	120	–	–
Due within one year				
Trade debtors	17,956	18,082	–	12
Amounts owed by group undertakings	–	–	4,788	7,604
Other debtors	970	3,042	180	338
Prepayments and accrued income	2,642	2,768	247	463
Deferred taxation	493	627	–	–
	22,183	24,639	5,215	8,417

19. Current asset investments

	Group 2015 £000	Group 2014 £000	Company 2015 £000	Company 2014 £000
Quoted investments	–	180	–	–

20. Cash and cash equivalents

	Group 2015 £000	Group 2014 £000	Company 2015 £000	Company 2014 £000
Cash at bank and in hand	3,061	3,614	7	129

21. Creditors:

Amounts falling due within one year

	Group 2015 £000	Group 2014 £000	Company 2015 £000	Company 2014 £000
Amounts due to invoice discounting company	1,484	911	–	–
Bank loans	679	3,653	500	3,475
Trade creditors	6,599	5,922	138	48
Amounts owed to group undertakings	–	–	1,350	73
Corporation tax	604	884	–	–
Taxation and social security	3,348	3,685	72	59
Obligations under finance lease and hire purchase contracts	446	302	–	–
Other creditors	2,212	1,713	62	56
Accruals and deferred income	4,846	5,542	78	269
	20,218	22,612	2,200	3,980

22. Creditors:

Amounts falling due after more than one year

	Group 2015 £000	Group 2014 £000	Company 2015 £000	Company 2014 £000
Bank loans	3,873	4,532	1,875	2,375
Net obligations under finance leases and hire purchase contracts	855	286	–	–
	4,728	4,818	1,875	2,375

22. Creditors continued

A bank loan of £2,375,000 (2014: £2,875,000) is repayable in quarterly instalments of £125,000 and a final repayment at the end of the 3-year term. The interest rate is 2% above LIBOR but this can reduce to 1.75% or increase to 2.25% above LIBOR based upon specific financial ratios. The loan is secured by a debenture on the assets and cross guarantees of certain group companies.

A revolving credit facility balance of £nil (2014: £2,975,000) was owing at the year end with each drawing being repayable 3 months after being drawn. The interest rate is 2% above LIBOR but this can reduce to 1.75% or increase to 2.25% above LIBOR based upon specific financial ratios. The loan is secured by a debenture on the assets and cross guarantees of certain group companies.

A bank loan of £1,261,000 (2014: £1,321,000) is repayable over a 25-year term. Interest is accrued on the loan at 2.5% above bank base rate. The loan is secured on one of the freehold properties.

A bank loan of £427,000 (2014: £492,000) is secured on a property that it relates to, along with a fixed and floating charge over all other assets in the company in which the loan is present. The bank loan is repayable over a 10-year term. Interest is accrued on the loan at 2.15% above bank base rate.

A bank loan of £364,000 (2013: £379,000) is repayable over a 4-year term. Interest is accrued on the loan at 2% above bank base rate. The loan is secured on one of the freehold properties.

A bank loan of £125,000 (2014: £143,000) is secured on a property that it relates to. The bank loan is repayable over a 10-year term. Interest is accrued on the loan at 2.15% above bank base rate.

23. Bank loans

Analysis of the amounts due on bank loan is given below:

	Group		Company	
	2015 £000	2014 £000	2015 £000	2014 £000
Within one year	679	3,653	500	3,475
Between one and two years	2,271	1,396	1,875	1,000
Between two and five years	329	321	–	1,375
After more than five years	1,273	2,815	–	–
Total	4,552	8,185	2,375	5,850

24. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2015 £000	2014 £000
Within one year	446	302
Between one and two years	383	187
Between two and five years	472	99
Total	1,301	588

The minimum lease payments under hire purchase and finance leases are secured on the assets to which they relate.

25. Financial instruments

	2015 £000	2014 £000
Financial assets		
Financial assets measured at fair value through profit or loss	497	433
Financial assets that are debt instruments measured at amortised cost	19,632	22,128
Financial assets that are debt instruments measured at amortised cost	20,129	22,561
Financial liabilities		
Financial liabilities measured at amortised cost	(13,811)	(15,047)

Financial assets measured at fair value through profit or loss comprise unlisted investments.

Financial assets measured at amortised cost comprise trade debtors, accrued income and other debtors.

Financial liabilities measured at amortised cost comprise amounts due to invoice discounting companies, bank loans, trade creditors, obligations under finance lease and hire purchase contracts, deferred income and other creditors.

26. Deferred taxation

	£000
At 1 January 2015	430
Charged to the income statement	(265)
At 31 December 2015	165

The deferred tax asset is made up as follows:

	Group 2015 £000	Group 2014 £000
Accelerated capital allowances	29	188
Tax losses recoverable	98	242
Short-term timing differences	38	–
	165	430
Comprising:		
Asset – due within one year	493	627
Liability	(328)	(197)
	165	430

27. Share capital

	2015 £000	2014 £000
Allotted, called up and fully paid		
6,992,438 (2014: 6,830,460) Ordinary shares of £1 each	6,992	6,830

During the year, 161,978 Ordinary shares of £1 each were allotted, called up and fully paid in cash at between £1 and £2 per share. These share issues resulted in an increase to share capital of £161,978 and an increase to the share premium reserve of £101,791.

At 31 December 2015, the group had options outstanding for subscription of 752,290 (2014: 736,384) ordinary shares. All options may be exercised after three years from date of grant, at a specified exit event or earlier at the discretion of the board.

Details of outstanding options are as follows:

	Exercise price	Options outstanding at 31 December 2014	Awarded during the year	Exercised during the year	Lapsed during the year	Options outstanding at 31 December 2015
May 2008	£1.00	35,000	–	20,000	–	15,000
June 2010	£1.40	107,144	–	66,978	–	40,166
October 2011	£2.00	190,000	–	75,000	–	115,000
October 2012	£2.81	226,740	–	–	7,116	219,624
December 2013	£4.00	177,500	–	–	10,000	167,500
January 2015	£4.00	–	15,000	–	5,000	10,000
October 2015	£4.00	–	185,000	–	–	185,000
		736,384	200,000	161,978	22,116	752,290

28. Employee share ownership trust

The Writtle Holdings Limited Employee Share Ownership Trust (ESOT) provides benefits to employees, primarily by acquiring shares that are made available to employees in satisfaction of share option schemes. Writtle Holdings Limited provides interest free funding to the ESOT for share purchases and pays all administrative costs of the ESOT. At 31 December 2015 the ESOT owned 122,592 shares in Writtle Holdings Limited (2014: nil) all of which the ESOT has agreed to make available in satisfaction of share options granted to employees.

29. Contingent liabilities

A joint overdraft facility with a right of offset exists between certain group companies within the group and this is reported net of credit balances.

30. Capital commitments

	2015 £000	2014 £000
Contracted for but not provided in these financial statements	–	2,696

The capital commitments disclosed for the prior year were within Creo Retail Marketing Limited and related to building extension work for £1,806,000 and digital printing machinery for £890,000.

31. Share-based payments

The income recognised in the financial statements in the year is £471,000 (2014: expense of £460,000) and the liability at the year end as determined by the binomial model is £447,000 (2014: £915,000).

A share-based payment credit arose from the waiving of certain phantom shares as part of the restructuring of management incentives.

At 31 December 2015 the following Phantom Share Incentive Plan awards were in operation:

	Phantom share %	Initial valuation £000
20.20 Limited	2.00%	1,661
20.20 Limited	4.00%	2,939
Arken POP International Limited	10.00%	750
Beyond Communications Limited	3.00%	1,639
Beyond Communications Limited	2.00%	2,372
Magnet Harlequin Holdings Limited	10.00%	3,000
Magnet Harlequin Holdings Limited	3.00%	3,278
Magnet Harlequin Holdings Limited	2.00%	4,758
Magnet Harlequin Limited	1.00%	2,284
Magnet Harlequin Limited	5.00%	2,420
Magnet Harlequin Limited	1.00%	6,297

32. Pension commitments

The group operates defined contributions pension schemes and contributes to certain members' SIPPs. The assets of the schemes are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to the funds and amounted to £875,000 (2014: £840,000). Contributions totalling £123,000 (2014: £133,000) were payable to the funds at the year end and are included in creditors.

33. Commitments under operating leases

The total future minimum lease payments to the end of each lease under non-cancellable operating leases are as follows:

	2015 £000	2014 £000
Within one year	1,721	1,607
Between two and five years	5,142	5,063
After more than five years	2,209	2,649

34. Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 102 Section 33 'Related Party Disclosures' paragraph 33.1A not to disclose transactions with certain group companies on the grounds that 100% of the voting rights in the company are controlled by the group.

Directors R T T Essex, A Lucas, N Stern, A Sutcliffe and R Williams are beneficiaries of SIPP arrangements that jointly own property rented to companies in the group. Rent of £383,000 (2014: £370,000) was paid by the group to these SIPPs.

The total remuneration paid to key management personnel during the year was £2,095,084 (2014: £2,175,669).

35. Post balance sheet events

There have been no significant events affecting the group since the year end

36. Controlling party

Writtle Holdings Limited is the largest and smallest group for which group accounts are prepared. The company is registered at 30 Park Street, London SE1 9EQ.

The directors consider that the company has no individual controlling party.

37. Subsidiary undertakings

Company name	Country of incorporation	Percentage shareholding	Description
20.20 Limited	United Kingdom	74.24% (W)	Design and strategy consultants
Arken POP International Limited	United Kingdom	100.00% (W)	Manufacturing of point-of-sale and graphic display stands
Beyond Communications Limited	United Kingdom	76.58% (W)	Branding and design agency
Bosham Holdings Limited	United Kingdom	100.00% (A)	Holding company
Creo Retail Marketing Holdings Limited	United Kingdom	67.32% (W)	Holding company
Creo Retail Marketing Limited	United Kingdom	100.00% (C)	Design, project management and production of tactical POP campaigns, and large-format printing
Epoch Design Limited	United Kingdom	87.50% (B)	Point-of-sale experts and brand designers
Loewy Group Limited	United Kingdom	100.00% (W)	Holding company
Maglabs (Holdings) Limited	United Kingdom	77.78% (W)	Holding company
Maglabs Limited	United Kingdom	100.00% (F)	Consultancy, technology and managed services throughout the marketing process
Magnet Harlequin Asia Limited	Hong Kong	100.00% (A)	Creative services and digital pre-press
Magnet Harlequin Holdings Limited	United Kingdom	93.03% (W)	Holding company
Magnet Harlequin Limited	United Kingdom	100.00% (E)	Creative services and digital pre-press
Seymour Powell Limited	United Kingdom	79.80% (B)	Design and innovation consultancy
Technik Limited	United Kingdom	100.00% (D)	Creative and packaging management services
The Team Brand Communication Consultants Limited	United Kingdom	75.50% (B)	Through-the-line communications consultancy
Williams Murray Hamm Limited	United Kingdom	82.00% (B)	Brand strategy and design
Williams Murray Hamm Inc.	USA	100.00% (G)	Brand strategy and design
Writtle Property Limited	United Kingdom	100.00% (W)	Property investment

All subsidiary undertakings have the same year end as Writtle Holdings Limited. All the above companies have been included in the group consolidation. The companies listed above include all those which materially affect the amount of profit and the assets of the group.

The above percentage is the shareholding being held through:
(A) Magnet Harlequin Limited
(B) Loewy Group Limited
(C) Creo Retail Marketing Holdings Limited
(D) Bosham Holdings Limited
(E) Magnet Harlequin Holdings Limited
(F) Maglabs (Holdings) Limited
(G) Williams Murray Hamm Limited
(W) Writtle Holdings Limited

38. First-time adoption of FRS 102

	Note	As previously stated 1 January 2014 £000	Effect of transition 1 January 2014 £000	FRS 102 (as restated) 1 January 2014 £000	As previously stated 31 December 2014 £000	Effect of transition 31 December 2014 £000	FRS 102 (as restated) 31 December 2014 £000
Group							
Fixed assets	1, 2	22,008	278	22,286	21,054	(154)	20,900
Current assets		28,714	–	28,714	30,277	–	30,277
Creditors: amounts falling due within one year	3	(25,003)	(100)	(25,103)	(22,512)	(100)	(22,612)
Net current assets		3,711	(100)	3,611	7,765	(100)	7,665
Total assets less current liabilities		25,719	178	25,897	28,819	(254)	28,565
Creditors: amounts falling due after more than one year		(4,098)	–	(4,098)	(4,818)	–	(4,818)
Provisions for liabilities		(141)	–	(141)	(197)	–	(197)
Net assets		21,480	178	21,658	23,804	(254)	23,550
Capital and reserves		21,480	178	21,658	23,804	(254)	23,550

	Note	As previously stated 31 December 2014 £000	Effect of transition 31 December 2014 £000	FRS 102 (as restated) 31 December 2014 £000
Turnover		83,115	–	83,115
Cost of sales		(32,595)	–	(32,595)
		50,520	–	50,520
Administrative expenses	2, 4	(46,483)	915	(45,568)
Operating profit		4,037	915	4,952
Amounts written off investments	4	905	(905)	–
Interest payable and similar charges		(327)	–	(327)
Taxation		(908)	–	(908)
Profit on ordinary activities after taxation and for the financial year		3,707	10	3,717

Explanation of changes to previously reported profit and equity:

1. Restated to revalue investment to market value. This restatement has increased the 2013 and 2014 fixed asset figures by £278,000.
2. Restated to adjust goodwill and related amortisation. This restatement has not affected the 2013 figures and has decreased the 2014 administrative expenses figures by £10,000 and the 2014 fixed assets figures by £432,000.
3. Restated to recognise holiday pay accrual.
4. Restated to reclassify amounts written off investments to administrative expenses.

	Note	As previously stated 1 January 2014 £000	Effect of transition 1 January 2014 £000	FRS 102 (as restated) 1 January 2014 £000	As previously stated 31 December 2014 £000	Effect of transition 31 December 2014 £000	FRS 102 (as restated) 31 December 2014 £000
Company							
Fixed assets		15,963	–	15,963	16,895	–	16,895
Current assets		5,292	–	5,292	8,546	–	8,546
Creditors: amounts falling due within one year	1	(3,351)	(3)	(3,354)	(3,977)	(3)	(3,980)
Net current assets		1,941	(3)	1,938	4,569	(3)	4,566
Total assets less current liabilities		17,904	(3)	17,901	21,464	(3)	21,461
Creditors: amounts falling due after more than one year		–	–	–	(2,375)	–	(2,375)
Net assets		17,904	(3)	17,901	19,089	(3)	19,086
Capital and reserves		17,904	(3)	17,901	19,089	(3)	19,086

Explanation of changes to previously reported profit and equity:

1. Restated to recognise holiday pay accrual.

Company information

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G A Booker
G R Harris
A W Lucas
K MacKenzie
D H Powell
R Saysell
R W Seymour
N D Stern
A Sutcliffe
R C J Williams
A Wright

Company secretary

M J Gilmore

Company number

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