Writtle

Writtle Holdings Limited
Annual Report and Accounts 2014

Who we are

Writtle Holdings Ltd 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.

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Key financial information

Turnover

£83.1m

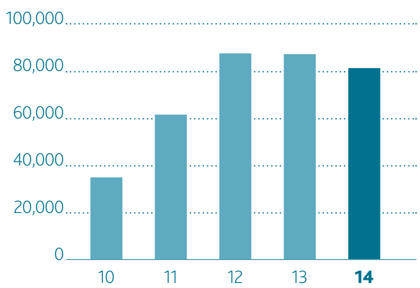
2013: £88.6m

Profit before tax

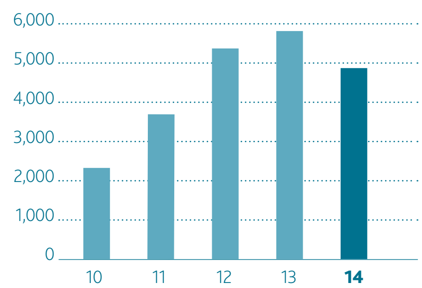
£4.6m

2013: £5.9m

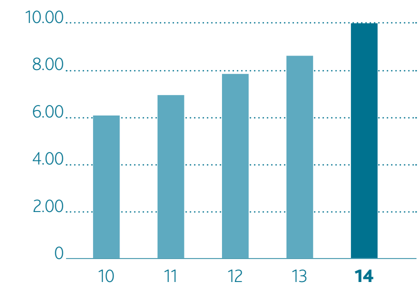
Turnover (£000)



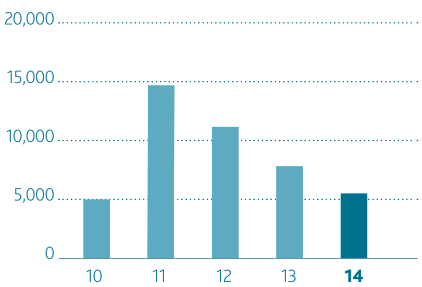
Headline profit before tax (£000)



Dividend per share (pence)



Net debt (£000)



Headline measures are defined as being before amortisation, share-based payment charges, and profit on sale of investments.

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

I am pleased to present the Writtle accounts for 2014. Following a strong second half, Writtle produced another good trading year and made further profit on sale of investments.

Results and dividends

Turnover was £83.12m (2013: £88.56m) and profit before tax was £4.61m (2013: £5.93m). The reduction in turnover against prior year reflects the reduced number of operating companies following non-core disposals. The lower profit against prior year is accounted for by higher amortisation and share-based payment charges, the absence of one-off operating income gains and lower profit on sale of investments. Excluding these specific items, trading from continuing operations improved, with continuing profit before tax on this basis of £4.49m (2013: £4.43m) achieved from continuing turnover of £79.03m (2013: £73.60m).

Writtle's year-end net debt was further reduced by £1.51m to £6.07m (2013: £7.58m).

The directors are recommending a final dividend for 2014 of 7.00p per share (2013: 6.00p per share), making a total of 10.00p per share for the year (2013: 8.75p per share). Subject to shareholders' approval, the dividend will be paid on 29 May 2015 to shareholders on the register on 26 March 2015.

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. 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

The trading results for 2014 would at first sight indicate a solid but unspectacular year, but that would not do justice to the considerable progress made in the organic expansion of many of our operations. In April, Arken completed a substantial extension of premises into which additional production equipment was installed later in the year, giving the business additional capacity for growth. In August, Seymour Powell moved its operations with more than 100 employees who had worked from different sites, to larger London premises in Southfields, having completed an impressive refurbishment. In October, Williams Murray Hamm opened an office in Chicago to service better its US client base and has now recruited locally to replace its pioneers who opened the doors. Also in October, Creo began a substantial building project to double the footprint of its current premises in Aylesford, Kent, and work should be completed in August 2015. The disruption caused by these expansion plans cannot be underestimated but to their credit all the companies involved achieved their financial goals for 2014.

The most noteworthy trading performance was achieved by Creo, which maintained its position as Writtle's biggest company by turnover and profit – all the more impressive considering Creo began life as a Writtle start-up a little over seven years ago. Magnet Harlequin Group also achieved profit in excess of £1m

We will continue to be prudent in our acquisition strategy rather than jeopardise what the group has achieved to date; over the last five years Writtle has more than doubled turnover, near tripled profit before tax and increased the dividend per share by 60 per cent.

and secured a large contract with a major supermarket through its Technik subsidiary. Arken, Beyond Communications, Epoch Design, Seymour Powell and The Team exceeded their budgets and all operating companies in the group were profitable.

Corporate activity

Writtle reviewed a number of potential acquisitions in 2014 but none came to fruition. In the majority of cases vendors had unrealistic price expectations, but in other cases, especially larger centrally managed groups, the lean Writtle model did not appeal to the targets' head office staff, whatever the rationale for increasing combined shareholder value. It is understandably difficult to get past these barriers but I am often reminded that the majority of acquisitions destroy shareholder value. We will continue to be prudent in our acquisition strategy rather than jeopardise what the group has achieved to date; over the last five years Writtle has more than doubled turnover, near tripled profit before tax and increased the dividend per share by 60 per cent. Further opportunities are definitely out there and we have some interesting conversations underway, but we intend to maintain our rigour in avoiding excessive debt or earn-outs for acquisitions.

We sold two businesses in the second half of the year. Our public relations business, Speed Communications, was subscale in its sector so needed to bulk up. We received an interesting approach from another marketing services group to combine its PR business with Speed. We decided the combination was the best outcome for Speed and Writtle so we took as consideration some shares in the acquiring group to give Writtle a potential future upside, as well as cash consideration. The Less Packaging Company was also sold as we received an attractive offer from a large corrugated packaging group with an international reach, which could accelerate growth of Less Packaging in a sector where Writtle no longer had a presence. Less Packaging had been one of the stars of Writtle's early days, a start-up consultancy formed out of our former corrugated packaging business, and once again demonstrates the value that can be created by start-ups weaned in a supportive environment like Writtle.

Financial details of both these disposals can be found in the notes to these accounts and we wish our former colleagues well.

In my Interim Report issued in September 2014, I indicated that Writtle was exploring the possibility of giving shareholders a market for Writtle shares, either to buy or to sell, as we have decided against a flotation on AIM or similar at present. We believe that Writtle is still too small to justify the significant costs of a listing and we intend to review this when we have achieved sufficient scale. A flotation remains an ambition for Writtle but if any shareholders would like to trade their shares now there is a letter accompanying this report which explains the procedure to buy or to sell Writtle shares.

We are also taking the opportunity to launch an Employee Share Ownership Trust (ESOT) which is able to buy Writtle shares offered for sale in this process. Equity involvement has been important in attracting and motivating the excellent senior management across Writtle's operating companies, and the ESOT will allow us to award new share options to be satisfied by Writtle shares held in the ESOT, so without the diluting effect of issuing new shares.

Summary

2014 was another good year for Writtle: major expansion projects were undertaken by four group companies, our balance sheet grew stronger through the further reduction in debt and all our operating companies were profitable. Despite the absence of acquisitions in the last year, our ambition to grow remains strong and we look forward to reporting further progress in 2015.

Robert Essex
Chairman

8 April 2015

creo

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

Creo had a successful 2014 despite the challenges created because of budget cuts from our film studio clients. Significant contracts were secured with Johnson & Johnson and Thomas Cook and we were delighted to add these well-known brands to our client portfolio.

Our focus remained on delivering data and innovation for our clients. Continued investment in our online campaign management system, Opus, enabled us to provide clients with data to ensure they can make informed decisions about their spend to improve overall return on investment.

Expansion work at the Aylesford site also began in late 2014 and is scheduled for completion in August 2015. This will provide an additional 40,000 square feet, enabling us to manage our planned growth. We will also be increasing our production capacity with investment in a new digital print machine.

www.creo-uk.com

Our companies

20.20 is a strategic design consultancy, specialising in retail and leisure. We define and create extraordinary brands and experiences that empower customers across all channels.

2014 started with a buzz, seeing us win our first retail project in Saudi Arabia with eXtra consumer electronics. This was followed closely by a successful tender for the redevelopment of the Olympic Stadium hospitality spaces here in the UK.

Our premium dining experience On 5 opened at Ascot Racecourse, in time for Royal Ascot, and scooped a total of four awards at the Racecourse Association ceremony, including the coveted Showcase 2014 award.

In fashion, our reputation for creating extraordinary experiences was enhanced by working with Viennese luxury department store Steffl. At Mothercare we partnered with the new management team to help reinvigorate the customer experience of this long-loved brand. In the Netherlands we created a new connected convenience experience with leading DIY chain Praxis. Our game-changing connected store for Thomson Travel (TUI) was crowned digital store of the year at the 2014 BT Retail Week Technology awards and won a Silver DBA Design Effectiveness Award.

www.20.20.co.uk

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

Arken had an exciting 2014, especially within the consumer electronics sector. We worked in partnership with our new client Intel, on the launch of its new sensory PC software, initially in Germany and then across Europe. The concept development and production of technology-driven display provided the retail platform for the launch. Our Health and Beauty Division also expanded, supporting the in-store launches of two brand new cosmetics ranges: I Heart Make Up and Makeup Revolution.

Our graphic display division also completed the design and production of the first phase of 48 and 96-sheet poster displays, our first work in the large format signage market. Initial installations began for Network Rail, which will continue throughout 2015.

www.arken-pop.com

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

Beyond had a good year in 2014. The asset enhancement and retail design delivery team built on the success of the previous few years: major projects were delivered for M&G, with a total refurbishment of the Gracechurch centre, and of the Durlach centre in Germany for Henderson. New wins – working with major asset owners to act as design and brand guardians for some of the UK's largest shopping centres – added to our successful year. Beyond is now retained across 22 shopping centres.

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 and rebrand for Sovereign Housing.

The beauty team completed a large retail design project for The Body Shop and further projects for PZ Cussons, including Fudge and Sanctuary branding and packaging.

www.beyond-communications.co.uk

EPOCH DESIGN

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

As we predicted at the end of the previous financial period, 2014 proved to be a very busy and exciting year, with profits and revenues tracking well ahead of target. Importantly for the team at Epoch, 2014 saw a refreshed agency proposition brought to life through a new look and feel, presentation style and website that combine to deliver a renewed sense of identity and pride.

The agency's heartland is still very much focused on international FMCG brands – and it remains a challenging sector. However, the pace of change, the ever evolving retail landscape and new trends in consumer behaviour and shopping habits make it a hugely dynamic and inspiring place to be. Digital continues to grow in the sector and the agency's offering in this area is building at a significant pace. 2015 is shaping up nicely.

www.epochdesign.co.uk

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

2014 was a transformational year for Maglabs, with a significant corporate restructure completed within the Writtle Group to provide further funding for growth and product development. In addition, an experienced new CEO joined with extensive UK and international experience. We 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. While revenue was largely flat compared to 2013, we acquired several exciting new clients including LG, Warner Brothers and 2K Games.

Existing long-term clients also continued to grow their business with us, including M&S, NBCUniversal, Deloitte and Heinz, who all undertook significant new projects. We completed a major data centre move that will deliver us long-term savings, we were re-accredited with ISO9001, and ISO27001 nears completion.

www.maglabs.net

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.

We were anticipating a busy 2014, and it was certainly that. On the client front our most important activity in the year came at Technik. We not only won the Morrisons' tender in April (Technik had enjoyed incumbent status for seven years), but we increased our share of their budget. Work wise, it was a busy year for all production divisions, in particular our food packaging implementation teams, thanks to the Government's Food Industry Regulations initiative. We managed a couple of important new wins late in the year, both of which are showing excellent potential.

All this resulted in us delivering another year of above budget performance, thanks mainly to the talent and dedication of our people. We look forward to the challenges and opportunities that a new year brings, including the launch of our exciting new business process management system, creative and compliance offerings.

www.magharl.co.uk

The Team is an integrated brand and communications business employing bright, enthusiastic and talented individuals who make brands purposeful and relevant for customers and employees.

Having faced an uneven 12 months of trading, reflected in a downturn of business in Q2 and Q3, we ended the year strongly and on target through new client wins, prudent management of resources and a strengthening of client relationships.

Highlights for the year included new wins in the form of Avanade, English Heritage, Alzheimer's Society and Wolseley. The continued integration of digital strategy, content and design empowered us to give birth to new, engaging and experiential ways of delivering value to clients.

Our ISO9001 was re-accredited, we have added ISO14001 for our environmental management system and ISO27001 for information security management. Our focus for the business is to continue to challenge ourselves with "Break out of Southwark" thinking delivered through our metrics of Fun, Fame and Fortune for the agency. With a transformed office area creating a collaborative hub connecting communities within the agency, we look forward to a bright 2015.

www.theteam.co.uk

seymourpowell

Seymour Powell designs and innovates product and brand experiences, which are better for people, better for business and better for the world.

2014 saw Seymour Powell move to its new offices in Southfields, bringing together most parts of the business under one roof. We also opened an office in Derby to further invest in our transportation offer. These moves created even more energy and excitement among our passionate and talented teams, who continued to put excellence at the heart of everything we do.

Notable work during 2014 included a new contactless Payband for Barclaycard, the wonderful clockwork knife branding for Heston Blumenthal's The Perfectionists' Cafe in Heathrow Terminal 2, an innovative cookware range for John Lewis, the quadruple award-winning Axe Icon2 packaging and the technology-laden polar jacket for Kolon.

Angel Trains, Barclaycard and Nestlé continue to dominate our client list, alongside new wins with Brompton, Fairphone, McDonald's and The Fat Duck Melbourne. Our work was recognised across the industry and we won six coveted design awards.

Financially, we exceeded both the company's target and the individual group targets for our branded packaging and product design teams. Overall, the company and our capabilities continue to grow as we focus on the needs of our clients in an ever-changing world.

www.seymourpowell.com

WILLIAMS MURRAY HAMM
THE DESIGNVERTISING AGENCY

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

2014 saw Williams Murray Hamm establish our first international office. Our growing work for ConAgra and interest from other US-based clients led to the setting up of WMH Inc. in Chicago.

Our work with retailers became a significant part of our portfolio in 2014. Tesco, for whom we provided strategic consultancy on electronics brands, joined our growing client list, and Germany's Rewe appointed us to work on their Penny discounter brand.

At the luxury end of the market, we created the identity for exclusive online beauty retailer Brummells of London, which led on to our creating a bricks-and-mortar outlet in the ultra fashionable Ham Yard in Soho.

Our repositioning, new identity and corporate films for Lamb Weston, one of the world's largest potato businesses, returned us to the B2B arena.

Our innovation work for Carlsberg, another new client in 2014, will bear more fruit in 2015.

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 per cent share of 10 Studlands Park Avenue, Newmarket, which is occupied by Arken POP International, and in 2014 we made further investment in the expansion of this property. WPL also owns property in Uxbridge, occupied by Magnet Harlequin.

Group strategic report

Introduction and business review

The directors present their strategic report for Writtle Holdings Ltd for the year ended 31 December 2014. See 'Principal activities and review of business' section in the Chairman's statement on pages 2 to 3.

Principal risks and uncertainties

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 Date: 8 April 2015

Directors' report

The directors present their report and the financial statements for the year ended 31 December 2014.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 consolidated and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group and company 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 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 group 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. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in directors' reports may differ from legislation in other jurisdictions.

Results and dividends

The profit for the year, after taxation and minority interests, amounted to £2,715,000 (2013: £3,093,000).

The directors are recommending a final dividend for 2014 of 7.00p per share (2013: 6.00p per share), making a total of 10.00p per share for the year (2013: 8.75p per share). Subject to shareholders' approval, the dividend will be paid on 29 May 2015 to shareholders on the register on 26 March 2015.

Directors

The directors who served during the year were:

R T T Essex	D H Powell
C S Alexander (resigned 31 March 2014)	R Saysell
	R W Seymour
G A Booker	N D Stern
G R Harris	A Sutcliffe
A W Lucas	R C J Williams
K MacKenzie (appointed 26 March 2014)	A Wright

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.

Political contributions

The company made no political contributions during the financial year (2013: £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.

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 information needed by the company and the group's auditor in connection with preparing its report and to establish that the company and the group's auditor is aware of that information.

Auditor

The auditor, Mazars LLP, 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 Date: 8 April 2015

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 2014 which comprise the consolidated Profit and Loss Account, the consolidated and Parent Company Balance Sheets, the consolidated Cash Flow Statement, the consolidated and Parent Company Reconciliation of Movements in Shareholders' Funds 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).

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 8, 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 Auditing Practices Board's Ethical Standards for Auditors. 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council'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 2014 and of the group's profit for the year then ended; and
- 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the 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.

William Neale Bussey
(Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House
St Katharine's Way
London
E1W 1DD
United Kingdom

Date: 8 April 2015

Consolidated profit and loss account for the year ended 31 December 2014

	Note	2014 £000	2013 £000
Turnover	1, 2		
Continuing operations	4	79,034	73,598
Discontinued operations	4	4,081	14,961
		83,115	88,559
Cost of sales	4	(32,595)	(37,363)
Gross profit		50,520	51,196
Administrative expenses	4	(46,483)	(46,800)
Other operating income	3	–	690
Operating profit	5		
Continuing operations	4	3,620	4,664
Discontinued operations	4	417	422
		4,037	5,086
Operating profit before amortisation and share-based payments		5,230	5,906
Amortisation		(733)	(708)
Share-based payments		(460)	(112)
Operating profit		4,037	5,086
Exceptional items			
Profit on sale of investments	10	905	1,191
Profit on ordinary activities before interest		4,942	6,277
Interest payable and similar charges	9	(327)	(350)
Profit on ordinary activities before taxation		4,615	5,927
Tax on profit on ordinary activities	11	(908)	(1,832)
Profit on ordinary activities after taxation		3,707	4,095
Minority interests – equity	25	(992)	(1,002)
Profit for the financial year	22	2,715	3,093

There were no recognised gains and losses for 2014 or 2013 other than those included in the profit and loss account.

The notes on pages 16 to 31 form part of these financial statements.

Consolidated balance sheet as at 31 December 2014

	Note	2014 £000	2014 £000	2013 £000	2013 £000
Fixed assets					
Intangible assets	12		12,239		13,435
Tangible assets	13		8,660		8,473
Investments	14		155		100
			21,054		22,008
Current assets					
Stocks	15	1,844		2,000	
Debtors	16	24,639		23,931	
Investments	17	180		–	
Cash at bank and in hand		3,614		2,783	
		30,277		28,714	
Creditors: amounts falling due within one year	18	(22,512)		(25,003)	
Net current assets			7,765		3,711
Total assets less current liabilities			28,819		25,719
Creditors: amounts falling due after more than one year	19		(4,818)		(4,098)
Provisions for liabilities					
Deferred tax	20		(197)		(141)
Net assets			23,804		21,480
Capital and reserves					
Called up share capital	21		6,830		6,707
Share premium account	22		6,395		6,353
Revaluation reserve	22		1		1
Other reserves	22		89		89
Profit and loss account	22		7,581		5,475
Shareholders' funds – equity	23		20,896		18,625
Minority interests – equity	25		2,908		2,855
			23,804		21,480

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 8 April 2015.

R T T Essex
Director

G R Harris
Director

The notes on pages 16 to 31 form part of these financial statements.

Company balance sheet as at 31 December 2014

	Note	2014 £000	2014 £000	2013 £000	2013 £000
Fixed assets					
Tangible assets	13		2		6
Investments	14		16,893		15,957
			16,895		15,963
Current assets					
Debtors	16	8,417		3,751	
Cash at bank		129		1,541	
		8,546		5,292	
Creditors: amounts falling due within one year	18	(3,977)		(3,351)	
Net current assets			4,569		1,941
Total assets less current liabilities			21,464		17,904
Creditors: amounts falling due after more than one year	19		(2,375)		–
Net assets			19,089		17,904
Capital and reserves					
Called up share capital	21		6,830		6,707
Share premium account	22		6,395		6,353
Other reserves	22		1,657		1,657
Profit and loss account	22		4,207		3,187
Shareholders' funds	23		19,089		17,904

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 8 April 2015.

R T T Essex
Director

G R Harris
Director

The notes on pages 16 to 31 form part of these financial statements.

Consolidated cash flow statement for the year ended 31 December 2014

	Note	2014 £000	2013 £000
Net cash flow from operating activities	27	5,561	7,365
Returns on investments and servicing of finance	28	(696)	(928)
Taxation		(1,163)	(1,517)
Capital expenditure and financial investment	28	(1,842)	(103)
Acquisitions and disposals	28	316	(230)
Equity dividends paid		(609)	(527)
Cash inflow before financing		1,567	4,060
Financing	28	1,590	(2,838)
Increase in cash in the year		3,157	1,222

Reconciliation of net consolidated cash flow to movement in net debt

for the year ended 31 December 2014

	2014 £000	2013 £000
Increase in cash in the year	3,157	1,222
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing	(1,356)	2,883
Change in net debt resulting from cash flows	1,801	4,105
New finance leases	(291)	–
Movement in net debt in the year	1,510	4,105
Net debt at 1 January 2014	(7,580)	(11,685)
Net debt at 31 December 2014	(6,070)	(7,580)

The notes on pages 16 to 31 form part of these financial statements.

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings and in accordance with applicable accounting standards.

1.2 Going concern

These accounts have been prepared on a going concern basis. Having made appropriate enquiries, the directors consider it reasonable to assume that the company has adequate resources to continue for the foreseeable future and, for this reason, have continued to adopt the going concern basis in preparing the financial statements.

1.3 Basis of consolidation

The financial statements consolidate the accounts of Writtle Holdings Limited and all of its subsidiary undertakings ('subsidiaries'), using the acquisition method.

The results of subsidiaries acquired during the year are included from the effective date of acquisition.

The results of subsidiaries sold are included up to the effective date of disposal.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

1.4 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.

1.5 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life, which is considered to be 20 years from acquisition.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost or valuation of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings	–	1%–2% straight line
Short-term leasehold property	–	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

1.7 Revaluation of tangible fixed assets

Freehold land and buildings are carried at a market valuation. A full valuation is obtained from a third-party qualified valuer for each property every five years, with an interim valuation three years after the previous full valuation, and in any year where it is likely that there has been a material change in value.

Revaluation gains and losses are recognised in the statement of total recognised gains and losses unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the losses are recognised in the profit and loss account.

1.8 Investments

(i) Subsidiary undertakings
Investments in subsidiaries are stated at cost less provision for impairment.

(ii) Other unquoted investments
Investments held as fixed assets are stated at cost less provision for impairment.

(iii) Quoted investments
Quoted investments are held at cost and within current assets because of their liquid nature.

1.9 Impairment

At the balance sheet date, the company reviews the carrying value of its assets to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

1.10 Finance leases and hire purchase contracts

Assets obtained under finance leases and hire purchase contracts are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.11 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.12 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

Work in progress is made up of costs incurred on projects due to be recharged at a later date. Provision is made for any foreseeable losses where appropriate.

1.13 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.14 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

1.15 Pensions

The group contributes to certain employee SIPPs and operates Group Personal Pension Plans which are defined contribution pension schemes. The pension charge represents the amounts payable by the group to the fund in respect of the year.

The assets of the schemes are held separately from those of the group in independently administered funds.

1.16 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 profit or loss for the period.

2. Turnover

A geographical analysis of turnover is as follows:

	2014 £000	2013 £000
United Kingdom	72,503	73,573
Rest of world	10,612	14,986
	83,115	88,559

The whole of the turnover and profit before taxation from continuing activities is attributable to the principal activities as disclosed in the strategic report and Chairman's statement.

3. Other operating income

	2014 £000	2013 £000
Financial product compensation	–	352
Gain on termination of an onerous lease	–	338
	–	690

In 2013:
Financial product compensation was awarded for a mis-selling claim against HSBC for an interest-rate hedge; and
A gain on termination of an onerous lease arose upon the release of a provision following the departure of a sub-tenant.

4. Analysis of operating profit

	Continuing £000	Discontinued £000	2014 Total £000	Continuing £000	Discontinued £000	2013 Total £000
Turnover	79,034	4,081	83,115	73,598	14,961	88,559
Cost of sales	(31,690)	(905)	(32,595)	(29,594)	(7,769)	(37,363)
Gross profit	47,344	3,176	50,520	44,004	7,192	51,196
Administrative expenses	(43,724)	(2,759)	(46,483)	(40,030)	(6,770)	(46,800)
Other operating income	–	–	–	690	–	690
Operating profit	3,620	417	4,037	4,664	422	5,086

The turnover and operating profit from discontinued operations arose from companies operating in the design and manufacture of corrugated transit packaging and public relations (note 26).

5. Operating profit

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

	2014 £000	2013 £000
Amortisation – intangible fixed assets	733	708
Depreciation of tangible fixed assets:		
– owned by the group	1,255	1,337
– held under finance leases	545	586
Operating lease rentals:		
– plant and machinery	150	267
– other operating leases	1,979	2,691
Difference on foreign exchange	(21)	(38)
Share-based payment charge (note 32)	460	112
Profit on sale of tangible fixed assets	(18)	(1)

6. Auditors' remuneration

	2014 £000	2013 £000
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	10	11
Fees payable to the company's auditor in respect of:		
the auditing of group companies' annual accounts	71	86
taxation compliance services	–	33

7. Staff costs

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

	2014 £000	2013 £000
Wages and salaries	33,786	35,533
Social security costs	3,741	3,887
Other pension costs	840	848
	38,367	40,268

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

	2014 Number	2013 Number
Directors of trading entities	57	75
Office and management	204	207
Production	625	660
	886	942

8. Directors' remuneration

	2014 £000	2013 £000
Remuneration	2,014	2,167
Company pension contributions to defined contribution pension schemes	139	161

During the year retirement benefits were accruing to nine directors (2013: 10) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £261,000 (2013: £323,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £10,000 (2013: £9,000).

The highest paid director had options over 32,500 (2013: 17,500) shares.

During the year two (2013: two) directors exercised share options over 42,856 shares with an exercise price of £1.40 per share.

9. Interest payable and similar charges

	2014 £000	2013 £000
On bank loans and overdrafts	278	300
On finance leases and hire purchase contracts	49	50
	327	350

10. Exceptional items

	2014 £000	2013 £000
Profit on sale of investments	905	1,191

In 2014 Writtle sold its interests in Interact-2020 Limited, Raymond Loewy International Limited, trading as Speed Communications and The Less Packaging Company Limited (note 26).

In 2013 Writtle sold its interests in Connect Packaging Limited and Connect Archive and Mailing Products Limited.

11. Taxation

	2014 £000	2013 £000
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	832	1,443
Adjustments in respect of prior periods	(249)	–
	583	1,443
Double taxation relief	(10)	–
	573	1,443
Foreign tax on income for the year	10	–
Total current tax	583	1,443
Deferred tax		
Origination and reversal of timing differences	183	389
Adjustments in respect of prior periods	142	–
Total deferred tax (note 20)	325	389
Tax on profit on ordinary activities	908	1,832

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2013: higher than) the standard rate of corporation tax in the UK of 21.49% (2013: 23.25%). The differences are explained below:

	2014 £000	2013 £000
Profit on ordinary activities before tax	4,615	5,927

11. Taxation continued

	2014 £000	2013 £000
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.49% (2013: 23.25%)	992	1,378
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	155	173
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	172	69
Capital allowances (greater than)/less than depreciation	(65)	127
Utilisation of tax losses	(122)	(201)
Non-deductible profit on disposal	(286)	(33)
Adjustments to tax charge in respect of prior periods	(249)	–
Land remediation expenditure	(14)	–
Non-trade relationship	–	(136)
Unrelieved tax losses carried forward	–	65
Other differences leading to an increase in the tax charge	–	1
Current tax charge for the year (see note above)	583	1,443

Factors that may affect future tax charges

Future changes in corporation tax rates:

Further reductions to the corporation tax rates have been enacted by the Finance Act 2013 (July 2013). The 2013 Finance Act reduced the corporation tax rate to 21% from 1 April 2014 and to 20% from 1 April 2015.

Deferred tax rate:

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

The group's freehold land and buildings have been revalued in the subsidiaries' accounts in accordance with Financial Reporting Standard 15. 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 £60,000 (2013: £60,000).

12. Intangible fixed assets

	Goodwill £000
Group	
Cost	
At 1 January 2014	15,118
Additions	458
Partial disposals	(15)
Disposals of subsidiaries	(1,034)
At 31 December 2014	14,527
Amortisation	
At 1 January 2014	1,683
Charge for the year	733
Disposals of subsidiaries	(128)
At 31 December 2014	2,288
Net book value	
At 31 December 2014	12,239
At 31 December 2013	13,435

During the year the group purchased additional shares in subsidiaries from minority interests which generated the following goodwill:

	£000
Williams Murray Hamm Limited	3
Magnet Harlequin Holdings Limited	393
Maglabs (Holdings) Limited	30
Epoch Design Limited	32
Total	458

13. 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 2014	4,888	4,660	262	1,932	11,742
Additions	908	821	29	344	2,102
Disposals	(218)	(98)	(37)	(567)	(920)
At 31 December 2014	5,578	5,383	254	1,709	12,924
Depreciation					
At 1 January 2014	226	1,663	191	1,189	3,269
Charge for the year	213	1,012	35	540	1,800
On disposals	(205)	(95)	(35)	(470)	(805)
At 31 December 2014	234	2,580	191	1,259	4,264
Net book value					
At 31 December 2014	5,344	2,803	63	450	8,660
At 31 December 2013	4,662	2,997	71	743	8,473

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

	2014 £000	2013 £000
Group		
Plant and machinery	1,394	1,634
Motor vehicles	24	20
Fixtures, fittings and equipment	17	39
	1,435	1,693

At 31 December 2014, included within the net book value of land and buildings is £4,562,000 (2013: £4,384,000) relating to freehold land and buildings, £782,000 (2013: £253,000) relating to short-term leasehold land and buildings and £nil (2013: £25,000) relating to long-term leasehold land and buildings.

There was no material difference between cost and valuation at 31 December 2014. The land and buildings were valued in 2013 by independent Chartered Surveyors on an open market basis.

	Fixtures, fittings and equipment £000
Company	
Cost or valuation	
At 1 January 2014	20
Additions	1
Disposals	(9)
At 31 December 2014	12
Depreciation	
At 1 January 2014	14
Charge for the year	5
On disposals	(9)
At 31 December 2014	10
Net book value	
At 31 December 2014	2
At 31 December 2013	6

14. Fixed asset investments

	Unlisted investments £000
Group	
Cost or valuation	
At 1 January 2014	100
Additions	55
At 31 December 2014	155
Net book value	
At 31 December 2014	155
At 31 December 2013	100

Unlisted investments relate to shares held by Seymour Powell Limited in Handsome Limited.

	Investments in subsidiary companies £000
Company	
Cost or valuation	
At 1 January 2014	15,957
Additions	1,018
Disposals	(82)
At 31 December 2014	16,893
Net book value	
At 31 December 2014	16,893
At 31 December 2013	15,957

Details of the principal subsidiaries can be found in note 37.

During the year the company purchased additional shares from minority interests which are included in additions:

	£000
Magnet Harlequin Holdings Limited	693
Maglabs (Holdings) Limited	325
Total	1,018

15. Stocks and work in progress

	Group 2014 £000	Group 2013 £000	Company 2014 £000	Company 2013 £000
Raw materials	793	726	–	–
Work in progress	954	1,235	–	–
Finished goods and goods for resale	97	39	–	–
	1,844	2,000	–	–

16. Debtors

	Group 2014 £000	Group 2013 £000	Company 2014 £000	Company 2013 £000
Due after more than one year				
Other debtors	120	120	–	–
Due within one year				
Trade debtors	18,082	16,902	12	5
Amounts owed by group undertakings	–	–	7,604	3,314
Other debtors	3,042	3,979	338	10
Prepayments and accrued income	2,768	1,983	463	246
Deferred tax asset (note 20)	627	947	–	176
	24,639	23,931	8,417	3,751

Debtors due after more than one year represent deposits on property leases.

17. Current asset investments

	Group	
	2014 £000	2013 £000
Quoted investments	180	–

The market value of the quoted investments at 31 December 2014 was £190,125 (2013: £nil). These are shares in The Mission Marketing Group plc which were received as part proceeds on the disposal of Raymond Loewy International Limited trading as Speed Communications (note 26).

18. Creditors:

Amounts falling due within one year

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
Amounts due to invoice discounting companies	911	1,379	–	–
Bank loans and overdrafts	3,653	4,453	3,475	1,813
Net obligations under finance leases and hire purchase contracts	302	433	–	–
Trade creditors	5,922	5,768	48	267
Amounts owed to group undertakings	–	–	73	674
Corporation tax	884	1,086	–	–
Other taxation and social security	3,685	3,377	59	60
Other creditors	1,713	1,876	56	66
Accruals and deferred income	5,442	6,631	266	471
	22,512	25,003	3,977	3,351

Obligations under finance leases and hire purchase contracts falling due within one year of £302,000 (2013: £433,000) are secured on the assets to which they relate.

Amounts due to invoice discounting companies are secured on the book debts of the group companies to which they relate.

19. Creditors:

Amounts falling due after more than one year

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
Bank loans	4,532	3,726	2,375	–
Net obligations under finance leases and hire purchase contracts	286	372	–	–
	4,818	4,098	2,375	–

Creditors include amounts not wholly repayable within five years as follows:

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
Repayable by instalments	1,427	1,522	–	–

A bank loan of £2,875,000 (2013: £nil) is repayable in quarterly instalments of £125,000 and a final repayment at the end of the three-year term. The interest rate is 2.25% above LIBOR but this can reduce to 1.75% above LIBOR if specific financial ratios are achieved. The loan is secured by a debenture on the assets and cross guarantees of certain group companies.

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

A bank loan of £1,321,000 (2013: £1,380,000) 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 £492,000 (2013: £555,000) 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 £379,000 (2013: £400,000) is repayable over a four-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 £143,000 (2013: £161,000) 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.

19. Creditors: continued

A bank loan of £nil (2013: £1,519,000) was repayable in quarterly instalments. This was repaid during the year. The interest rate was 2.25% above LIBOR.

A bank loan of £nil (2013: £1,812,000) was repayable in instalments. This was repaid during the year. The interest rate was 2.1% above LIBOR.

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
Between one and five years	286	372	–	–

Obligations under finance leases and hire purchase contracts falling due after more than one year of £286,000 (2013: £372,000) are secured on the assets to which they relate.

20. Deferred taxation

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
At 1 January 2014	806	1,195	176	145
Released during the year	(325)	(389)	(176)	31
Transferred out on disposal of subsidiaries	(51)	–	–	–
At 31 December 2014	430	806	–	176

The deferred taxation balance is made up as follows:

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
Accelerated capital allowances	188	408	–	–
Tax losses recoverable	242	398	–	176
	430	806	–	176
Comprising:				
Asset – due within one year	627	947	–	176
Liability	(197)	(141)	–	–
	430	806	–	176

21. Share capital

	2014 £000	2013 £000
Allotted, called up and fully paid		
6,830,460 (2013: 6,706,903) Ordinary shares of £1 each	6,830	6,707

During the year, 123,557 Ordinary shares of £1 each were allotted, called up and fully paid in cash at between £1 and £2.81 per share. These share issues resulted in an increase to share capital of £123,557 and an increase to the share premium reserve of £41,440.

At 31 December 2014, the group had options outstanding for subscription of 736,383 (2013: 923,789) 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 the outstanding options are as follows:

	Exercise price	Options outstanding at 31 December 2013	Exercised during the year	Lapsed during the year	Options outstanding at 31 December 2014
May 2008	£1.00	90,000	55,000	–	35,000
June 2010	£1.40	157,143	49,999	–	107,144
October 2011	£2.00	215,000	15,000	10,000	190,000
October 2012	£2.81	261,646	3,558	31,348	226,740
December 2013	£4.00	200,000	–	22,500	177,500
Total		923,789	123,557	63,848	736,384

22. Reserves

	Share premium account £000	Revaluation reserve £000	Other reserves £000	Profit and loss account £000
Group				
At 1 January 2014	6,353	1	89	5,475
Profit for the financial year	–	–	–	2,715
Dividends paid on equity capital (note 24)	–	–	–	(609)
Premium on shares issued during the year	42	–	–	–
At 31 December 2014	6,395	1	89	7,581

	Share premium account £000	Other reserves £000	Profit and loss account £000
Company			
At 1 January 2014	6,353	1,657	3,187
Profit for the financial year	–	–	1,629
Dividends paid on equity capital (note 24)	–	–	(609)
Premium on shares issued during the year	42	–	–
At 31 December 2014	6,395	1,657	4,207

23. Reconciliation of movement in shareholders' funds

	2014 £000	2013 £000
Group		
Opening shareholders' funds	18,625	15,580
Profit for the financial year	2,715	3,093
Dividends (note 24)	(609)	(527)
Shares issued during the year	123	154
Share premium on shares issued	42	325
Closing shareholders' funds	20,896	18,625

	2014 £000	2013 £000
Company		
Opening shareholders' funds	17,904	14,251
Profit for the financial year	1,629	3,701
Dividends (note 24)	(609)	(527)
Shares issued during the year	123	154
Share premium on shares issued	42	325
Closing shareholders' funds	19,089	17,904

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account.

The profit for the year dealt with in the accounts of the company was £1,629,000 (2013: £3,701,000).

24. Dividends

	2014 £000	2013 £000
Dividends paid on equity capital	609	527

The directors are recommending a final dividend for 2014 of 7.00p per share (2013: 6.00p per share), making a total of 10.00p per share for the year (2013: 8.75p per share). Subject to shareholders' approval, the dividend will be paid on 29 May 2015 to shareholders on the register on 26 March 2015.

25. Minority interests

	£000
Equity	
At 1 January 2014	2,855
Minorities' share of profit after taxation for the year	992
Equity purchased from minorities	(570)
Dividends paid to minorities	(369)
At 31 December 2014	2,908

During the year the group (purchased)/sold shares in subsidiaries (from)/to minority interests which (reduced)/increased minority interest equity by the following amounts:

	£000
20.20 Limited	28
Epoch Design Limited	(96)
Maglabs (Holdings) Ltd	314
Magnet Harlequin Holdings Limited	(527)
Raymond Loewy International Limited (note 26)	3
The Less Packaging Company Limited (note 26)	(275)
Williams Murray Hamm Limited	(17)
Total	(570)

26. Acquisitions and disposals

Disposal of Interact-2020 Limited on 19 March 2014

	£000
Assets and liabilities sold	
Tangible fixed assets	11
Debtors	205
Cash at bank	70
Creditors	(285)
Net assets sold	1
Attributable goodwill written off	89
	90
Proceeds – cash	69
Proceeds – receivable	36
	105
Profit on disposal	15

The summarised profit and loss account for Interact-2020 Limited for the period from 1 January 2014 to the date of disposal was as follows:

	£000
Turnover	94
Operating loss	(33)
Loss before tax	(33)
Loss after tax	(33)

Disposal of Raymond Loewy International Limited (trading as Speed Communications) on 31 October 2014

	£000
Assets and liabilities sold	
Tangible fixed assets	31
Debtors	421
Stocks	12
Cash at bank	160
Creditors	(658)
Minority interest	3
Net liabilities sold	(31)
Attributable to goodwill written off	809
	778
Proceeds – cash	371
Proceeds – shares	180
Disposal costs	(26)
	525
Loss on disposal	(253)

The summarised profit and loss account for Raymond Loewy International Limited, trading as Speed Communications, for the period from
1 January 2014 to the date of disposal was as follows:

Turnover	2,094
Operating loss	(13)
Loss before tax	(18)
Loss after tax	(18)

Disposal of The Less Packaging Company Limited on 13 November 2014

	£000
Assets and liabilities sold	
Tangible fixed assets	68
Intangible fixed assets	107
Debtors	613
Cash at bank	396
Creditors	(456)
Minority interest	(275)
Net assets sold	453
Attributable to goodwill written off	8
	461
Proceeds – cash	1,489
Preceeds – receivable	349
Disposal costs	(234)
	1,604
Profit on disposal	1,143

The summarised profit and loss account for The Less Packaging Company Limited for the period from 1 January 2014 to the date of disposal was as follows:

Turnover	1,893
Operating profit	463
Profit before tax	463
Taxation	(80)
Profit after tax	383

27. Net cash flow from operating activities

	2014 £000	2013 £000
Operating profit	4,037	5,086
Amortisation of intangible fixed assets	733	708
Depreciation of tangible fixed assets	1,800	1,923
Profit on disposal of tangible fixed assets	(18)	–
Decrease/(increase) in stocks	144	(270)
Increase in debtors	(1,528)	(2,060)
Increase in creditors	393	1,978
Net cash inflow from operating activities	5,561	7,365

28. Analysis of cash flows for headings netted in cash flow statement

	2014 £000	2013 £000
Returns on investments and servicing of finance		
Interest paid	(278)	(408)
Hire purchase interest	(49)	(50)
Dividends paid to minority interests	(369)	(470)
Net cash outflow from returns on investments and servicing of finance	(696)	(928)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(1,811)	(2,517)
Sale of tangible fixed assets	24	2,414
Purchase of trade investments	(55)	–
Net cash outflow from capital expenditure	(1,842)	(103)
Acquisitions and disposals		
Sale of subsidiaries	1,783	2,996
Purchase of additional equity in subsidiaries	(841)	(998)
Cash disposed with subsidiaries	(626)	(312)
Purchase of subsidiaries	–	(2,975)
Cash acquired with subsidiaries	–	1,059
Net cash inflow/(outflow) from acquisitions and disposals	316	(230)
Financing		
Issue of ordinary shares	165	45
Issue of ordinary shares by subsidiaries	69	–
New secured loans	5,975	1,400
Repayment of loans	(3,642)	(3,051)
Movement on invoice discounting	(469)	(1,138)
Repayment of finance leases	(508)	(94)
Net cash inflow/(outflow) from financing	1,590	(2,838)

29. Analysis of changes in net debt

	1 January 2014 £000	Cash flow £000	Other non-cash changes £000	31 December 2014 £000
Cash at bank and in hand	2,783	831	–	3,614
Bank overdraft	(2,326)	2,326	–	–
	457	3,157	–	3,614
Debt:				
Finance leases	(805)	508	(291)	(588)
Debts due within one year	(3,506)	(1,008)	(50)	(4,564)
Debts falling due after more than one year	(3,726)	(856)	50	(4,532)
Net debt	(7,580)	1,801	(291)	(6,070)

30. 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.

31. Capital commitments

At 31 December 2014 the group had capital commitments as follows:

	2014 £000	2013 £000
Group		
Contracted for but not provided for in these financial statements	2,696	–

The capital commitments are within Creo Retail Marketing Limited and relate to building extension work for £1,806,000 and digital printing machinery for £890,000.

32. Share-based payments

The expense recognised in the financial statements in the year is £460,000 (2013: £112,000) and the liability at the year end is £915,000 (2013: £558,000).

At 31 December 2014 the following Phantom Share Incentive awards were in operation:

	Phantom Share %	Initial valuation £000
20.20 Limited	3.00%	1,661
20.20 Limited	4.00%	2,939
Arken POP International Ltd	10.00%	750
Beyond Communications Ltd	3.00%	1,639
Beyond Communications Ltd	2.00%	2,372
Creo Retail Marketing Ltd	14.50%	500
Creo Retail Marketing Ltd	0.50%	1,500
Creo Retail Marketing Ltd	3.00%	4,000
Maglabs Limited	5.00%	1,500
Maglabs Limited	5.00%	1,513
Magnet Harlequin Holdings Ltd	10.00%	3,000
Magnet Harlequin Holdings Ltd	3.00%	3,278
Magnet Harlequin Holdings Ltd	2.00%	4,758
Magnet Harlequin Ltd	1.00%	2,284
Magnet Harlequin Ltd	5.00%	2,420
Magnet Harlequin Ltd	1.00%	6,297

33. 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 £840,000 (2013: £806,000). Contributions totalling £133,000 (2013: £98,000) were payable to the funds at the balance sheet date and are included in creditors.

34. Operating lease commitments

At 31 December 2014 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2014 £000	Land and buildings 2013 £000	Other 2014 £000	Other 2013 £000
Group				
Expiry date:				
Within 1 year	478	152	18	40
Between 2 and 5 years	980	834	130	91
After more than 5 years	430	411	–	16

35. Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related Party Disclosures' not to disclose transactions with wholly owned subsidiaries or of any transactions or balances between group entities that have been eliminated on consolidation.

During the year the company acquired 11.5% of Magnet Harlequin Holdings Limited for £690,000 from A Wright, a director of the company.

During the year the group acquired 6.25% of Epoch Design Limited for £97,000 from A Lucas, a director of the company.

Directors R T T Essex, A Lucas, N Stern, A Sucliffe and R Williams are beneficiaries of SIPP arrangements that jointly own property rented to companies in the group. Rent of £370,000 (2013: £490,000) was paid by the group to these SIPPs.

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. Principal subsidiaries

Company name	Country	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	57.78% (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 HoldingsLimited	United Kingdom	89.03% (W)	Holding company
Magnet Harlequin Limited	United Kingdom	100.00% (E)	Creative services and digital pre-press
Seymour Powell Limited	United Kingdom	76.30% (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)	Design and new product development consultants
Williams Murray Hamm Inc.	USA	100.00% (G)	Design and new product development consultants
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

Company information

Directors

R T T Essex
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

Registered number

05226380

Registered office

30 Park Street
London
SE1 9EQ

Independent auditor

Mazars LLP
Tower Bridge House
St Katherine's Way
London
E1W 1DD

Design and production
theTeam
www.theteam.co.uk

Print production
Magnet Harlequin Group
www.magharl.co.uk

Writtle

Writttle Holdings Limited
30 Park Street
London SE1 9EQ

www. writtle.com

Registered Number: 5226380