Writtle Holdings Limited
Annual Report and Accounts 2016

Writtle

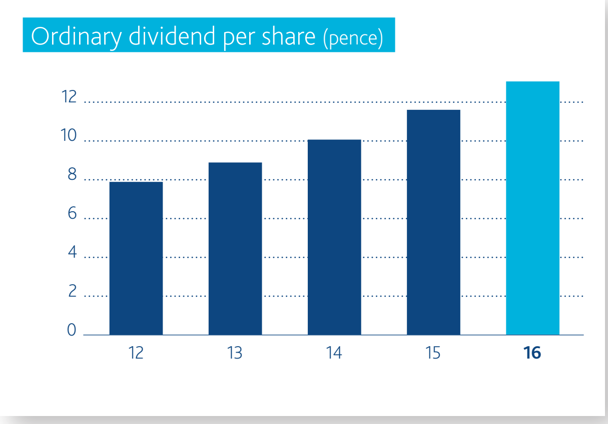
Who we are: **Writtle** is a UK-centred marketing services group with an international client base.

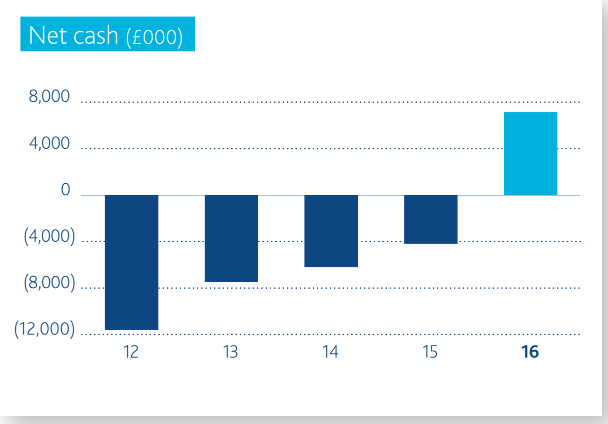
Contents

Key financial information

- Turnover £72.20m (2015: £83.12m)
- Continuing turnover £60.96m (2015: £57.21m)
- Profit before tax £9.23m (2015: £3.61m)
- Continuing profit before tax £3.66m (2015: £1.75m)
- Headline profit before tax £5.03m (2015: £4.43m)
- Profit on disposal on investment £5.19m (2015: £nil)
- Ordinary dividend per share 13.00p (2015: 11.5p)
- Special dividend paid in year 50.00p per share (2015: £nil)
- Year end net cash £7.04m (2015: debt £4.28m)

Headline measures are defined as being before profit on sale of investments, exceptional items, amortisation and share-based payments.





Chairman's statement

Design and technology are at the heart of all our businesses.

I am pleased to present the Writtle accounts for 2016. A good trading performance and sale of an investment contributed to a record year's profit for Writtle, and a significant return of cash to shareholders.

Results and dividends

Turnover was £72.20m (2015: £83.12m) and profit before tax was £9.23m (2015: £3.61m).

Turnover and profit before tax from continuing operations was £60.96m (2015: £57.21m) and £3.66m (£1.75m) respectively, with a profit of £5.19m being made on the sale of Creo Retail Marketing Limited (Creo) on 22 June 2016.

Net cash at the year-end was £7.04m (2015: debt £4.28m).

The directors are recommending a final dividend of 9.25p per share (2015: 8.2p) making total dividends of 63p per share (2015: 11.5p) for the year, following payment of a special dividend of 50p per share on 29 July 2016 and an interim dividend of 3.75p per share on 31 October 2016. Subject to shareholders' approval, the final dividend will be paid on 31 May 2017 to shareholders on the register on 30 March 2017.

Principal activities

Writtle is a UK-centred marketing services group with an international client base.

Design and technology are at the heart of all our businesses, but we now group them under **Innovation**, **Implementation** and **Instore** to describe better their principal focus. We report the three groupings' trading results in note 6 to the accounts.

Writtle also has a property company which owns the freehold properties from which some of its companies operate.

Writtle's 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 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, written by its directors. Each operating company has its own style and, apart from overlaying similar financial controls, Writtle encourages individual company autonomy and identity.

Review of business

A good year overall masked varying performances amongst our businesses, once again demonstrating the strength of our portfolio approach.

Our **Innovation** businesses had a difficult year, with only one company reaching its profit budget, as orders slowed during the second quarter. Whether as a result of the much publicised corporate inertia surrounding the Brexit vote or not, the impact was uniformly felt across our London-based businesses over the third and fourth quarters, necessitating restructuring costs of £0.28m which are expensed in these accounts. Bristol-based Epoch bucked the capital's trend and produced another excellent year.

We are determined to add value to our acquisitions and maintain our successful track record.

Our **Implementation** businesses traded very strongly. The Magnet Harlequin Group (MHG) continued to make gains in the competitive retail sector through its increasing use of technology and in-group global resources, with Technik the stand-out performer. A new agency, WMHAdaptive, was established in the final quarter of 2016 within MHG to provide a fully integrated 'concept to consumer' offer, and has met with remarkable early success.

Our **Instore** business, Arken POP International, had a record year as it continued to win work in the beauty category of retailers and the additional capacity created by its new premises in Sandy, Bedfordshire, facilitated a 30% increase in turnover.

Corporate activity

The sale of Creo on 22 June 2016 was the major corporate event of the year, generating an excellent return on Writtle's initial start-up investment and further demonstrating Writtle's ability to create value through equity involvement. Creo's management held minority shareholdings and with fully aligned interests reached the same conclusion as Writtle that a sale, rather than a capital-absorbing expansion into continental Europe, was the best outcome for all parties.

The cash generated from the Creo sale extinguished all debt, allowed a special dividend of £3.49m to be paid to shareholders on 29 July 2016, and still leaves Writtle holding substantial cash balances for further investments or cash returns.

Given the wish of our private equity shareholders, ABRY Partners and Veronis Suhler Stevenson, to sell all or part of their combined 27% shareholding, we intend to use part of our cash balances to support a larger than usual share trading opportunity this year. Shareholders who wish to participate, either buying or selling, should follow the guidelines in the letter accompanying this report.

Post-balance sheet event – acquisition

We are pleased to announce the acquisition of Identica Limited, a brand strategy and design agency, on 22 March 2017. Founded over 25 years ago, Identica will continue to operate autonomously from its premises in Clerkenwell, London, servicing its worldwide client base. Financial details of the transaction will be given in Writtle's 2017 annual report.

Appointments

I am pleased to announce the appointment of Graeme Harris as Chief Executive and Matt Gilmore as Finance Director of Writtle, with effect from 1 January 2017.

Summary

Despite difficult trading conditions in 2016 for some Innovation businesses in the group, overall Writtle delivered a record year of profit and paid a first special dividend to shareholders. The acquisition of Identica after the year-end marked our first acquisition for some time, the length of time elapsed was more a reflection of our exacting criteria than a shortage of opportunities. We are determined to add value to our acquisitions and maintain our successful track record. I hope shareholders will agree that our recent focus on organic growth and progressive dividends has been rewarding, but we intend to cast our net a little wider in 2017 and beyond.

Robert Essex
Chairman

11 April 2017

Our Innovation companies

Our Innovation companies are 20.20, Beyond Communications, Epoch, Seymourpowell, The Team and Williams Murray Hamm.

CyDen's SmoothSkin Bare packaging by **Epoch Design**

Epoch were commissioned to bring to market Cyden's SmoothSkin Bare product range, a pan-European innovation launch in the home health and beauty sector. A successful project saw Epoch deliver SmoothSkin Bare on-shelf across major retailers in the UK and Europe, with creative services provided across the full scope of this primary packaging brief.

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.

2016 started with two 'store of the future' retail projects, for Halfords and Maplin. Our new bookstore concept for Empik opened in Poland and is proving a great success. Nissan Motors rolled out our European retail concept. Our long-term relationship with Kingfisher gave us the opportunity to define category brand experiences for their European markets. Other retail projects included the design of the Disney Store in India; Polish brand SMYK's new store concept for the UAE; communication projects for Interspar in Austria and for DIY retailer OBI in Germany.

We won new client relationships with a leading pharmaceuticals business in Portugal, designing their R&D office environment; and with Belgian Rail, defining and designing the future 'ticket office' experience. We had an equally vibrant year with our leisure clients, from creating a new strategy and communication design scheme for Odeon Cinemas; to the launch of nine premium hospitality spaces at West Ham United's new home, the London Stadium. We also defined the benchmark hospitality experiences for the Rugby Football Union at Twickenham, and developed the on-ship experience for our third and fourth TUI Thomson cruise liners.

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 built on the success of previous years and major projects were delivered for Hammerson with a total design of Link Street, a new £9m mall connecting Birmingham's Grand Central Station to the Bullring. Additionally, we completed a major redesign of Corby town centre, linking two previously separate areas. New client wins included Blackstone with a complete rebrand of a major shopping centre, Castle West, in southern Ireland.

Our retail team had a successful year, doubling the size of our Body Shop account and successfully developing flagship store concepts in Japan, Singapore, Australia and the UK. New client wins included Fujifilm, with a rebrand of their instant photography range of cameras.

We have also been working on a notable project with the Metropolitan Police, creating a branding scheme for the New Scotland Yard building on London's Embankment.

www.beyond-communications.co.uk

EPOCH DESIGN

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

2016 was a good year at Epoch, with some high-profile business wins for major brands including SCA, FrieslandCampina and Dairy Crest. Significant investment in our digital capabilities and new business helped make 2016 our most successful year since 2007. Our portfolio of major FMCG brands continued to invest in the eCommerce expertise, shopper strategy and creative excellence that sit at the heart of our offer.

www.epochdesign.co.uk

theTeam.

The Team is a brand and communications business focused on transformative ideas informed by strategy, insight and creativity.

2016 was a year of transition for The Team. We entered the year with excellent prospects from established clients Avanade, Royal Bank of Scotland, NATS and Wolseley; a firm focus on establishing a new brand purpose offer; and further investment in brand, employee engagement, digital product and service design, video and motion graphics, and content.

Notable client wins came from Atos, Go-Ahead, Deloitte, RSPCA and HSBC – all recognising our creative skills and capacity to deliver quality integrated brand services from strategy development through to pixel and print execution.

The year's performance remained on budget for the first half, after which client uncertainty, macro-economics and softer trading required us to restructure the business with a focus on providing a relevant, sustainable and quality delivery capability.

We enter 2017 resolute on continuing to do great work, amplifying our talent in digital and moving image, giving brands purpose and making them work.

www.theteam.co.uk

seymourpowell

Seymourpowell helps companies plan and create integrated product and brand experiences.

The strengthening of our core team in mid-2016 created new business opportunities that required our distinct blend of industrial design, brand design, transport design and digital experience.

Our client list was once again dominated by our brand work for Nestlé Purina and our integrated innovation and industrial design work with Norwegian train operator Flytoget and Lune Rouge. New digital experience clients, embracing our exciting new mix, included Superdry and Christy.

We were affected by macro-economic conditions mid-year, with a number of projects being delayed or put on hold. This necessitated a restructuring in the second half of the year.

www.seymourpowell.com

Williams Murray Hamm

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

WMH enjoyed a year of ground-breaking projects and some welcome recognition of the company's commercial and creative strengths, as our winning ways continued.

The relaunch of Juiceburst won DBA Design Effectiveness Award Gold – proof, if ever needed, that WMH's founding principle that great creativity sells, is still valid.

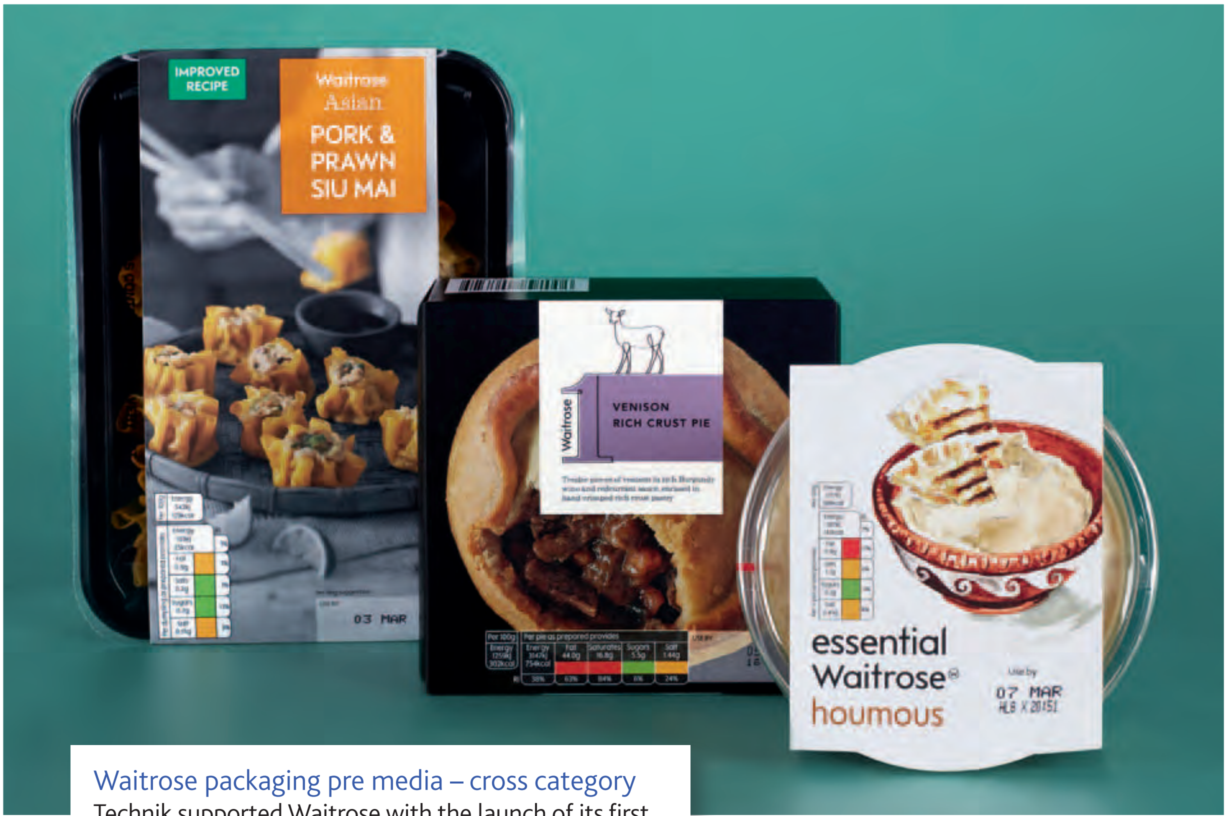
Erotic lingerie brand Coco de Mer won a prestigious D&AD Yellow Pencil and Creative Review gave it 'Best in Book'. This made 2016 one of WMH's most successful awards years in its 19-year existence.

Our relationship with Castrol continued strongly, despite the ups and downs of the oil price. Two significant projects were launched: the global identity and rollout of 100,000 branded workshops, and the launch campaign of Castrol Bio-Synthetic oils in the US and Australia.

www.wmhagency.com

Our Implementation companies

Our Implementation business is the Magnet Harlequin Group, comprising its subsidiary companies Maglabs, Magnet Harlequin, Magnet Harlequin Asia, Technik and WMHAdaptive.



Waitrose packaging pre media – cross category
Technik supported Waitrose with the launch of its first, and hugely successful, premium range Waitrose 1. It was one of many exciting packaging pre-media initiatives Technik was involved with during 2016 for this long-standing client. Services provided include on-site account support, creative artworking, reprographics, colour and project management.

[magnet harlequin]

Magnet Harlequin and **Magnet Harlequin Asia** provide cross-media creative production, photography, packaging management, print and compliance services to retailers and brand owners alike.

Magnet Harlequin delivered sales and profits ahead of budget. Stand-out performers included Tesco, Marks & Spencer, Home Retail Group, Kingfisher, Network Rail, LG, World Duty Free Group, Costa, Asprey and Kraft Heinz. New business came from Itsu, Henkel, Birds Eye and Mizkan.

The year's performance was certainly enhanced by The Hub, our very own management information system, which continues to deliver efficiency across our businesses, and our ability to share production resources across the wider Magnet Harlequin Group.

www.magharl.co.uk

[magnet harlequin asia]

Magnet Harlequin Asia's Hong Kong headquartered business enjoyed a strong 2016. Performance was aided by important regional wins including Groupe SEB and Chap Mei, both of which have great potential to grow as clients. Our Gurgoan partnership in India continues to grow, providing tactical production and compliance support.

www.magharl.co.uk

magLabs

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

2016 was a good year, with the new management team working to deliver long-term, scalable growth for the business, which necessitated a move to larger, purpose-built premises.

Maglabs continues to offer leading cloud-based digital and marketing resource management solutions to some of the world's best-known organisations, with more than 40 solutions delivering content and services to 90,000 users across 50 countries. The economic challenges faced by our retail clients placed further emphasis on our ability to deliver measurable ROI for clients.

New business success added NBC Sports to the client list and further expansion into sub-divisions and new regions within the Kraft Heinz portfolio. The relaunch of the new Costa Franchise Portal demonstrated our expertise in the franchise sector and strengthens further our long-term partnership with one of the UK's fastest-growing brands.

www.maglabs.net

Technik is a creative production agency with particular specialisms in food packaging and packaging management.

2016 was a super year for Technik, with sales and profit exceeding budget. With the packaging pre-media world dominated by a handful of very large US and Far East groups, Technik continues to punch significantly above its weight. Last year was no exception as we experienced increasing market share and recognition as being the sector's leading provider in terms of quality and client service – something we are very proud of.

Key growth in the year came from our major food packaging retail accounts Morrisons and Waitrose; however, our marketing communications division also held up well with good performances from our work with John Lewis, Panasonic and The Folio Society. As with Magnet Harlequin, performance was aided by The Hub management information system and excellent sharing of group resources.

We enter 2017 full of optimism. The securing of a two-year contract extension with our largest food retail account and a major refurbishment programme at our Berkhamsted headquarters give us much to look forward to.

www.technik.com

WMHAdaptive provides efficiency focused, fully integrated 'concept to consumer' solutions for packaging and marketing communications clients alike.

WMHAdaptive was established at the end of 2016 within the Magnet Harlequin Group in response to both packaging and marketing communications client needs for a fully integrated 'concept to consumer' deliverable.

www.wmhagency.com

Our Instore company

Our Instore company is Arken POP International.

Arken shop-in-shop launch for Logitech UE in Cologne

Designed and produced for the launch of the Logitech UE (Ultimate Ears) new speaker, Boom, this shop-in-shop was installed in Cologne following success in its inaugural market, Paris.

Highlighting the key USP for the Boom product (its waterproof features) the shop-in-shop incorporated a waterfall cascade as a product showcase, with play tables to encourage shopper interaction and purchase.

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.

Building on its success in the health and beauty sector, Arken achieved another record year, with turnover growth of over 30%, which fully utilised its new manufacturing site in Sandy, Bedfordshire. Launching new cosmetic brands Lottie London and Freedom, Arken also rolled out a new category management solution for Skincare into Superdrug stores nationwide. Expanding into other A.S. Watson stores outside the UK, fixtures programmes also commenced in Kruidvat stores in Holland, and Rossmann stores in Germany, which are set to continue in 2017.

The use of technology-inspired display also provided continued growth across the consumer electronics sector, specifically with new launches globally for Intel and FLIR.

www.arken-pop.com

Group strategic report

Introduction and business review

The directors present their group strategic report for Writtle Holdings Limited for the year ended 31 December 2016. See the 'Principal activities' and 'Review of business' sections, in the Chairman's statement on pages 2 to 3.

Principal risks and uncertainties

The directors consider that the principal risks and uncertainties facing the group are:

People The success of the group's operations depends on recruiting and retaining key management. The group addresses the risk by creating for employees a rewarding work environment and remuneration and incentive structures which reward performance and loyalty.

Client retention The loss or significant reduction in revenue from a key client relationship could impact the group's operating profit and financial performance. The group maintains a broad spread of clients and values long-term client relationships as well as new business, ensuring that experienced account management is in place to manage these relationships.

General economic and business conditions The group is not immune to economic uncertainty but continues to offer products, innovation and creativity which is highly valued by our clients.

Financial At 31 December 2016, the group had no bank or finance lease borrowings and manages its liquidity through cash and working capital. The group imposes credit limits on customers and insures debtor balances where practical to mitigate credit risk.

Financial key performance indicators

The company considers turnover, profit before tax and net cash 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.

Graeme Harris Director – 11 April 2017

Directors' report

The directors present their report and the financial statements for the year ended 31 December 2016.

Directors' responsibilities

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the group's financial statements 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 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 the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the group'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 £7,906,000 (2015: £1,973,000).

The directors are recommending a final dividend for 2016 of 9.25p per share (2015: 8.2p per share), making a total of 63p per share for the year (2015: 11.5p per share), following payment of a special dividend of 50p per share on 29 July 2016 and an interim dividend of 3.75p per share on 31 October 2016. Subject to shareholders' approval, the final dividend will be paid on 31 May 2017 to the shareholders on the register on 30 March 2017. The divididends 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	K MacKenzie	N D Stern	A Wright
G R Harris	D H Powell	A Sutcliffe	
A W Lucas	R W Seymour	R C J Williams	

G A Booker and R Saysell resigned as directors on 21 June 2016.
M J Gilmore was appointed as a director on 1 January 2017.

Political contributions

The company made no political contributions during the financial year (2015: £nil).

Future developments

See the '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 the director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- the 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

On 22 March 2017 the group completed the acquisition of Identica Limited. See the 'Post balance sheet event' section in the Chairman's statement on pages 2 to 3.

Auditor

The auditor, BDO 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.

Graeme Harris Director – 11 April 2017

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 2016 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).

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 auditor

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 2016 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 based on the work undertaken in the course of the audit:

- the information given in the Chairman's statement, our companies report, the stategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements;
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

Andrew Viner

(Senior Statutory Auditor)

for and on behalf of BDO LLP, Statutory Auditor

London

United Kingdom

Date: 11 April 2017

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 2016

	Note	Continuing operations 2016 £000	Discontinued operations 2016 £000	Total 2016 £000	Continuing operations 2015 £000	Discontinued operations 2015 £000	Total 2015 £000
Turnover	4	**60,963**	**11,233**	**72,196**	57,212	25,908	83,120
Cost of sales		**(20,572)**	**(6,654)**	**(27,226)**	(19,172)	(15,445)	(34,617)
Gross profit		**40,391**	**4,579**	**44,970**	38,040	10,463	48,503
Administrative expenses		**(36,685)**	**(4,142)**	**(40,827)**	(36,117)	(8,478)	(44,595)
Profit on sale of investments		**–**	**5,191**	**5,191**	–	–	–
Operating profit	5	**3,706**	**5,628**	**9,334**	1,923	1,985	3,908
Operating profit before the items listed below		**4,582**	**550**	**5,132**	3,298	1,429	4,727
Profit on sale of investments		**–**	**5,191**	**5,191**	–	–	–
Exceptional items		**(407)**	**–**	**(407)**	(559)	–	(559)
Amortisation		**(703)**	**(14)**	**(717)**	(704)	(27)	(731)
Share-based payments		**234**	**(99)**	**135**	(112)	583	471
Operating profit		**3,706**	**5,628**	**9,334**	1,923	1,985	3,908
Income from current asset investments		**–**	**–**	**–**	5	–	5
Interest payable and similar charges	12	**(42)**	**(59)**	**(101)**	(174)	(131)	(305)
Profit on ordinary activities before taxation		**3,664**	**5,569**	**9,233**	1,754	1,854	3,608
Taxation on profit on ordinary activities	13	**(966)**	**(99)**	**(1,065)**	(396)	(437)	(833)
Profit on ordinary activities after taxation		**2,698**	**5,470**	**8,168**	1,358	1,417	2,775
Non-controlling interests				**(262)**			(802)
Profit for the financial year				**7,906**			1,973

There were no recognised gains and losses for 2016 or 2015 other than those included in the consolidated statement of comprehensive income.

The notes on pages 21 to 35 form part of these financial statements.

Consolidated statement of financial position as at 31 December 2016

	Note		2016 £000		2015 £000
Fixed assets					
Intangible assets	15		**10,019**		11,076
Tangible assets	16		**3,981**		11,471
Investments	17		**498**		498
			14,498		23,045
Current assets					
Stocks	18	**1,444**		1,716	
Debtors	19	**18,265**		22,183	
Cash at bank and in hand		**7,041**		3,061	
		26,750		26,960	
Creditors: Amounts falling due within one year	20	**(14,500)**		(20,218)	
Net current assets			**12,250**		6,742
Total assets less current liabilities			**26,748**		29,787
Creditors: Amounts falling due after more than one year	21		**–**		(4,728)
Provisions for liabilities					
Deferred Taxation	25		**(59)**		(328)
Net assets			**26,689**		24,731
Capital and reserves					
Called-up share capital	26		**7,185**		6,992
Share premium account			**6,720**		6,497
Other reserves			**(747)**		(428)
Profit and loss account			**11,769**		8,424
Equity attributable to owners of the parent company			**24,927**		21,485
Non-controlling interests			**1,762**		3,246
			26,689		24,731

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

Robert Essex
Director

Graeme Harris
Director

Date: 11 April 2017

The notes on pages 21 to 35 form part of these financial statements.

Company statement of financial position as at 31 December 2016

	Note		2016 £000		2015 £000
Fixed assets					
Tangible assets	16		**2**		2
Investments	17		**14,258**		15,369
			14,260		15,371
Current assets					
Debtors	19	**4,348**		5,215	
Cash at bank and in hand		**3,104**		7	
		7,452		5,222	
Creditors: Amounts falling due within one year	20	**(1,415)**		(2,200)	
Net current assets			**6,037**		3,022
Total assets less current liabilities			**20,297**		18,393
Creditors: Amounts falling due after more than one year	21		**–**		(1,875)
Net assets			**20,297**		16,518
Capital and reserves					
Called up share capital	26		**7,185**		6,992
Share premium account			**6,720**		6,497
Other reserves			**1,657**		1,657
Profit and loss account			**4,735**		1,372
			20,297		16,518

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 profit after tax of the parent company for the year was £7,675,000 (2015: loss £2,128,000).

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

Robert Essex
Director

Graeme Harris
Director

Date: 11 April 2017

The notes on pages 21 to 35 form part of these financial statements.

Consolidated statement of changes in equity for the year ended 31 December 2016

	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 2016	**6,992**	**6,497**	**(428)**	**8,424**	**21,485**	**3,246**	**24,731**
Comprehensive income for the year							
Profit for the year	**–**	**–**	**–**	**7,906**	**7,906**	**262**	**8,168**
Total comprehensive income for the year	**–**	**–**	**–**	**7,906**	**7,906**	**262**	**8,168**
Contributions by and distributions to owners							
Dividends: Equity capital	**–**	**–**	**–**	**(4,312)**	**(4,312)**	**(277)**	**(4,589)**
Shares issued during the year	**193**	**223**	**–**	**–**	**416**	**–**	**416**
Other movements	**–**	**–**	**(319)**	**(249)**	**(568)**	**(1,469)**	**(2,037)**
Total contributions by and distributions to owners	**193**	**223**	**(319)**	**(4,561)**	**(4,464)**	**(1,746)**	**(6,210)**
At 31 December 2016	**7,185**	**6,720**	**(747)**	**11,769**	**24,927**	**1,762**	**26,689**

Consolidated statement of changes in equity for the year ended 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 21 to 35 form part of these financial statements.

Company statement of changes in equity for the year ended 31 December 2016

	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total equity £000
At 1 January 2016	**6,992**	**6,497**	**1,657**	**1,372**	**16,518**
Comprehensive income for the year					
Profit for the year	–	–	–	7,675	7,675
Total comprehensive income for the year	–	–	–	7,675	7,675
Contributions by and distributions to owners					
Dividends: Equity capital	–	–	–	(4,312)	(4,312)
Shares issued during the year	193	223	–	–	416
Total contributions by and distributions to owners	193	223	–	(4,312)	(3,896)
At 31 December 2016	**7,185**	**6,720**	**1,657**	**4,735**	**20,297**

Company statement of changes in equity for the year ended 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 21 to 35 form part of these financial statements.

Consolidated statement of cash flows for the year ended 31 December 2016

	2016 £000	2015 £000
Cash flows from operating activities		
Profit for the financial year	**8,168**	2,775
Adjustments for:		
Amortisation of intangible fixed assets	**717**	731
Depreciation of tangible fixed assets	**1,543**	1,899
Profit on disposal of tangible fixed assets	**(28)**	(2)
(Increase)/decrease in stocks	**(431)**	128
Interest charge	**101**	305
Corporation tax charge	**1,065**	833
(Increase)/decrease in debtors	**(1,984)**	2,405
Increase in creditors	**2,434**	618
Corporation tax paid	**(699)**	(973)
Profit and sale of investment in subsidiary	**(5,191)**	–
Income from current asset investments	**–**	(5)
Profit on disposal of current asset investments	**–**	(25)
Share-based payment credit	**(135)**	(471)
Net cash generated from operating activities	**5,560**	8,218
Cash flows from investing activities		
Purchase of tangible fixed assets	**(1,408)**	(4,712)
Sale of tangible fixed assets	**36**	4
Sale of current asset investments	**–**	205
Purchase of additional equity in subsidiaries	**(104)**	(493)
Sale of subsidiaries	**8,771**	–
Purchase of fixed asset investments	**–**	(25)
Sale of equity in subsidiaries	**170**	–
Dividends received	**–**	5
Cash disposed of with subsidiaries	**(969)**	–
Net cash used in investing activities	**6,496**	(5,016)

	2016 £000	2015 £000
Cash flows from financing activities		
Issue of ordinary shares	**416**	264
Repayment of loans	**(1,792)**	(3,633)
New finance leases	**–**	1,120
Repayment of finance leases	**(207)**	(407)
Movements on invoice discounting	**(1,484)**	573
Equity dividends paid	**(4,312)**	(704)
Interest paid	**(101)**	(305)
Dividends paid to non-controlling interests	**(277)**	(145)
Purchase of shares by ESOT	**(319)**	(518)
Net cash (used in)/generated from financing activities	**(8,076)**	(3,755)
Net increase/(decrease) in cash and cash equivalents	**3,980**	(553)
Cash and cash equivalents at beginning of year	**3,061**	3,614
Cash and cash equivalents at the end of year	**7,041**	3,061
Cash at bank and in hand	**7,041**	3,061

Analysis of net cash/(debt)

	31 December 2016 £000	31 December 2015 £000
Cash at bank and in hand	**7,041**	3,061
Debt:		
Finance leases	**–**	(1,301)
Debts due within one year	**–**	(2,163)
Debts falling due after more than one year	**–**	(3,873)
Net cash/(debt)	**7,041**	(4,276)

The notes on pages 21 to 35 form part of these financial statements.

1. General information

Writtle Holdings Limited is a private limited company incorporated in England and Wales under the Companies Act. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the Chairman's statement.

2. Accounting policies

2.1 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 UK and the Republic of Ireland and the Companies Act 2006.

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 group's accounting policies (see note 3).

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:

2.2 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form 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 income statement from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Turnover

Turnover comprises revenue recognised by the group 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.

Any turnover relating to 'bill and hold' arrangements is recognised when the goods are available for call by the customer.

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.

2.4 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.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model 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.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on the following basis:

Freehold buildings	1% – 2%
Leasehold improvements	over the period of the lease
Plant and machinery	10% – 33%
Motor vehicles	20% – 50%
Fixtures, fittings and equipment	10% – 33%

2.5 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 income statement.

2.6 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 income statement for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.7 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.

2.8 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 CGU's) 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.

2.9 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.

2.10 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.

2.11 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 and 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.

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.

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.

2.12 Employee share ownership trust

The cost of the group's shares held by the ESOT is deducted from equity in the Consolidated statement of financial position. Any cash received 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.

2.13 Foreign currency translation

Functional and presentation currency

The group'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.

2.14 Finance costs

Finance costs are charged to the Consolidated income statement 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.

2.15 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.

2.16 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 payment 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.

2.17 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the year end 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.

2.18 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 charge 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 tax 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 tax is determined using tax rates and laws that have been enacted or substantively enacted by the year end.

2.19 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.

2.20 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the group but are presented separately due to their size or incidence.

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

In preparing these financial statements, the directors have made the following judgements:

- 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.
- Determining the stage of completion in respect of ongoing services. Factors considered include milestone acheievements and level of staff time incurred per project as a proportion of the total expected time.

4. Turnover

Analysis of turnover by country of destination:

	2016 £000	2015 £000
United Kingdom	**60,458**	71,274
Rest of the world	**11,738**	11,846
	72,196	83,120

£16,927,000 (2015: £12,400,000) of turnover during the year related to the provision of goods and £55,269,000 (2015: £70,720,000) of turnover during the year related to the provision of services.

5. Operating profit

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

	2016 £000	2015 £000
Depreciation of tangible fixed assets:		
– owned by the group	**1,543**	1,346
– held under finance leases	**–**	553
Amortisation of intangible assets	**717**	731
Exchange differences	**(82)**	39
Operating lease rentals	**2,241**	2,236
Profit on sale of tangible fixed assets	**(28)**	(2)
Share-based payments credit	**(135)**	(471)

6. Business group analysis

	Innovation £000	Implementation £000	Instore £000	Group £000
For the year ended 31 December 2016				
Turnover	**24,943**	**19,101**	**16,919**	**60,963**
Headline operating profit	**1,173**	**2,604**	**1,829**	**5,606**
Central costs				**(1,024)**
Headline continuing operating profit				**4,582**
Discontinued operations				**550**
Interest payable and similar charges				**(101)**
Headline profit before tax				**5,031**

	Innovation £000	Implementation £000	Instore £000	Group £000
For the year ended 31 December 2015				
Turnover	28,531	16,280	12,400	57,212
Headline operating profit	2,303	909	1,127	4,339
Central costs				(1,042)
Headline continuing operating profit				3,297
Discontinued operations				1,429
Interest payable and similar charges				(300)
Headline profit before tax				4,426

Headline measures are defined as being before profit on sale of investments, exceptional items, amortisation and share-base payments.

7. Exceptional items

	2016 £000	2015 £000
Acquisition target bid costs	**125**	–
Restructuring costs	**282**	559
	407	559

Exceptional items include bid costs in relation to the unsuccessful offer for Tangent Communications PLC, and amounts incurred relating to the restructuring of certain operations in order to improve flexibility through a lower cost base.

8. Auditor's remuneration

	2016 £000	2015 £000
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	**15**	17
Fees payable to the company's auditor in respect of:		
– the auditing group companies' annual accounts	**140**	140
– taxation compliance services	**39**	35
– all other services	**24**	24
	203	199

9. Employees

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

	2016 £000	2015 £000
Wages and salaries	**29,688**	32,208
Social security costs	**3,174**	3,546
Defined contribution pension scheme	**731**	875
	33,593	36,629

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

	2016 No.	2015 No.
Directors of trading entities	**49**	55
Office and management	**175**	176
Production	**513**	609
	737	840

10. Directors' remuneration

During the year retirement benefits were accruing to six directors (2015: nine) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £481,000 (2015: £200,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £nil (2015: £9,000).

The highest paid director had options over 22,500 (2015: 62,500) shares.

During the year five (2015: three) directors exercised share options over 85,528 (2015: 45,000) shares with an exercise price of between £1 and £2.81 (2015: £2.00) per share.

11. Income from investments

	2016 £000	2015 £000
Income from current asset investments	**–**	5

12. Interest payable and similar charges

	2016 £000	2015 £000
Bank interest payable	**88**	276
Finance leases and hire purchase contracts	**13**	29
	101	305

13. Taxation

	2016 £000	2015 £000
Corporation tax		
Current tax on profits for the year	**821**	779
Adjustments in respect of prior periods	**124**	(211)
	945	568
Foreign tax		
Foreign tax on income for the year	**(5)**	–
Foreign tax in respect of prior periods	**4**	–
Total current tax	**944**	568
Deferred tax		
Origination and reversal of timing differences	**21**	227
Changes to tax rates	**23**	43
Adjustment in respect of prior periods	**77**	(5)
Total deferred tax	**121**	265
Taxation on profit on ordinary activities	**1,065**	833

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015: higher than) the standard rate of corporation tax in the UK of 20% (2015: 20.23%). The differences are explained below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	**9,233**	3,608
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 20.23%)	**1,847**	730
Effects of:		
Expenses not deductible for tax purpose	**258**	336
Fixed asset differences	**30**	124
Carry back of tax losses	**–**	34
Adjustments to tax charge in respect of prior periods	**124**	(211)
Land redemption expenditure	**–**	(6)
Non-taxable income	**(1,243)**	(166)
Other differences leading to an increase/(decrease) in the tax charge	**49**	(8)
Total tax charge for the year	**1,065**	833

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.

14. Dividends

	2016 £000	2015 £000
Dividends paid on equity capital	**826**	704
Special dividends paid on equity capital	**3,486**	–
Dividends paid on equity capital	**4,312**	704

The directors are recommending a final dividend for 2016 of 9.25p per share (2015: 8.2p per share), making a total of 13p per share for the year (2015: 11.5p per year) in addition to the special dividend of 50p per share paid in the year. Subject to shareholders' approval, the final dividend will be paid on 31 May 2017 to shareholders on the register on 30 March 2017. The dividends paid, as disclosed in the financial statements, are not inclusive of the final dividend for 2016.

15. Intangible assets

Group

	Goodwill £000
Cost	
At 1 January 2016	**14,084**
Disposals	**(538)**
At 31 December 2016	**13,546**
Amortisation	
At 1 January 2016	**3,008**
Charge for the year	**717**
On disposals	**(198)**
At 31 December 2016	**3,527**
Net book value	
At 31 December 2016	**10,019**
At 31 December 2015	11,076

16. 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 2016	**7,719**	**7,176**	**254**	**2,416**	**17,565**
Additions	**140**	**388**	**14**	**865**	**1,407**
Disposals	**(25)**	**(2,385)**	**(192)**	**(903)**	**(3,505)**
Disposal of subsidiary	**(4,309)**	**(2,734)**	**33**	**1,913**	**(5,097)**
At 31 December 2016	**3,525**	**2,445**	**109**	**4,291**	**10,370**
Depreciation					
At 1 January 2016	**454**	**3,758**	**218**	**1,664**	**6,094**
Charge	**233**	**316**	**24**	**970**	**1,543**
Disposals	**(25)**	**(2,385)**	**(186)**	**(901)**	**(3,497)**
Disposal of subsidiary	**839**	**(319)**	**32**	**1,697**	**2,249**
At 31 December 2016	**1,501**	**1,370**	**88**	**3,430**	**6,389**
Net book value					
At 31 December 2016	**2,024**	**1,075**	**21**	**861**	**3,981**
At 31 December 2015	7,265	3,418	36	752	11,471

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

	2016 £000	2015 £000
Freehold land and buildings	**1,279**	6,481
Leasehold improvements	**745**	784
	2,024	7,265

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

	2016 £000	2015 £000
Plant and machinery	**–**	1,473
Furniture, fittings and equipment	**–**	6
	–	1,479

16. Tangible fixed assets continued

	Fixtures, fittings and equipment £000
Company	
Cost or valuation	
At 1 January 2016	**14**
Additions	**1**
At 31 December 2016	**15**
Depreciation	
At 1 January 2016	**12**
Charge for the year	**1**
At 31 December 2016	**13**
Net book value	
At 31 December 2016	**2**
At 31 December 2015	2

17. Fixed asset investments

	Unlisted investments £000
Group	
Cost or valuation	
At 1 January 2016	**498**
At 31 December 2016	**498**
Net book value	
At 31 December 2016	**498**
At 31 December 2015	498

	Investments in subsidiary companies £000
Company	
Cost or valuation	
At 1 January 2016	**17,324**
Disposals	**(1,111)**
At 31 December 2016	**16,213**
Impairment	
At 1 January 2016	**1,955**
At 31 December 2016	**1,955**
Net book value	
At 31 December 2016	**14,258**
At 31 December 2015	15,369

18. Stocks

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Raw materials	**555**	814	**–**	–
Work in progress	**570**	798	**–**	–
Finished goods and goods for resale	**319**	104	**–**	–
	1,444	1,716	**–**	–

Stock recognised in cost of sales during the year as an expense was £11,783,000 (2015: £12,388,000).

19. Debtors

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Due after more than one year				
Other debtors	**124**	122	**–**	–
	124	122	**–**	–
Due within one year				
Trade debtors	**14,551**	17,956	**51**	–
Amounts owed by group undertakings	**–**	–	**3,711**	4,788
Other debtors	**1,222**	970	**545**	180
Prepayments and accrued income	**1,944**	2,642	**41**	247
Deferred taxation	**424**	493	**–**	–
	18,265	22,183	**4,348**	5,215

Included within trade debtors is a provision for bad debts of £53,000 (2015: £146,000).

See note 25 for further details on deferred tax.

20. Creditors: Amounts falling due within one year

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Amounts due to invoice discounting company	**–**	1,484	**–**	–
Bank loans	**–**	679	**–**	500
Trade creditors	**3,836**	6,599	**32**	138
Amounts owed to group undertakings	**–**	–	**291**	1,350
Corporation tax	**702**	604	**14**	–
Taxation and social security	**2,505**	3,348	**49**	72
Obligations under finance lease and hire purchase contracts	**–**	446	**–**	–
Other creditors	**2,120**	2,212	**55**	62
Accruals and deferred income	**5,337**	4,846	**974**	78
	14,500	20,218	**1,415**	2,200

21. Creditors: Amounts falling due after more than one year

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Bank loans	**–**	3,873	**–**	1,875
Net obligations under finance leases and hire purchase contracts	**–**	855	**–**	–
	–	4,728	**–**	1,875

A bank loan of £nil (2015: £2,375,000) was repayable in quarterly instalments. This was repaid during the year. The interest rate was 2% above LIBOR.

A revolving credit facility balance of £nil (2015: £nil) was cancelled during the year. The interest rate was 2% above LIBOR.

A bank loan of £nil (2015: £1,261,000) was repayable over a 25-year term. This was disposed of during the year along with the loan holding subsidiary. The interest rate was 2.5% above bank base rate.

A bank loan of £nil (2015: £427,000) was repayable over a 10-year term. This was disposed of during the year along with the loan holding subsidiary. The interest rate was 2.15% above bank base rate.

A bank loan of £nil (2015: £364,000) was repayable over a 4-year term. This was repaid during the year. The interest rate was 2% above bank base rate.

A bank loan of £nil (2015: £125,000) was repayable over a 10-year term. This was repaid during the year. The interest rate was 2.15% above bank base rate.

22. Bank loans

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

	Group 2016 £000	Group 2015 £000	**Company 2016 £000**	Company 2015 £000
Within one year	**–**	679	**–**	500
Between one and two years	**–**	2,271	**–**	1,875
Between two and five years	**–**	329	**–**	–
After more than five years	**–**	1,273	**–**	–
Total	**–**	4,552	**–**	2,375

23. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2016 £000	Group 2015 £000
Within one year	**–**	446
Between one and two years	**–**	383
Between two and five years	**–**	472
	–	1,301

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

24. Financial instruments

	Group 2016 £000	Group 2015 £000
Financial assets		
Financial assets measured at fair value through profit or loss	**498**	497
Financial assets that are debt instruments measured at amortised cost	**25,041**	19,632
	25,539	20,129
Financial liabilities		
Financial liabilities measured at amortised cost	**(10,770)**	(13,811)

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

Financial assets that are debt instruments measured at amortised cost comprise cash and cash equivalents, trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

25. Deferred taxation

	Group 2016 £000	Group 2015 £000
Group		
At 1 January 2016	**165**	430
Charged to the income statement	**(121)**	(265)
Disposal of subsidiary	**321**	–
At 31 December 2016	**365**	165

The deferred taxation balance is made up as follows:

	Group 2016 £000	Group 2015 £000
Accelerated capital allowances	**240**	29
Tax losses recoverable	**106**	98
Short-term timing differences	**19**	38
	365	165
Comprising:		
Asset – due within one year	**424**	493
Liability	**(59)**	(328)
	365	165

26. Share capital

	Group 2016 £000	Group 2015 £000
Allotted, called up and fully paid		
7,184,958 (2015: 6,992,460) Ordinary shares of £1 each	**7,185**	6,992

During the year, 192,520 Ordinary shares of £1 each were allotted, called up and fully paid in cash at between £1.00 and £2.81 per share. These share issues resulted in an increase to share capital of £192,520 and an increase to the share premium reserve of £223,288.

The company introduced a share option plan (CSOP) in 2010. Grant dates and exercise prices are listed in the table below. All options are for Ordinary shares and may be exercised after three years from the date of grant, at a specified exit event or earlier at the discretion of the board. Options lapse on the tenth anniversary of the date of grant, on the option holder ceasing to be a director or employee, or on another specified event. Options are valued using the binomial option-pricing model. At 31 December 2016, the company had options outstanding for subscription of 585,153 (2015: 752,289) Ordinary shares.

Details of outstanding options are as follows:

	Exercise price	Options outstanding at 31 December 2015	Awarded during the year	Exercised during the year	Lapsed during the year	Options outstanding at 31 December 2016
Grant Date						
May 2008	**£1.00**	15,000	–	**15,000**	–	–
July 2010	**£1.40**	40,165	–	**40,165**	–	–
October 2011	**£2.00**	115,000	–	**51,100**	**10,000**	**53,900**
October 2012	**£2.81**	219,624	–	**86,255**	**17,116**	**116,253**
December 2013	**£4.00**	167,500	–	–	**42,500**	**125,000**
January 2015	**£4.00**	10,000	–	–	–	**10,000**
November 2015	**£4.00**	185,000	–	–	**42,500**	**142,500**
November 2016	**£4.00**	–	**137,500**	–	–	**137,500**
		752,289	**137,500**	**192,520**	**112,116**	**585,153**

27. 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 2016 the ESOT owned 208,159 (2015: 122,592) Ordinary shares in Writtle Holdings Limited, all of which the ESOT has agreed to make available in satisfaction of share options granted to employees.

28. Reserves

Share premium account

The share premium account comprises the amount subscribed for share capital in excess of nominal value.

Other reserves

Other reserves consist of an Employee Share Ownership Trust (ESOT) which provides for the issue of shares to group employees under share option schemes, and a merger reserve, being the difference between the nominal value of new shares issued by the parent company for the acquisition of the shares of a subsidiary and the subsidiary's own share capital and share premium account.

Profit and loss account

The profit and loss account comprises are all other net gains and losses and transactions with owners not recognised elsewhere.

29. Disposals

On 22 June 2016, the group disposed of the sub-group headed by Creo Retail Marketing Holdings Limited, a subsidiary incorporated in England and Wales. The entities held by Creo Retail Marketing Holdings Limited at the date of disposal were Creo Retail Marketing Limited and Creo Property Limited

	£000
Group share of proceeds received and receivable	**9,032**
Net assets disposed of:	
Intangible assets	**138**
Tangible fixed assets	**7,281**
Stocks	**703**
Debtors	**6,312**
Cash	**969**
Creditors	**(10,644)**
Non-controlling interest	**(1,901)**
	(2,858)
Disposal costs	**(781)**
Goodwill written off	**(202)**
Profit on disposal before tax	**5,191**

The net inflow of cash in respect of the sale of Creo Retail Marketing Holdings Limited is as follows:

	£000
Cash consideration received	**8,771**
Cash transferred on disposal	**(969)**
Net inflow of cash	**7,802**

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. Share-based payments

The income recognised in the financial statements in the year is £135,000 (2015: income £471,000) and the liability at the end of the year as determined by the binomial model is £216,000 (2015: £447,000).

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

At 31 December 2016, the following Phantom Share Incentive Plan awards were in operation:

	Phantom share %	Initial valuation £000
Arken POP International Limited	10.00%	750
Beyond Communications Limited	2.00%	1,639

32. Pension commitments

The group operates defined contributions pension schemes and contributes to certain employees' 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 £731,000 (2015: £875,000). Contributions totalling £86,000 (2015: £123,000) were payable to the funds at the year end and are included in creditors.

33. Commitments under operating leases

At 31 December 2016 the group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2016 £000	Group 2015 £000
Within one year	**1,961**	1,721
Between two and five years	**3,415**	5,142
After more than five years	**1,869**	2,209
Total	**7,245**	9,072

34. Related party transactions

The company has taken advantage of the exemption under paragraph 33.1A of the Financial Reporting Standard 102 not to disclose transactions with other wholly owned members of 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 £430,000 (2015: £383,000) was paid by the group to these SIPPs.

The total remuneration paid to key management personnel during the year was £2,241,000 (2015: £2,095,000).

At the year end, the company had balances outstanding from/(to) fellow members of the Writtle Holdings Limited group as follows:

	2016 £000	2015 £000
20.20 Limited	**15**	9
Beyond Communications Limited	**4**	(195)
Epoch Design Limited	**8**	17
Maglabs Limited	**6**	6
Maglabs (Holdings) Limited	**–**	1,209
Magnet Harlequin Limited	**439**	(533)
Seymourpowell Limited	**560**	604
Technik Limited	**7**	(293)
The Team Brand Communication Consultants Limited	**18**	19
Williams Murray Hamm Limited	**5**	5
	1,062	848

During the year, the company had the following purchase/(sale) transactions with fellow members of the Writtle Holdings Limited group:

	2016 £000	2015 £000
20.20 Limited	**(90)**	(96)
20.20 Limited	**18**	21
Beyond Communications Limited	**(72)**	(74)
Beyond Communications Limited	**1**	-
Epoch Design Limited	**(134)**	(122)
Maglabs Limited	**(97)**	(130)
Maglabs Limited	**–**	1
Maglabs (Holdings) Limited	**–**	(59)
Magnet Harlequin Limited	**(188)**	(169)
Magnet Harlequin Limited	**6**	6
Seymourpowell Limited	**(447)**	(510)
Seymourpowell Limited	**–**	20
Technik Limited	**(72)**	(72)
Technik Limited	**2**	1
The Team Brand Communication Consultants Limited	**(340)**	(293)
The Team Brand Communication Consultants Limited	**85**	74
Williams Murray Hamm Limited	**(92)**	(71)
Williams Murray Hamm Limited	**–**	1
	(1,420)	(1,472)

35. Post balance sheet events

On 22 March 2017 the group completed the acquisition of Identica Limited. See the 'Post balance sheet event' section in the Chairman's statement on pages 2 to 3.

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

The following were subsidiary undertakings of the company:

Name	Country of incorporation	Holding	Principal activity
20.20 Limited (W)	United Kingdom	74.24%	Design and strategy consultants
Arken POP International Limited (W)	United Kingdom	100.00%	Manufacturing of point-of-sale and graphic display stands
Beyond Communications Limited (W)	United Kingdom	76.58%	Branding and design agency
Bosham Holdings Limited (A)	United Kingdom	100.00%	Holding company
Epoch Design Limited (B)	United Kingdom	87.50%	Point-of-sale experts and brand designers
Loewy Group Limited (W)	United Kingdom	100.00%	Holding company
Maglabs (Holdings) Limited (D)	United Kingdom	77.78%	Holding company
Maglabs Limited (E)	United Kingdom	100.00%	Consultancy, technology and managed services throughout the marketing process
Magnet Harlequin Asia Limited (A)	Hong Kong	100.00%	Creative services and digital pre-press
Magnet Harlequin Holdings Limited (W)	United Kingdom	90.53%	Holding company
Magnet Harlequin Limited (D)	United Kingdom	100.00%	Creative services and digital pre-press
Seymourpowell Limited (B)	United Kingdom	79.88%	Design and innovation consultancy
Technik Limited (C)	United Kingdom	100.00%	Creative and packaging management services
The Team Brand Communication Consultants Limited (B)	United Kingdom	75.50%	Through-the-line communications consultancy
Williams Murray Hamm Limited (B)	United Kingdom	84.54%	Brand strategy and design
Williams Murray Hamm Inc (F)	USA	100.00%	Brand strategy and design
Writtle Property Limited (W)	United Kingdom	100.00%	Property investment

All subsidiary undertakings have the same year end as Writtle Holdings Limited, are included in the consolidation and are holdings of ordinary shares. 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) Bosham Holdings Limited
(D) Magnet Harlequin Holdings Limited
(E) Maglabs (Holdings) Limited
(F) Williams Murray Hamm Limited
(W) Writtle Holdings Limited

The following subsidiaries share the same registered office as Writtle Holdings Limited which is shown on the company information page: Arken POP International Limited; Beyond Communications Limited; Epoch Design Limited; Loewy Group Limited; Maglabs (Holdings) Limited; Maglabs Limited; Seymourpowell Limited; The Team Brand Communication Consultants Limited; Williams Murray Hamm Limited; Writtle Property Limited

The registed office of Bosham Holdings Limited, Technik Limited, Magnet Harlequin (Holdings) Limited and Magnet Harlequin Limited is Unit F Tomo Estate, Packet Boat Lane, Uxbridge, Middlesex, UB8 2JP.

The registered office of 20.20 Limited is 20 - 23 Mandela Street, London, NW1 0DU.

The registered office of Magnet Harlequin Asia Limited is Units C & D, 11F, Block 1, Camelpaint Building, 62 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong.

The registered office of Williams Murray Hamm Inc is 70 West Madison Street, Suite 5750, Chicago, IL 60602.

Company information

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A W Lucas
K MacKenzie
D H Powell
R W Seymour
N D Stern
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