Registered number: 00667727

Delga Press Limited

Annual report and financial statements

For the year ended 31 July 2017

Delga Press Limited

Company Information

Directors	S H Grist C Gregory I M Conetta S A McLellan
Company secretary	V L Franklin
Registered number	00667727
Registered office	Seaplane House Sir Thomas Longley Road Rochester Kent ME2 4DP
Independent auditor	Kreston Reeves LLP Statutory Auditor & Chartered Accountants Montague Place Quayside Chatham Maritime Chatham Kent ME4 4QU
Bankers	HSBC Bank Plc Thames Gateway South Commercial Centre Lakeview West Crossways Business Park Dartford Kent DA2 6QE

Delga Press Limited

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Strategic report
For the year ended 31 July 2017

Introduction

The directors have the pleasure in presenting their strategic report for the year ended 31 July 2017. The directors aim to present a balanced and comprehensive review of the development and performance of the company's business during the year and its position at the year end. The review is consistent with the size and nature of the business and is written in the context of the risks and uncertainties that the company faces.

Business review

The consolidation seen in the music industry continued to impact on business during the year. However, the weak pound and operational improvements in the last half of the year gave rise to sales 5% higher than in the previous year, with operating profit significantly increasing.

There has been an improvement in sales and profitability in the next financial year, to date, assisted by continued improved production efficiency.

Principal risks and uncertainties

The directors recognise that risk is inherent in any business and seek to manage risk in a controlled manner. The key business risks are set out as follows:

Economic – the company is subject to many of the same general economic risks faced by other businesses especially during periods of economic downturn. The company seeks to mitigate this risk by having a diverse geographical mix of customers.

Commercial – the company operates in a competitive marketplace and faces competition from other manufacturers. The company seeks to mitigate this risk by continually developing and expanding their product range, and offering an extensive range of high quality products.

Financing – the company's funding requirements are met through a combination of medium term loans and short term invoice discounting facilities. The company continues to maintain a strong cash position which reduces the requirement for the utilisation of external funding.

Financial – the company has a specific exposure to credit risk, liquidity risk, and interest rate fluctuations. The company has established a number of policies to mitigate the risks presented.

Financial key performance indicators

The key performance indicators are as follows:

	2017 £'000	2016 £000
Gross profit	2,865	2,596
Profit/(Loss) before tax	260	9

The directors also monitor sales and margins by product, production efficiency, return on capital employed and levels of cash balances.

Delga Press Limited

Strategic report (continued)
For the year ended 31 July 2017

Future developments

Recent further consolidation in the music industry has led to a major review and reorganisation of operations. While existing markets are important, opportunities in new markets are being pursued.

This report was approved by the board on 12 APRIL 2018 and signed on its behalf.

C Gregory
Director

Delga Press Limited

Directors' report
For the year ended 31 July 2017

The directors present their report and the financial statements for the year ended 31 July 2017.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the 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 of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

Principal activities

The principal activities of the company continued to be that of printers, printed packaging and fulfillment specialists.

Results and dividends

The profit for the year, after taxation, amounted to £201,738 (2016 - £4,942).

There were no dividends paid during the year (2016 - none).

Directors

The directors who served during the year were:

S M King (resigned 28 October 2016)
A B Wells (resigned 18 January 2017)
S H Grist
C Gregory
I M Conetta
S A McLellan

Post balance sheet events

Post year end the company lost a major customer. As a result the Directors have taken the necessary steps to reduce their exposure to this loss. There have been no further significant events affecting the Company since the year end.

Delga Press Limited

Directors' report (continued)
For the year ended 31 July 2017

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'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's auditor is aware of that information.

Auditor

Under section 487(2) of the Companies Act 2006, Kreston Reeves LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 12 APRIL 2018 and signed on its behalf.

C Gregory
Director

Delga Press Limited

Independent auditor's report to the shareholders of Delga Press Limited

Opinion

We have audited the financial statements of Delga Press Limited for the year ended 31 July 2017, set out on pages 8 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in 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.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditor's report to the shareholders of Delga Press Limited (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

Kreston Reeves

Allan Pinner FCCA (Senior statutory auditor)

for and on behalf of
Kreston Reeves LLP

Statutory Auditor
Chartered Accountants

Chatham Maritime

16 April 2018

Delga Press Limited

Statement of comprehensive income
For the year ended 31 July 2017

	Note	2017 £	2016 £
Turnover	4	**8,947,080**	8,553,385
Cost of sales		**(6,082,548)**	(5,957,691)
Gross profit		**2,864,532**	2,595,694
Distribution costs		**(709,264)**	(665,737)
Administrative expenses		**(1,857,040)**	(1,874,934)
Operating profit	5	**298,228**	55,023
Interest receivable and similar income	8	**328**	-
Interest payable and expenses	9	**(38,250)**	(45,729)
Profit before tax		**260,306**	9,294
Tax on profit	10	**(58,568)**	(4,352)
Profit for the financial year		**201,738**	4,942

There was no other comprehensive income for 2017 (2016: £NIL).

The notes on pages 11 to 25 form part of these financial statements.

Delga Press Limited
Registered number: 00667727

Balance sheet
As at 31 July 2017

	Note		2017 £		2016 £
Fixed assets					
Tangible assets	11		**982,392**		1,018,002
Current assets					
Stocks	12	**283,419**		241,726	
Debtors: amounts falling due within one year	13	**7,160,502**		7,332,623	
Cash at bank and in hand	14	**157,193**		3,423	
		7,601,114		7,577,772	
Creditors: amounts falling due within one year	15	**(5,887,446)**		(6,221,154)	
Net current assets			**1,713,668**		1,356,618
Total assets less current liabilities			**2,696,060**		2,374,620
Creditors: amounts falling due after more than one year	16		**(146,899)**		(23,796)
Provisions for liabilities					
Deferred tax	18		**(78,636)**		(82,037)
Net assets			**2,470,525**		2,268,787
Capital and reserves					
Called up share capital	19		**10,000**		10,000
Profit and loss account			**2,460,525**		2,258,787
			2,470,525		2,268,787

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:
12 APRIL 2018.

C Gregory
Director
Date:

The notes on pages 11 to 25 form part of these financial statements.

Delga Press Limited

Statement of changes in equity
For the year ended 31 July 2017

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 August 2015	**10,000**	**2,253,845**	**2,263,845**
Profit for the year	-	4,942	4,942
At 1 August 2016	**10,000**	**2,258,787**	**2,268,787**
Profit for the year	-	201,738	201,738
At 31 July 2017	**10,000**	**2,460,525**	**2,470,525**

Called up share capital

This represents the nominal value of shares that have been issued by the company.

Profit and loss account

This reserve comprises all current and prior period retained profits and losses after deducting any distributions made to the company's shareholders.

1. General information

Delga Press Limited is a limited liability company incorporated in England, company registration number 00667727. The address of the registered office and principal place of business is Seaplane House, Sir Thomas Longley Road, Rochester, Kent, ME2 4DP. The principal activities of the company are that of printers, printed packaging and fulfillment specialists.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies 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 management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of The Delga Group Limited as at 31 July 2017 and these financial statements may be obtained from Companies House.

2. Accounting policies (continued)

2.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

2. Accounting policies (continued)

2.4 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following bases:

Leasehold land and buildings	- over the period of the lease
Plant and machinery	- 15% to 25% reducing balance
Motor vehicles	- 25% reducing balance
Fixtures and fittings	- 7% to 33.3% reducing balance

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 in the Statement of comprehensive income.

2.5 Stocks

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 balance sheet date, 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 profit or loss.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.7 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 24 hours.

2.8 Financial instruments

The Company enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, 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, such as 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 an out-right 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.

2. Accounting policies (continued)

2.8 Financial instruments (continued)

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 Statement of comprehensive income.

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 of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet 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.

2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.10 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is pound 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 Statement of comprehensive income.

2.11 Finance costs

Finance costs are charged to the Statement of comprehensive income 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. Accounting policies (continued)

2.12 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

2.13 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance leases 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 Statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.14 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.15 Holiday pay accrual

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

2.16 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.17 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

2.18 Invoice discounting

The company has an agreement with HSBC Bank Plc whereby the majority of its trade debtors are invoice discounted, with recourse after 60 days. On the basis that the benefits and risks attaching to the debts remain with the company, a separate presentation has been adopted, in accordance with FRS102 section 2. On this basis the gross debts are included as an asset within trade debtors and the proceeds received are included within bank loans as a liability.

2. Accounting policies (continued)

2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, 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 balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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 balance sheet date.

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

The preparation of the financial statements requires the directors to make judgments, estimates and assumptions that can affect the amounts reported for assets and liabilities, and the results for the year. The nature of estimation is such though that actual outcomes could differ significantly from those estimates.

The following judgments have had the most significant impact on amounts recognised in the financial statements:

Lease commitments

The company has entered into a range of lease commitments in respect of property, plant and equipment. The classification of these leases as either financial or operating leases requires the directors to consider whether the terms and conditions of each lease are such that the company has acquired the risks and rewards associated with the ownership of the underlying assets.

Tangible fixed assets

The company has recognised tangible fixed assets with a carrying value of £982,392 at the reporting date (see note 11). These assets are stated at their cost less provision for depreciation and impairment. The company's accounting policy sets out the approach to calculating depreciation for immaterial assets acquired. For material assets such as land and buildings the company determines at acquisition reliable estimates for the useful life of the asset, its residual value and decommissioning costs. These estimates are based upon such factors as the expected use of the acquired asset and market conditions. At subsequent reporting dates the directors consider whether there are any factors such as technological advancements or changes in market conditions that indicate a need to reconsider the estimates used.

Where there are indicators that the carrying value of tangible assets may be impaired the company undertakes tests to determine the recoverable amount of assets. These tests require estimates of the fair value of assets less cost to sell and of their value in use. Wherever possible the estimate of the fair value of assets is based upon observable market prices less incremental cost for disposing of the asset. The value in use calculation is based upon a discounted cash flow model, based upon the company's forecasts for the foreseeable future which do not include any restructuring activities that the company is not yet committed to or significant future investments that will enhance the asset's performance. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well expected future cash flows and the growth rate used for extrapolation purposes.

4. Turnover

The whole of the turnover is attributable to the principal activities detailed in note 1.

Analysis of turnover by country of destination:

	2017	2016
	£	£
United Kingdom	**7,972,026**	7,555,650
Rest of Europe	**975,054**	997,735
	8,947,080	8,553,385

5. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	**279,714**	269,974
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	**10,300**	8,250
Exchange differences	**(67,553)**	8,570
Other operating lease rentals	**224,641**	224,775

6. Employees

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

	2017 £	2016 £
Wages and salaries	**3,116,767**	3,063,605
Social security costs	**321,638**	334,505
Other pension costs	**28,396**	84,720
	3,466,801	3,482,830

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

	2017 No.	2016 No.
Production staff	**64**	69
Administrative staff	**34**	36
Distribution staff	**1**	1
	99	106

7. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	**173,746**	197,396
Company contributions to defined contribution pension schemes	**8,100**	64,470
	181,846	261,866

During the year retirement benefits were accruing to 5 directors (2016 - 5) in respect of defined contribution pension schemes.

8. Interest receivable and similar income

	2017	2016
	£	£
Other interest receivable	328	-

9. Interest payable and similar charges

	2017	2016
	£	£
On hire purchase contracts	10,795	13,484
Other interest payable	27,455	32,245
	38,250	45,729

10. Taxation

	2017	2016
	£	£
Corporation tax		
Current tax on profits for the year	61,079	22,086
Adjustments in respect of previous periods	890	382
Total current tax	61,969	22,468
Deferred tax		
Origination and reversal of timing differences	(3,401)	(28,936)
FRS 102 transition adjustment	-	10,820
Taxation on profit on ordinary activities	58,568	4,352

Delga Press Limited

Notes to the financial statements
For the year ended 31 July 2017

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - higher than) the standard rate of corporation tax in the UK of 19% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	**260,306**	9,294
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2016 - 20%)	**49,458**	1,859
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**6,385**	6,458
Capital allowances for year in excess of depreciation	-	6,444
Adjustments to tax charge in respect of prior periods	**890**	382
Change in tax rate	**1,835**	-
Other differences leading to an increase (decrease) in the tax charge	-	(10,821)
Group relief	-	30
Total tax charge for the year	**58,568**	4,352

Factors that may affect future tax charges

The company has capital losses of £33,802 (2016 - £33,802) to carry forward against future capital profits and a £31,144 non-trade loan relationship deficit to carry forward.

11. Tangible fixed assets

	Leasehold land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 August 2016	104,239	4,168,027	6,928	839,080	5,118,274
Additions	-	239,903	10,321	24,768	274,992
Disposals	-	(305,932)	(3,024)	-	(308,956)
At 31 July 2017	104,239	4,101,998	14,225	863,848	5,084,310
Depreciation					
At 1 August 2016	98,050	3,253,574	1,417	747,231	4,100,272
Charge for the year on owned assets	5,278	166,714	1,225	69,661	242,878
Charge for the year on financed assets	-	36,836	-	-	36,836
Disposals	-	(278,068)	-	-	(278,068)
At 31 July 2017	103,328	3,179,056	2,642	816,892	4,101,918
Net book value					
At 31 July 2017	911	922,942	11,583	46,956	982,392
At 31 July 2016	6,189	914,453	5,511	91,849	1,018,002

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

	2017 £	2016 £
Plant and machinery	186,220	170,633
Motor vehicles	9,748	-
Fixtures and fittings	17,000	51,660
	212,968	222,293

12. Stocks

	2017	2016
	£	£
Raw materials	**257,819**	210,615
Work in progress	**25,600**	31,111
	283,419	241,726

Stock recognised in cost of sales during the year as an expense was £3,310,909 (2016 - £3,010,157).

13. Debtors

	2017	2016
	£	£
Trade debtors	**1,578,451**	1,943,320
Amounts owed by group undertakings	**5,424,260**	5,064,823
Other debtors	**53,016**	921
Prepayments and accrued income	**104,775**	323,559
	7,160,502	7,332,623

The company is able to raise finance secured against approved trade debtors. The gross amount of the debts which are discounted at 31 July 2017 is £1,481,686 (2016 - £1,666,257).

14. Cash and cash equivalents

	2017	2016
	£	£
Cash at bank and in hand	**157,193**	3,423

15. Creditors: Amounts falling due within one year

	2017	2016
	£	£
Bank loans	**1,097,849**	1,394,577
Obligations under finance lease and hire purchase contracts	**65,122**	93,794
Trade creditors	**441,989**	618,016
Amounts owed to group undertakings	**3,785,452**	3,654,325
Corporation tax	**61,079**	92,086
Taxation and social security	**179,469**	247,322
Other creditors	**3,132**	4,551
Accruals and deferred income	**253,354**	116,483
	5,887,446	6,221,154

Secured loans

The bank loans relate to amounts owed to an invoice financing company which has been secured on the debts arising from the business.

Obligations under hire purchase agreements are guaranteed within the group and secured by a charge over the individual assets that are the subject of the agreement.

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

	2017 £	2016 £
Net obligations under finance leases and hire purchase contracts	**146,899**	23,796

17. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2017 £	2016 £
Within one year	**65,122**	93,794
Between 1-2 years	**47,160**	20,378
Between 2-5 years	**99,739**	3,418
	212,021	117,590

18. Deferred taxation

	2017 £	2016 £
At beginning of year	**82,037**	100,153
Charged to profit or loss	**(3,401)**	(18,116)
At end of year	**78,636**	82,037

The provision for deferred taxation is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	**78,636**	82,037

19. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
10,000 Ordinary shares of £1 each	**10,000**	10,000

20. Contingent liabilities

At the balance sheet date, the company had the following contingent liability.

The company is included in group banking facilities. The company's assets are charged to the group's bankers to guarantee the total bank indebtedness owing by The Delga Group Limited and its UK subsidiary undertakings. At 31 July 2017 the total indebtedness owed by the group to the bank amounted to £1,287,390 (2016 - £2,085,193). Under the terms of the group banking facility, there is a contingent liability of £398,120 (2016 - £692,845).

21. Commitments under operating leases

At 31 July 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Land and buildings		
Not later than 1 year	**93,229**	223,750
Later than 1 year and not later than 5 years	**-**	111,875
	93,229	335,625

	2017 £	2016 £
Other		
Not later than 1 year	**155,098**	9,465
Later than 1 year and not later than 5 years	**624,341**	-
Later than 5 years	**12,250**	-
	791,689	9,465

22. Related party transactions

The company has taken advantage of the exemption from disclosing related party transactions with members or investees of the group provided by FRS102, section 33.2 as it is a wholly owned subsidiary in the group headed by The Delga Group Limited.

During the year professional fees amounting to £43,085 (2016 - £36,935) were paid to the professional practice of a director of the holding company.

23. Controlling party

The immediate and ultimate parent company of the group and for which group accounts are prepared is The Delga Group Limited, a company registered in England and Wales. Accounts can be obtained from Companies House, Crown Way, Cardiff, CF4 3UZ.

The company was controlled by A B Wells and C Gregory up until 18 January 2017, thereafter the company was under the control of C Gregory.