

Registration number: 02233870

# A.D.S. Graphics Limited

Annual Report and Financial Statements

for the Year Ended 31 May 2017

GW Kelly & Co  
Chartered Accountants and Statutory Auditor  
3 Stadium Court  
Plantation Road  
Bromborough  
Wirral  
CH62 3QG



# **A.D.S. Graphics Limited**

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# **A.D.S. Graphics Limited**

## **Company Information**

<b>Directors</b>	Mr David Hugh Patterson Mr Rudolph David Patterson Mrs Barbara Lee Thatcher Ms Tamsin Williams Mr Simon William Preston
<b>Registered office</b>	3 - 4 Apex Court Bassendale Road Bromborough Wirral CH62 3RE
<b>Auditors</b>	GW Kelly & Co Chartered Accountants and Statutory Auditor 3 Stadium Court Plantation Road Bromborough Wirral CH62 3QG

## **A.D.S. Graphics Limited**

### **Strategic Report for the Year Ended 31 May 2017**

The directors present their strategic report for the year ended 31 May 2017.

#### **Principal activity**

The principal activity of the company is the design and manufacture of printed packaging and contract packing services to the Medical Device and Pharmaceutical Industries

#### **Fair review of the business**

The last 12 months has seen substantial investment in plant and equipment with the focus on introducing more efficient technology and creating additional capacity within the business.

The company's operating results have performed in line with expectations with an increase in sales revenue achieved. Gross profit showed a slight reduction of 2% primarily due to a higher labour cost structure in the first six months of the year stemming from work mix changes in the revenue stream.

The balance sheet continues to strengthen with net assets of £3,206,985 and provides a strong financial base for the company.

#### **Principal risks and uncertainties**

Fluctuations in prices of key raw materials and labour rates can have a major impact on business performance. Robust purchasing policies and investment in automation are seen as key activities to help mitigate this risk.

Brexit is a major uncertainty, but the risks facing the business are unknown until the final exit arrangements are announced. Weakening of the pound on foreign exchange markets has resulted in higher input costs.

Approved by the Board on 15 February 2018 and signed on its behalf by:



.....  
Mr David Hugh Patterson  
Director

## **A.D.S. Graphics Limited**

### **Directors' Report for the Year Ended 31 May 2017**

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

#### **Directors of the company**

The directors who held office during the year were as follows:

Mr David Hugh Patterson

Mr Rudolph David Patterson

Mrs Barbara Lee Thatcher

Ms Tamsin Williams

Mr Simon William Preston (appointed 1 February 2017)

Mr Christopher John Tindall (Resignation 31 January 2017)

#### **Financial instruments**

#### ***Objectives and policies***

Please refer to the strategic report.

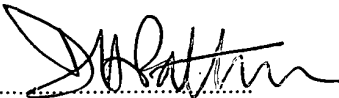
#### ***Price risk, credit risk, liquidity risk and cash flow risk***

Please refer to the strategic report.

#### **Disclosure of information to the auditors**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 15 February 2018 and signed on its behalf by:



Mr David Hugh Patterson  
Director

## **A.D.S. Graphics Limited**

### **Statement of Directors' Responsibilities**

The directors acknowledge their responsibilities for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

## **A.D.S. Graphics Limited**

### **Independent Auditor's Report to the Members of A.D.S. Graphics Limited**

#### **Opinion**

We have audited the financial statements of A.D.S. Graphics Limited (the 'company') for the year ended 31 May 2017, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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 May 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

## **A.D.S. Graphics Limited**

### **Independent Auditor's Report to the Members of A.D.S. Graphics Limited**

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 matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our 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 and the Directors' Report.

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.

#### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities [set out on page 4], 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.

#### **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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

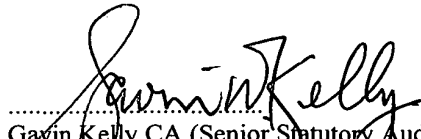


## **A.D.S. Graphics Limited**

### **Independent Auditor's Report to the Members of A.D.S. Graphics Limited**

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Gavin Kelly CA (Senior Statutory Auditor)

For and on behalf of GW Kelly & Co, Statutory Auditor

3 Stadium Court  
Plantation Road  
Bromborough  
Wirral  
CH62 3QG

15 February 2018

# **A.D.S. Graphics Limited**

## **Profit and Loss Account for the Year Ended 31 May 2017**

	Note	2017 £	2016 £
Turnover	3	12,214,669	11,301,779
Cost of sales		<u>(8,649,994)</u>	<u>(7,798,202)</u>
Gross profit		3,564,675	3,503,577
Administrative expenses		(3,085,042)	(2,899,147)
Other operating income	4	<u>25,000</u>	<u>30,325</u>
Operating profit	6	<u>504,633</u>	<u>634,755</u>
Income from other fixed asset investments		1,550	1,333
Other interest receivable and similar income	8	954	-
Interest payable and similar expenses	9	<u>(94,737)</u>	<u>(78,918)</u>
		<u>(92,233)</u>	<u>(77,585)</u>
Profit before tax		412,400	557,170
Taxation	13	<u>132,046</u>	<u>(126,057)</u>
Profit for the financial year		<u><u>544,446</u></u>	<u><u>431,113</u></u>

The above results were derived from continuing operations.

The notes on pages 13 to 30 form an integral part of these financial statements.

## **A.D.S. Graphics Limited**

### **Statement of Comprehensive Income for the Year Ended 31 May 2017**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Profit for the year	544,446	431,113
Surplus/(deficit) on revaluation of other assets	<u>8,384</u>	<u>6,038</u>
Total comprehensive income for the year	<u><u>552,830</u></u>	<u><u>437,151</u></u>

The notes on pages 13 to 30 form an integral part of these financial statements.

# A.D.S. Graphics Limited

**(Registration number: 02233870)**  
**Balance Sheet as at 31 May 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	14	5,069,495	3,915,514
Investments	15	13,503	81
Other financial assets	16	48,694	38,214
		<u>5,131,692</u>	<u>3,953,809</u>
<b>Current assets</b>			
Stocks	17	968,619	1,026,644
Debtors	18	2,822,485	3,130,061
Cash at bank and in hand		101,843	102,344
		<u>3,892,947</u>	<u>4,259,049</u>
<b>Creditors: Amounts falling due within one year</b>	20	<u>(3,614,384)</u>	<u>(3,955,315)</u>
<b>Net current assets</b>		<u>278,563</u>	<u>303,734</u>
<b>Total assets less current liabilities</b>		5,410,255	4,257,543
<b>Creditors: Amounts falling due after more than one year</b>	20	(2,000,928)	(1,199,023)
<b>Provisions for liabilities</b>	21	<u>(202,342)</u>	<u>(222,151)</u>
<b>Net assets</b>		<u>3,206,985</u>	<u>2,836,369</u>
<b>Capital and reserves</b>			
Called up share capital	23	18,400	18,400
Revaluation reserve		30,955	22,571
Profit and loss account		<u>3,157,630</u>	<u>2,795,398</u>
<b>Total equity</b>		<u>3,206,985</u>	<u>2,836,369</u>

Approved and authorised by the Board on 15 February 2018 and signed on its behalf by:



Mr David Hugh Patterson

Director

The notes on pages 13 to 30 form an integral part of these financial statements.

# A.D.S. Graphics Limited

## Statement of Changes in Equity for the Year Ended 31 May 2017

	Share capital £	Revaluation reserve £	Profit and loss account £	Total £
At 1 June 2016	18,400	22,571	2,795,398	2,836,369
Profit for the year	-	-	544,446	544,446
Other comprehensive income	-	8,384	-	8,384
Total comprehensive income	-	8,384	544,446	552,830
Dividends	-	-	(182,214)	(182,214)
At 31 May 2017	18,400	30,955	3,157,630	3,206,985
	Share capital £	Revaluation reserve £	Profit and loss account £	Total £
At 1 June 2015	18,400	16,533	2,514,949	2,549,882
Profit for the year	-	-	431,113	431,113
Other comprehensive income	-	6,038	-	6,038
Total comprehensive income	-	6,038	431,113	437,151
Dividends	-	-	(150,664)	(150,664)
At 31 May 2016	18,400	22,571	2,795,398	2,836,369

The notes on pages 13 to 30 form an integral part of these financial statements.

# A.D.S. Graphics Limited

## Statement of Cash Flows for the Year Ended 31 May 2017

	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Profit for the year		544,446	431,113
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	6	381,648	342,272
Profit on disposal of tangible assets	5	(16,440)	-
Finance income	8	(2,504)	(1,333)
Finance costs	9	98,974	78,828
Income tax expense	13	<u>(132,046)</u>	<u>126,057</u>
		874,078	976,937
Working capital adjustments			
Decrease/(increase) in stocks	17	58,025	(149,961)
Decrease/(increase) in trade debtors	18	307,576	(768,925)
(Decrease)/increase in trade creditors	20	(342,203)	412,580
Decrease in deferred income, including government grants		<u>(25,000)</u>	<u>(30,325)</u>
Cash generated from operations		872,476	440,306
Income taxes received/(paid)	13	<u>75,845</u>	<u>(23,403)</u>
Net cash flow from operating activities		<u>948,321</u>	<u>416,903</u>
<b>Cash flows from investing activities</b>			
Interest received	8	2,504	1,333
Acquisition of subsidiaries	15	(13,422)	-
Acquisitions of tangible assets		(347,916)	(489,908)
Proceeds from sale of tangible assets		<u>28,752</u>	<u>-</u>
Net cash flows from investing activities		<u>(330,082)</u>	<u>(488,575)</u>
<b>Cash flows from financing activities</b>			
Interest paid	9	(98,974)	(78,828)
Repayment of bank borrowing		(48,013)	(35,475)
Payments to finance lease creditors		(187,645)	(154,472)
Dividends paid	26	<u>(182,214)</u>	<u>(150,664)</u>
Net cash flows from financing activities		<u>(516,846)</u>	<u>(419,439)</u>
Net increase/(decrease) in cash and cash equivalents		101,393	(491,111)
Cash and cash equivalents at 1 June		<u>(958,617)</u>	<u>(467,506)</u>
Cash and cash equivalents at 31 May		<u><u>(857,224)</u></u>	<u><u>(958,617)</u></u>

The notes on pages 13 to 30 form an integral part of these financial statements.

## **A.D.S. Graphics Limited**

### **Notes to the Financial Statements for the Year Ended 31 May 2017**

#### **1 General information**

The company is a private company limited by share capital, incorporated in England & Wales.

The address of its registered office is:

3 - 4 Apex Court  
Bassendale Road  
Bromborough  
Wirral  
CH62 3RE

These financial statements were authorised for issue by the Board on 15 February 2018.

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

##### **Basis of preparation**

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

##### **Departures from Companies Act requirements**

Although the Companies Act 2006 requires Group Accounts to be produced this has not been done as the subsidiaries were all dormant and have minimal assets, therefore the accounts show information about the company as an individual entity.

##### **Revenue recognition**

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

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

##### **Tax**

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

## **A.D.S. Graphics Limited**

### **Notes to the Financial Statements for the Year Ended 31 May 2017**

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

#### **Tangible assets**

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

#### **Depreciation**

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Freehold Property	2% straight line
Leasehold Property	12.5% to 20% straight line
Plant & Machinery	10% to 33.3% straight line
Fixture & Fittings	10% straight line
Motor Vehicles	25% straight line
Office Equipment	15% straight line
Technology Sensitive Equipment	20% to 25% straight line

#### **Business combinations**

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

#### **Investments**

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.



## **A.D.S. Graphics Limited**

### **Notes to the Financial Statements for the Year Ended 31 May 2017**

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

#### **Trade debtors**

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

#### **Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are 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.

#### **Trade creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

## A.D.S. Graphics Limited

### Notes to the Financial Statements for the Year Ended 31 May 2017

#### Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

#### Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

#### Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

#### Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

### 3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2017 £	2016 £
Sale of goods	12,204,169	11,291,279
Rental income from investment property	10,500	10,500
	<u>12,214,669</u>	<u>11,301,779</u>

### 4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2017 £	2016 £
Government grants	<u>25,000</u>	<u>30,325</u>

# A.D.S. Graphics Limited

## Notes to the Financial Statements for the Year Ended 31 May 2017

### 5 Other gains and losses

The analysis of the company's other gains and losses for the year is as follows:

	2017 £	2016 £
Gain (loss) on disposal of property, plant and equipment	<u>16,440</u>	<u>-</u>

### 6 Operating profit

Arrived at after charging/(crediting)

	2017 £	2016 £
Depreciation expense	381,648	342,272
Operating lease expense - plant and machinery	99,505	87,962
Operating lease expense - other	8,029	13,803
Profit on disposal of property, plant and equipment	<u>(16,440)</u>	<u>-</u>

### 7 Government grants

Deferred grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

Revenue grants are credited to the profit and loss account so as to match them with the expenditure to which they relate.

The amount of grants recognised in the financial statements was £25,000 (2016 - £30,325).

### 8 Other interest receivable and similar income

	2017 £	2016 £
Interest income on bank deposits	110	-
Other finance income	<u>844</u>	<u>-</u>
	<u>954</u>	<u>-</u>

### 9 Interest payable and similar expenses

	2017 £	2016 £
Interest on bank overdrafts and borrowings	66,692	62,653
Interest on obligations under finance leases and hire purchase contracts	32,282	16,175
Foreign exchange (gains) / losses	<u>(4,237)</u>	<u>90</u>
	<u>94,737</u>	<u>78,918</u>

# **A.D.S. Graphics Limited**

## **Notes to the Financial Statements for the Year Ended 31 May 2017**

### **10 Staff costs**

The aggregate payroll costs (including directors' remuneration) were as follows:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Wages and salaries	4,420,478	4,081,900
Social security costs	347,606	319,934
Pension costs, defined contribution scheme	80,559	74,519
Other employee expense	84,542	78,438
	<u>4,933,185</u>	<u>4,554,791</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>
Production	120	105
Administration and support	25	27
Other departments	14	13
	<u>159</u>	<u>145</u>

### **11 Directors' remuneration**

The directors' remuneration for the year was as follows:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Remuneration	374,044	370,675
Contributions paid to money purchase schemes	14,730	13,246
	<u>388,774</u>	<u>383,921</u>

Car and fuel benefits, health insurance and accountancy fees.

In respect of the highest paid director:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Remuneration	110,508	108,669
Company contributions to money purchase pension schemes	6,000	5,882

# A.D.S. Graphics Limited

## Notes to the Financial Statements for the Year Ended 31 May 2017

### 12 Auditors' remuneration

	2017 £	2016 £
Audit of the financial statements	<u>12,000</u>	<u>12,214</u>
<b>Other fees to auditors</b>		
All other non-audit services	<u>2,630</u>	<u>3,077</u>

### 13 Taxation

Tax charged/(credited) in the income statement

	2017 £	2016 £
<b>Current taxation</b>		
UK corporation tax	37,792	72,088
UK corporation tax adjustment to prior periods	<u>(147,933)</u>	<u>-</u>
	(110,141)	72,088
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	<u>(21,905)</u>	<u>53,969</u>
Tax (receipt)/expense in the income statement	<u>(132,046)</u>	<u>126,057</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2016 - the same as the standard rate of corporation tax in the UK) of 19.83% (2016 - 20%).

The differences are reconciled below:

	2017 £	2016 £
Profit before tax	<u>412,400</u>	<u>557,170</u>
Corporation tax at standard rate	81,779	111,434
Effect of expense not deductible in determining taxable profit (tax loss)	795	802
Effect of tax losses	(2,816)	-
Deferred tax expense (credit) relating to changes in tax rates or laws	(10,444)	-
Increase (decrease) in UK and foreign current tax from adjustment for prior periods	(147,932)	-
Tax increase (decrease) from effect of capital allowances and depreciation	<u>(53,428)</u>	<u>13,821</u>
Total tax (credit)/charge	<u>(132,046)</u>	<u>126,057</u>

## **A.D.S. Graphics Limited**

### **Notes to the Financial Statements for the Year Ended 31 May 2017**

#### **Deferred tax**

Deferred tax assets and liabilities

**2017**

**Liability  
£**

Accelerated tax depreciation

195,204

Fair value movements on financial instruments

7,138

202,342

**2016**

**Liability  
£**

Accelerated tax depreciation

216,508

Fair value movements on financial instruments

5,643

222,151

# A.D.S. Graphics Limited

## Notes to the Financial Statements for the Year Ended 31 May 2017

### 14 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Other property, plant and equipment £	Total £
<b>Cost or valuation</b>					
At 1 June 2016	2,930,296	592,099	13,705	6,194,643	9,730,743
Additions	35,574	78,263	-	1,434,102	1,547,939
Disposals	(39,604)	(2,722)	-	(179,835)	(222,161)
At 31 May 2017	<u>2,926,266</u>	<u>667,640</u>	<u>13,705</u>	<u>7,448,910</u>	<u>11,056,521</u>
<b>Depreciation</b>					
At 1 June 2016	490,762	425,290	13,705	4,885,469	5,815,226
Charge for the year	76,508	49,255	-	255,886	381,649
Eliminated on disposal	(27,291)	(2,723)	-	(179,835)	(209,849)
At 31 May 2017	<u>539,979</u>	<u>471,822</u>	<u>13,705</u>	<u>4,961,520</u>	<u>5,987,026</u>
<b>Carrying amount</b>					
At 31 May 2017	<u>2,386,287</u>	<u>195,818</u>	<u>-</u>	<u>2,487,390</u>	<u>5,069,495</u>
At 31 May 2016	<u>2,439,531</u>	<u>166,809</u>	<u>-</u>	<u>1,309,174</u>	<u>3,915,514</u>

Included within the net book value of land and buildings above is £2,249,698 (2016 - £2,282,904) in respect of freehold land and buildings and £136,589 (2016 - £156,627) in respect of short leasehold land and buildings.

### 15 Investments in subsidiaries, joint ventures and associates

	2017 £	2016 £
Investments in subsidiaries	<u>13,503</u>	<u>81</u>

## A.D.S. Graphics Limited

### Notes to the Financial Statements for the Year Ended 31 May 2017

<b>Subsidiaries</b>	<b>£</b>
<b>Cost or valuation</b>	
At 1 June 2016	81
Additions	13,422
At 31 May 2017	13,503
<b>Provision</b>	
<b>Carrying amount</b>	
At 31 May 2017	13,503
At 31 May 2016	81

#### Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking			Registered office	Holding	Proportion of voting rights and shares held	
					2017	2016
Subsidiary undertakings						
Flexprint (Wirral) Limited			3-4 Apex Court, Bassendale Road, Bromborough, Wirral CH62 3RE United Kingdom	Ordinary	100%	100%
Addition Design Limited			3-4 Apex Court, Bassendale Road, Bromborough, Wirral CH62 3RE United Kingdom	Ordinary	80%	0%
Chester Limited	Medical Solutions		3-4 Apex Court, Bassendale Road, Bromborough Wirral CH62 3RE United Kingdom	Ordinary	100%	100%

The principal activity of Flexprint (Wirral) Limited is Dormant

The principal activity of Addition Design Limited is design Its financial period end is 30 April.

The principal activity of Chester Medical Solutions Limited is Dormant

The profit for the financial period of Flexprint (Wirral) Limited was £- and the aggregate amount of capital and reserves at the end of the period was £(80).

The profit for the financial period of Addition Design Limited was £- and the aggregate amount of capital and reserves at the end of the period was £(100).

The profit for the financial period of Chester Medical Solutions Limited was £- and the aggregate amount of capital and reserves at the end of the period was £(1).



# A.D.S. Graphics Limited

## Notes to the Financial Statements for the Year Ended 31 May 2017

### 16 Other financial assets (current and non-current)

	2017 £	2016 £
<b>Non-current financial assets</b>		
Financial assets at fair value through profit and loss	<u>48,694</u>	<u>38,214</u>

### 17 Stocks

	2017 £	2016 £
Other inventories	<u>968,619</u>	<u>1,026,644</u>

### 18 Debtors

	2017 £	2016 £
Trade debtors	1,774,288	2,032,101
Other debtors	136,621	21,996
Prepayments	290,675	208,480
Gross amount due from customers for contract work	<u>620,901</u>	<u>867,484</u>
Total current trade and other debtors	<u>2,822,485</u>	<u>3,130,061</u>

The carrying amount of trade debtors pledged as security for liabilities amounted to £933,234 (2016 - £827,886).

Trade debtors include invoices discounted with recourse..

### 19 Cash and cash equivalents

	2017 £	2016 £
Cash on hand	215	826
Short-term deposits	<u>101,628</u>	<u>101,518</u>
	101,843	102,344
Bank overdrafts	<u>(959,067)</u>	<u>(1,060,961)</u>
Cash and cash equivalents in statement of cash flows	<u>(857,224)</u>	<u>(958,617)</u>

### 20 Creditors

## A.D.S. Graphics Limited

### Notes to the Financial Statements for the Year Ended 31 May 2017

	Note	2017 £	2016 £
<b>Due within one year</b>			
Loans and borrowings	24	1,298,582	1,238,014
Trade creditors		1,295,307	1,873,036
Amounts due to related parties	27	167,030	131,165
Social security and other taxes		293,107	217,681
Outstanding defined contribution pension costs		10,228	8,136
Other payables		70,727	11,109
Accrued expenses		245,778	183,253
Income tax liability	13	37,792	72,088
Deferred income		195,833	220,833
		<u>3,614,384</u>	<u>3,955,315</u>
<b>Due after one year</b>			
Loans and borrowings	24	<u>2,000,928</u>	<u>1,199,023</u>

#### 21 Deferred tax and other provisions

	Deferred tax £	Total £
At 1 June 2016	222,151	222,151
Additional provisions	2,096	2,096
Increase (decrease) in existing provisions	<u>(21,905)</u>	<u>(21,905)</u>
At 31 May 2017	<u>202,342</u>	<u>202,342</u>

#### 22 Pension and other schemes

##### Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £80,559 (2016 - £74,519).

Contributions totalling £10,228 (2016 - £8,136) were payable to the scheme at the end of the year and are included in creditors.

#### 23 Share capital

##### Allotted, called up and fully paid shares

# A.D.S. Graphics Limited

## Notes to the Financial Statements for the Year Ended 31 May 2017

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	18,400	18,400	18,400	18,400

### 24 Loans and borrowings

	2017 £	2016 £
<b>Non-current loans and borrowings</b>		
Bank borrowings	817,743	871,422
Finance lease liabilities	1,144,435	282,601
Other borrowings	38,750	45,000
	<u>2,000,928</u>	<u>1,199,023</u>

	2017 £	2016 £
<b>Current loans and borrowings</b>		
Bank borrowings	49,134	43,468
Bank overdrafts	959,067	1,060,961
Finance lease liabilities	290,381	133,585
	<u>1,298,582</u>	<u>1,238,014</u>

### Bank borrowings

The bank borrowings are denominated in pounds sterling with a nominal interest rate of 4%, and the final instalment is due on 23/10/2030. The carrying amount at the year end is £866877.

The bank borrowings are secured by a first legal mortgage over the freehold property of the company

Included in the loans and borrowings are the following amounts due after more than five years:

	2017 £	2016 £
After more than five years by instalments	<u>602,378</u>	<u>676,327</u>

### 25. Obligations under leases and hire purchase contracts

#### Finance leases

The total of future minimum lease payments is as follows:

## A.D.S. Graphics Limited

### Notes to the Financial Statements for the Year Ended 31 May 2017

	2017 £	2016 £
Not later than one year	290,382	133,585
Later than one year and not later than five years	849,082	282,601
Later than five years	295,352	-
	<u>1,434,816</u>	<u>416,186</u>

#### Operating leases

The total of future minimum lease payments is as follows:

	2017 £	2016 £
Not later than one year	270,725	277,863
Later than one year and not later than five years	836,692	870,980
Later than five years	139,745	309,684
	<u>1,247,162</u>	<u>1,458,527</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £277,400 (2016 - £281,141).

#### 26 Dividends

	2017 £	2016 £
Interim dividend of £9.8815 (2016 - £8.188) per ordinary share	182,214	150,664

#### 27 Related party transactions

##### Summary of transactions with other related parties

D H Patterson a director of ADS Graphics Limited, is also a director of Quay Pharmaceuticals Limited. Quay Pharmaceuticals lease premises from the company at a commercial rent plus goods and services,

##### Income and receivables from related parties

	Other related parties £
2017 Leases	<u>10,500</u>

# A.D.S. Graphics Limited

## Notes to the Financial Statements for the Year Ended 31 May 2017

<b>2016</b>	<b>Other related parties</b>
Leases	£
	<u>10,500</u>

### Loans to related parties

<b>2017</b>	<b>Other related parties</b>
At start of period	£
Repaid	10,000
	<u>(10,000)</u>
At end of period	-

<b>2016</b>	<b>Other related parties</b>
At start of period	£
	<u>10,000</u>

### Loans from related parties

<b>2017</b>	<b>Other related parties</b>
Advanced	£
	<u>40,494</u>

### Terms of loans from related parties

The loan is interest free and repayable within one year.

## 28 Transition to FRS 102

### Balance Sheet at 1 June 2015

	As originally reported £	Reclassification £	Remeasurement £	As restated £
<b>Fixed assets</b>				
Tangible assets	3,317,146	-	-	3,317,146
Investments	<u>10,081</u>	<u>-</u>	<u>20,666</u>	<u>30,747</u>
	<u>3,327,227</u>	<u>-</u>	<u>20,666</u>	<u>3,347,893</u>
<b>Current assets</b>				
Stocks	876,683	-	-	876,683
Debtors	2,361,136	-	-	2,361,136
Cash at bank and in hand	<u>119,792</u>	<u>-</u>	<u>-</u>	<u>119,792</u>
	<u>3,357,611</u>	<u>-</u>	<u>-</u>	<u>3,357,611</u>

# A.D.S. Graphics Limited

## Notes to the Financial Statements for the Year Ended 31 May 2017

	As originally reported £	Reclassification £	Remeasurement £	As restated £
Creditors: Amounts falling due within one year	(2,994,546)	-	-	(2,994,546)
Net current assets	363,065	-	-	363,065
Total assets less current liabilities	3,690,292	-	20,666	3,710,958
Creditors: Amounts falling due after more than one year	(994,402)	-	-	(994,402)
Provisions for liabilities	(162,539)	-	(4,133)	(166,672)
Net assets	2,533,351	-	16,533	2,549,884
<b>Capital and reserves</b>				
Called up share capital	18,400	-	-	18,400
Revaluation reserve	-	-	16,533	16,533
Profit and loss account	2,514,951	-	-	2,514,951
Total equity	2,533,351	-	16,533	2,549,884

# A.D.S. Graphics Limited

## Notes to the Financial Statements for the Year Ended 31 May 2017

### Balance Sheet at 31 May 2016

	As originally reported £	Reclassification £	Remeasurement £	As restated £
<b>Fixed assets</b>				
Tangible assets	3,915,514	-	-	3,915,514
Investments	81	-	-	81
Other financial assets	10,000	-	28,214	38,214
	<u>3,925,595</u>	<u>-</u>	<u>28,214</u>	<u>3,953,809</u>
<b>Current assets</b>				
Stocks	1,026,644	-	-	1,026,644
Debtors	3,130,061	-	-	3,130,061
Cash at bank and in hand	102,344	-	-	102,344
	<u>4,259,049</u>	<u>-</u>	<u>-</u>	<u>4,259,049</u>
Creditors: Amounts falling due within one year	<u>(3,955,315)</u>	<u>-</u>	<u>-</u>	<u>(3,955,315)</u>
Net current assets	<u>303,734</u>	<u>-</u>	<u>-</u>	<u>303,734</u>
Total assets less current liabilities	4,229,329	-	28,214	4,257,543
Creditors: Amounts falling due after more than one year	(1,199,023)	-	-	(1,199,023)
Provisions for liabilities	<u>(216,508)</u>	<u>-</u>	<u>(5,643)</u>	<u>(222,151)</u>
Net assets	<u>2,813,798</u>	<u>-</u>	<u>22,571</u>	<u>2,836,369</u>
<b>Capital and reserves</b>				
Called up share capital	18,400	-	-	18,400
Revaluation reserve	-	-	22,571	22,571
Profit and loss account	<u>2,795,398</u>	<u>-</u>	<u>-</u>	<u>2,795,398</u>
Total equity	<u>2,813,798</u>	<u>-</u>	<u>22,571</u>	<u>2,836,369</u>

# **A.D.S. Graphics Limited**

## **Notes to the Financial Statements for the Year Ended 31 May 2017**

### **Profit and Loss Account for the year ended 31 May 2016**

	<b>As originally reported £</b>	<b>Reclassification £</b>	<b>Remeasurement £</b>	<b>As restated £</b>
Turnover	11,301,779	-	-	11,301,779
Cost of sales	<u>(7,798,202)</u>	<u>-</u>	<u>-</u>	<u>(7,798,202)</u>
Gross profit	3,503,577	-	-	3,503,577
Administrative expenses	(2,899,147)	-	-	(2,899,147)
Other operating income	<u>30,325</u>	<u>-</u>	<u>-</u>	<u>30,325</u>
Operating profit	<u>634,755</u>	<u>-</u>	<u>-</u>	<u>634,755</u>
Income from other fixed asset investments	1,333	-	-	1,333
Interest payable and similar expenses	<u>(78,918)</u>	<u>-</u>	<u>-</u>	<u>(78,918)</u>
	<u>(77,585)</u>	<u>-</u>	<u>-</u>	<u>(77,585)</u>
Profit before tax	557,170	-	-	557,170
Taxation	<u>(126,057)</u>	<u>-</u>	<u>-</u>	<u>(126,057)</u>
Profit for the financial year	<u><u>431,113</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>431,113</u></u>