

Company registration number: 05360199

**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED

28 FEBRUARY 2018

**ENVY POST PRODUCTION
LIMITED**

SATURDAY



A7IESPJV

A22

10/11/2018

#380

COMPANIES HOUSE

MENZIES

BRIGHTER THINKING

ENVY POST PRODUCTION LIMITED

COMPANY INFORMATION

Directors	D Cadle D Bocarro W Bottrell D Gibbs D Reynolds N Cadle J Martin
Company secretary	D Bocarro
Registered number	05360199
Registered office	50a Rathbone Place London W1T 1JW
Independent auditors	Menzies LLP Chartered Accountants & Statutory Auditor Centrum House 36 Station Road Egham Surrey TW20 9LF
Bankers	Bank of Scotland 33 Old Broad Street London EC2N 5BL

ENVY POST PRODUCTION LIMITED

CONTENTS

	Page
Strategic Report	1 - 3
Directors' Report	4 - 5
Independent Auditors' Report	6 - 8
Statement of Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Notes to the Financial Statements	13 - 25

ENVY POST PRODUCTION LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 28 FEBRUARY 2018

Principal activity

The principal activity of the company is the supply of post production services to the Broadcast and Advertising markets.

Review of the business

The directors are pleased to report another year of increased revenue. Turnover for the year was £18,277,649 against £17,818,280 in 2017, a moderate increase of 2.6%. The profit before tax for the year was £1,132,869 (2017: £1,509,830).

Growth in revenue was lower than anticipated following the investment made in additional premises in 2016. After a good start following the move to a new building, advertising work proved to be less buoyant due to various factors affecting the overall advertising landscape in the UK.

This, coupled with seasonal demands and a higher property cost base resulted in reduced profits for the year of £1,132,869 from £1,509,830 in 2017. The impact on EBITDA, after stripping out the effect of depreciation, much of which relates to the intense level of investment in the previous year, was less harsh.

The underlying trend indicates continued steady growth and the future income and profit potential from the current facilities we have on offer are very promising. The main focus in the short term is to maximise core growth and profits and to retain our market position, with a view to exploring other suitable opportunities for expansion of the business in the medium term.

Envy continues to deliver high quality editing and post production services, with work continuing on returning popular series such as The Voice UK, Gogglebox, Top Gear and Grand Designs plus other programmes like 999: What's Your Emergency?, Supervet, Death Row with Trevor McDonald and One Strange Rock narrated by Will Smith. On the Advertising side of the business we have completed branded content for Nike, Carlsberg, Absolut, Sony and Stella McCartney as well as Channel branding for the likes of ITV, BBC and Channel 4.

The directors would like to extend their thanks to Envy's staff. Our continued growth, success and first-rate reputation would not be possible without their commitment, hard work and amazing talent.

Key performance indicators

The Directors use a series of key performance indicators (KPIs) to assess performance of the business and these are monitored and reviewed continually throughout the year. The KPIs for the year are:

Turnover	£18.277m (2017: £17.818m)	+2.6%
----------	---------------------------	-------

Year on year growth of turnover has continued, albeit at a slower than anticipated rate.

Profit before Tax	£1.13m (2017: £1.51m)	-25.0%
-------------------	-----------------------	--------

Profit is down on last year but still remains healthy.

EBITDA	£3.08m (2017: £3.17m)	-2.9%
--------	-----------------------	-------

This is the measurement of the company's operating performance and ability to generate cash. Due to the continual high level of capital expenditure, there is a large positive differential to the reported profit indicating healthy cash generation.

Net increase in cash for the period	£69,193 (2017: £85,978)	-24.3%
-------------------------------------	-------------------------	--------

The company aims to maintain positive cash flows each year through careful management of the balance sheet and cash reserves.

ENVY POST PRODUCTION LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2018

Key performance indicators continued

Utilisation of suites	86%	(2017: 94%)	-8.5%
-----------------------	-----	-------------	-------

This measures the hourly usage of suites against the standard daily hours available. The additional capacity created did not provide the same levels of utilisation in comparison to the previous year but this is still considered to be at a satisfactory level overall.

Customer Satisfaction

Envy was once again nominated for 'Best Post Production House' at the 2018 Broadcast Awards and is now a member of the Netflix Post Partner Programme. The company also claimed 1st place in the 'Producer Poll' for Broadcast clients in the Televisual Facilities survey, demonstrating that our customers hold Envy in the highest regard.

Principal risks and uncertainties

The risks affecting the company are reviewed by the Directors to ensure they are properly identified and managed. The principal risks and uncertainties that could have an impact on the company are detailed below.

Interest rate risk

Exposure to interest rate movements on the company's borrowings is managed by maintaining a mixture of fixed and variable rate financing. The company's exposure to interest rate risk applies to interest received on cash deposits and interest paid on loans.

Credit risk

Credit risk exposure arises from amounts shown as due in the balance sheet. The company has no significant concentrations of credit risk from our clients. The company monitors credit risk closely and considers that its current policies of credit checks and credit control ensure that this is properly managed.

Liquidity risk

The company monitors liquidity risk through regular review of cash flow forecasts to ensure that sufficient funds are maintained to meet its ongoing obligations; both in the short and long term. External financing is arranged to meet any funding needs where deemed necessary.

Price risk

Rates are set within agreed parameters. Rates for services performed are agreed with clients in advance of work commencing. Any alterations are costed, negotiated and charged as appropriate.

Technology risk

To maintain a prominent position amongst its competitors, the company continually assesses the technological developments affecting the industry and trends in the market. Constant investment is made in relevant technology to keep up with rapidly changing demands. In particular the emergence of UHD and HDR has been a driver for upgrading technical equipment and expanding storage.

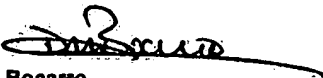
ENVY POST PRODUCTION LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2018

Market risk

The industry continues to be very competitive, with increased pressure on upholding reasonable prices. The company maintains its position as a premium post house offering excellent client service whilst still remaining competitive. Our unique positioning in both Broadcast and Advertising post production markets allows us to balance out the company's exposure to risk in any one particular business area.

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



D Bocarro
Director

Date: 21/11/2018

ENVY POST PRODUCTION LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2018

The directors present their report and the financial statements for the year ended 28 February 2018.

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.

Results and dividends

The profit for the year, after taxation, amounted to £823,612 (2017 - £1,152,210).

The directors have proposed a dividend of £138,943 since the year end.

Directors

The directors who served during the year were:

D Cadle
D Bocarro
W Bottrill
D Gibbs

Directors appointed after the year end were:

D Reynolds (appointed 1 March 2018)
N Cadle (appointed 1 March 2018)
J Martin (appointed 6 March 2018)

Matters covered in the strategic report

The company has chosen in accordance with Section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out within the company's Strategic Report the Company's Strategic Report Information required by schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008. This includes information that would have been included in the business review and details of the principal risks and uncertainties.

ENVY POST PRODUCTION LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2018

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

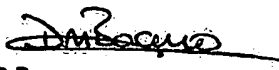
Post balance sheet events

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

Auditors

Under section 487(2) of the Companies Act 2006, Menzies LLP will be deemed to have been reappointed as auditors 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 and signed on its behalf.



D Bocarro
Director

Date: 21/1/2018

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ENVY POST PRODUCTION LIMITED

Opinion

We have audited the financial statements of Envy Post Production Limited (the 'Company') for the year ended 28 February 2018, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 28 February 2018 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 Auditors' 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 Auditors' 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.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ENVY POST PRODUCTION LIMITED (CONTINUED)

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 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.

Auditors' 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 Auditors' 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. This description forms part of our Auditors' Report.

ENVY POST PRODUCTION LIMITED

MENZIES
BRIGHTER THINKING

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ENVY POST PRODUCTION LIMITED (CONTINUED)

Use of our report

This report is made solely to the Company's shareholders, 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 shareholders those matters we are required to state to them in an Auditors' 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 shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Cook FCA (Senior Statutory Auditor)

for and on behalf of
Menzies LLP

Chartered Accountants
Statutory Auditor

Centrum House
36 Station Road
Egham
Surrey
TW20 9LF

Date: 2/11/2018

ENVY POST PRODUCTION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 2018

	Note	2018 £	2017 £
Turnover	4	18,277,649	17,818,280
Cost of sales		(11,838,728)	(11,287,633)
Gross profit		6,438,921	6,530,647
Administrative expenses		(5,206,612)	(4,971,122)
Other operating income	5	-	18,700
Operating profit	6	1,232,309	1,578,225
Interest receivable and similar income	10	5,518	7,332
Interest payable and expenses	11	(104,958)	(75,727)
Profit before tax		1,132,869	1,509,830
Tax on profit	12	(309,257)	(357,620)
Profit for the financial year		823,612	1,152,210

There was no other comprehensive income for 2018 (2017: £NIL).


The notes on pages 13 to 25 form part of these financial statements.

ENVY POST PRODUCTION LIMITED
REGISTERED NUMBER:05360199

STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible Assets	14	36,299	47,436
Tangible assets	15	5,590,914	6,092,713
		<u>5,627,213</u>	<u>6,140,149</u>
Current assets			
Stocks and work in progress		10,949	15,414
Debtors: amounts falling due after more than one year	16	413,381	413,381
Debtors: amounts falling due within one year	16	6,055,444	5,073,910
Cash at bank and in hand		1,482,197	1,413,004
		<u>7,961,971</u>	<u>6,915,709</u>
Creditors: amounts falling due within one year	17	(3,773,320)	(3,624,743)
Net current assets		<u>4,188,651</u>	<u>3,290,966</u>
Total assets less current liabilities		<u>9,816,864</u>	<u>9,431,115</u>
Creditors: amounts falling due after more than one year	18	(963,517)	(1,426,355)
Provisions for liabilities			
Deferred tax	21	-	(26,518)
Other provisions	22	(235,750)	-
		<u>(235,750)</u>	<u>(26,518)</u>
Net assets		<u>8,616,597</u>	<u>7,978,242</u>
Capital and reserves			
Called up share capital	23	896,135	896,135
Share premium account	24	859,703	859,703
Profit and loss account	24	6,860,759	6,222,404
		<u>8,616,597</u>	<u>7,978,242</u>

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

 2 NOV 2018

D Cadle
 Director
 Date:

The notes on pages 13 to 25 form part of these financial statements.

ENVY POST PRODUCTION LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2018

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 March 2016	896,135	859,703	5,255,451	7,011,289
Profit for the year	-	-	1,152,210	1,152,210
Dividends: Equity capital	-	-	(185,257)	(185,257)
At 1 March 2017	896,135	859,703	6,222,404	7,978,242
Profit for the year	-	-	823,612	823,612
Dividends: Equity capital	-	-	(185,257)	(185,257)
At 28 February 2018	896,135	859,703	6,860,759	8,616,597

ENVY POST PRODUCTION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 28 FEBRUARY 2018

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	823,612	1,152,210
Adjustments for:		
Amortisation of intangible assets	11,137	8,248
Depreciation of tangible assets	1,837,499	1,588,197
Loss on disposal of tangible assets	(4,699)	(4,631)
Interest paid	104,958	75,727
Interest received	(5,518)	(7,332)
Taxation charge	309,257	357,620
Decrease/(increase) in stocks	4,465	(6,592)
(Increase)/decrease in debtors	(965,245)	547,312
Increase/(decrease) in creditors	17,840	(225,822)
Corporation tax (paid)	(368,165)	(438,328)
Net cash generated from operating activities	1,765,141	3,046,609
Cash flows from investing activities		
Purchase of intangible fixed assets	-	(22,654)
Purchase of tangible fixed assets	(1,129,588)	(3,113,849)
Sale of tangible fixed assets	34,340	6,347
Interest received	5,518	7,332
Net cash from investing activities	(1,089,730)	(3,122,824)
Cash flows from financing activities		
Repayment of loans	-	(45,848)
Repayment of/new finance leases	(316,003)	469,025
Dividends paid	(185,257)	(185,257)
Interest paid	(104,958)	(75,727)
Net cash used in financing activities	(606,218)	162,193
Net increase in cash and cash equivalents	69,193	85,978
Cash and cash equivalents at beginning of year	1,413,004	1,327,026
Cash and cash equivalents at the end of year	1,482,197	1,413,004
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,482,197	1,413,004
	1,482,197	1,413,004

The notes on pages 13 to 25 form part of these financial statements.

ENVY POST PRODUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2018

1. General information

Envy Post Production Limited (05360199) is a private company limited by shares, and it is incorporated and domiciled in England and Wales. The company's principle activity during the year was post production services. Details of the company's registered office can be found on the company Information page.

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 functional and reporting currency of the company is £ Sterling (GBP).

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).

2.2 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

2.3 Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that 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 that are expected to apply to the reversal of the timing difference.

2.4 Operating leases

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

ENVY POST PRODUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2018

2. Accounting policies (continued)

2.5 Research and development

Research expenditure is written off in the period in which it is incurred.

Development expenditure incurred is capitalised as an intangible asset only when all of the following criteria are met:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- There is the intention to complete the intangible asset and use or sell it;
- There is the ability to use or sell the intangible asset;
- The use or sale of the intangible asset will generate probable future economic benefits;
- There are adequate technical, financial and other resources available to complete the development and to use or sell the intangible asset; and
- The expenditure attributable to the intangible asset during its development can be measured reliably.

Expenditure that does not meet the above criteria is expensed as incurred.

2.6 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

Development	- 20 % Straight Line Basis
-------------	----------------------------

2.7 Tangible 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold Improvements	- Over the term of the lease
Plant and machinery	- 10% - 50% straight line
Fixtures and fittings	- 10% - 50% straight line

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.

ENVY POST PRODUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2018

2. Accounting policies (continued)

2.8 Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

2.9 Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

2.10 Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

2.11 Financial Instruments

The Company only enters into basic financial instrument 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 related parties and investments in non-puttable ordinary shares.

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, 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 the 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.

ENVY POST PRODUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2018

2. Accounting policies (continued)

2.12 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 Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Dilapidation and reinstatement provision: The Directors' assess each property individually under the terms of the lease. The judgements, estimates and associated assumptions necessary to calculate the provisions are based on historical experience and other reasonable factors.

4. Turnover

An analysis of turnover by class of business is as follows:

	2018 £	2017 £
Rendering of services	18,277,649	17,818,280
	<u>18,277,649</u>	<u>17,818,280</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2018 £	2017 £
Other operating income	-	18,700
	<u>-</u>	<u>18,700</u>

ENVY POST PRODUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2018

6. Operating profit

The operating profit or loss is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	1,837,499	1,588,197
Amortisation of intangible assets, including goodwill	11,137	8,248
Gain on disposal of tangible assets	(4,699)	(4,631)
Other operating lease rentals	2,702,473	2,184,604
Defined contribution pension cost	111,198	109,494
	<u>111,198</u>	<u>109,494</u>

7. Auditors' remuneration

	2018 £	2017 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>18,000</u>	<u>17,200</u>

8. Employees

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

	2018 £	2017 £
Wages and salaries	7,597,329	7,453,070
Social security costs	809,094	780,995
Cost of defined contribution scheme	111,198	109,494
	<u>8,517,621</u>	<u>8,343,559</u>

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

	2018 No.	2017 No.
Production staff	196	191
Administrative staff	25	37
Management staff	4	4
	<u>225</u>	<u>232</u>

ENVY POST PRODUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2018

9. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	315,372	318,572
Company contributions to defined contribution pension schemes	59,209	61,043
	<u>374,581</u>	<u>379,615</u>

During the year retirement benefits were accruing to 3 directors (2017 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £216,940 (2017 - £224,453).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £20,000 (2017 - £20,000).

10. Interest receivable

	2018 £	2017 £
Other interest receivable	5,518	7,332
	<u>5,518</u>	<u>7,332</u>

11. Interest payable and similar charges

	2018 £	2017 £
Interest on banks loans and overdrafts	96	2,041
Interest on obligations under finance leases and hire purchase contracts	104,862	73,686
	<u>104,958</u>	<u>75,727</u>

ENVY POST PRODUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2018

12. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	352,067	387,165
Deferred tax		
Origination and reversal of timing differences	(42,810)	(29,545)
Taxation on profit on ordinary activities	309,257	357,620
Factors affecting tax charge for the year		

The tax assessed for the year is higher than (2017 - *higher than*) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	1,132,869	1,509,830
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	215,245	301,966
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	38,400	23,058
Capital allowances for year in excess of depreciation	107,722	71,743
Other deductions allowable for tax	(9,300)	(9,602)
Deferred Tax - accelerated capital allowances	(42,810)	(29,545)
Total tax charge for the year	309,257	357,620

13. Dividends

	2018 £	2017 £
Equity dividends on ordinary shares	185,257	185,257
	185,257	185,257

On 30 October 2018 the directors proposed a dividend of £138,943 (2017: 185,257).

ENVY POST PRODUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2018

14. Intangible assets

	Development costs £
Cost	
At 1 March 2017	55,684
At 28 February 2018	55,684
Amortisation	
At 1 March 2017	8,248
Charge for the year	11,137
At 28 February 2018	19,385
Net book value	
At 28 February 2018	36,299
At 28 February 2017	47,436

ENVY POST PRODUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2018

15. Tangible fixed assets

	Land & Buildings £	Plant and machinery £	Fixtures and fittings £	Total £
Cost				
At 1 March 2017	3,780,664	11,540,209	4,893,893	20,214,766
Additions	419,220	828,440	117,680	1,365,340
Disposals	-	(701,906)	-	(701,906)
At 28 February 2018	<u>4,199,884</u>	<u>11,666,743</u>	<u>5,011,573</u>	<u>20,878,200</u>
Depreciation				
At 1 March 2017	2,044,764	8,448,656	3,628,633	14,122,053
Charge for the year on owned assets	421,387	1,057,826	358,286	1,837,499
Disposals	-	(672,266)	-	(672,266)
At 28 February 2018	<u>2,466,151</u>	<u>8,834,216</u>	<u>3,986,919</u>	<u>15,287,286</u>
Net book value				
At 28 February 2018	<u>1,733,733</u>	<u>2,832,527</u>	<u>1,024,654</u>	<u>5,590,914</u>
At 28 February 2017	<u>1,735,900</u>	<u>3,091,553</u>	<u>1,265,260</u>	<u>6,092,713</u>

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

	2018 £	2017 £
Plant and machinery	2,022,105	2,200,773
Furniture, fittings and equipment	73,062	86,789
	<u>2,095,167</u>	<u>2,287,562</u>

ENVY POST PRODUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2018

16. Debtors

	2018 £	2017 £
Due after more than one year		
Other debtors	413,381	413,381
	<u>413,381</u>	<u>413,381</u>
Due within one year		
Trade debtors	2,950,609	3,037,084
Prepayments and accrued income	1,469,019	1,086,559
Other debtors	1,619,524	950,267
Deferred taxation	16,292	-
	<u>6,055,444</u>	<u>5,073,910</u>

17. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	523,940	509,283
Accruals and deferred income	1,248,062	1,013,522
Corporation tax	141,068	157,166
Social security and other taxes	608,595	672,549
Obligations under finance lease and hire purchase contracts	929,178	864,243
Other creditors	322,477	407,980
	<u>3,773,320</u>	<u>3,624,743</u>

Hire Purchase agreements are secured on the fixed assets to which they relate.

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

	2018 £	2017 £
Net obligations under finance leases and hire purchase contracts	710,992	1,091,930
Other creditors	252,525	334,425
	<u>963,517</u>	<u>1,426,355</u>

ENVY POST PRODUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2018

19. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2018 £	2017 £
Within one year	929,178	864,243
Between 1-2 years	710,997	1,091,930
	<u>1,640,175</u>	<u>1,956,173</u>

20. Financial Instruments

	2018 £	2017 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	5,689,516	4,400,732
	<u>5,689,516</u>	<u>4,400,732</u>
Financial liabilities		
Financial liabilities measured at amortised cost	3,754,222	2,265,210
	<u>3,754,222</u>	<u>2,265,210</u>

21. Deferred taxation

	2018 £	2017 £
At beginning of year	26,518	56,063
Credited to profit or loss	(42,810)	(29,545)
At end of year	<u>(16,292)</u>	<u>26,518</u>

The deferred taxation balance is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	(16,292)	26,518
	<u>(16,292)</u>	<u>26,518</u>

ENVY POST PRODUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2018

22. Provisions

	Dilapidations £
Provided during the year	235,750
At 28 February 2018	235,750

The above dilapidations provision relates to the Company's present obligation to restore the property to a specified condition. The timing of these payments is therefore uncertain as they may only occur upon the termination of the leases.

23. Share capital

	2018 £	2017 £
Authorised		
2,000,000 Ordinary Shares shares of £1 each	2,000,000	2,000,000
Allotted, called up and fully paid		
814,612 Ordinary Shares shares of £1 each	814,612	814,612
Allotted, called up and partly paid		
111,675 Ordinary Shares shares of £1 each	81,523	81,523

The company has one class of ordinary shares which carry no right to fixed income.

24. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Profit and loss account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

25. Pension commitments

The amount recognised in profit and loss as an expense in relation to defined contribution plans was £111,198 (2017: £109,494). Contributions totalling £6,219 (2017: £6,088) were payable to the fund at 28 February 2018 and are included in creditors.

ENVY POST PRODUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2018

26. Commitments under operating leases

At 28 February 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	2,496,347	2,414,495
Later than 1 year and not later than 5 years	6,819,769	7,850,516
Later than 5 years	1,990,876	2,781,139
	<u>11,306,992</u>	<u>13,046,150</u>

27. Related party transactions

As at 28th February 2018, there were outstanding directors loans due to D Bocarro and D Cadle for the value of £6,750 (2017: £6,750) and £341 (2017: £341), respectively. These loans are interest free and repayable on demand.

28. Controlling party

The directors are of the opinion that at year end there are no ultimate controlling party..