

**Strategic Report, Report of the Directors and
Audited Financial Statements
for the Year Ended 30th June 2018
for
Echo Studios Limited**



**Contents of the Financial Statements
for the Year Ended 30th June 2018**

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Echo Studios Limited
Company Information
for the Year Ended 30th June 2018

DIRECTORS:

Mrs P C Cardwell
M D Cardwell
C Samways
D J Wetheridge
D Johnson
R Cawker

SECRETARY:

M D Cardwell

REGISTERED OFFICE:

Sovereign House
155 High Street
Aldershot
Hampshire
GU11 1TT

REGISTERED NUMBER:

03042651 (England and Wales)

AUDITORS:

Whiteleys
Chartered Certified Accountants
& Statutory Auditor
Sovereign House
155 High Street
Aldershot
Hampshire
GU11 1TT

**Strategic Report
for the Year Ended 30th June 2018**

The directors present their strategic report for the year ended 30th June 2018.

REVIEW OF BUSINESS

The Company's principal activity continues to be that of a graphic design and retail production house.

RESULTS AND PERFORMANCE

The results of the Company for the year, set out on pages 7 to 23 show a profit on ordinary activities before taxation of £2,529,844 (2017 - £2,317,819). The shareholders' funds of the Company total £2,494,545 (2017 - £1,996,124).

The directors consider the results for the year ended 30 June 2018 to be very satisfactory and reflect the strength and continued growth of the company. The revenue is represented by studio art-working, design and printing.

BUSINESS ENVIRONMENT

The design and print industry remains highly competitive, however the company has continued to expand in its target markets and to attract new blue chip clients and expanding its range of solutions to those clients. The impact of technology remains significant and the company has continued to keep pace with new developments and has invested in new technology and machinery.

STRATEGY

The Company's success has been and will continue to depend on being able to provide the best quality product by taking advantage of the most up to date equipment and technologies as well as the careful strategic targeting of new business.

The Company will continue to consolidate its position and concentrate its efforts on achieving maximum growth in its existing market segments and in offering a wider spectrum of design and fabrication solutions to its clients.

KEY PERFORMANCE INDICATORS (KPI'S)

We have made significant progress throughout the year in relation to key elements of our strategy. The Board monitors the progress of the company by reference to the following KPIs:

2018 (2017)

Net Revenue £12,515m (£11.059m)

Gross margin 70.0% (69.9%)

FINANCIAL INSTRUMENTS

The company has a normal level of exposure to price, credit, liquidity and cash flow risks arising from trading activities which are conducted largely in sterling. The company does not enter into formally designated hedging arrangements.

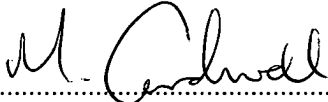
**Strategic Report
for the Year Ended 30th June 2018**

PRINCIPAL RISKS AND UNCERTAINTIES

The process of risk acceptance and risk management is addressed through robust internal policies, procedures and controls.

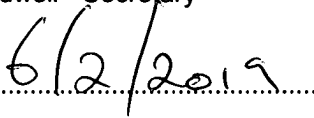
The board manages cash and working capital to ensure the company has the financial strength to meet its requirements and support the growth of the business.

ON BEHALF OF THE BOARD:



.....
M D Cardwell - Secretary

Date:



**Report of the Directors
for the Year Ended 30th June 2018**

The directors present their report with the financial statements of the company for the year ended 30th June 2018.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of computerised photographic design and printing.

DIVIDENDS

An interim dividend of £16,000 per share was paid on 30th June 2018. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 30th June 2018 will be £1,600,000.

RESEARCH AND DEVELOPMENT

This is set out in the strategic report under business environment.

FUTURE DEVELOPMENTS

These are set out in the strategic report under strategy.

DIRECTORS

The directors shown below have held office during the whole of the period from 1st July 2017 to the date of this report.

Mrs P C Cardwell
M D Cardwell
C Samways
D J Wetheridge
D Johnson
R Cawker

GOING CONCERN

No material uncertainties that may cast significant doubt about the ability of the company to continue as a going concern have been identified by the directors.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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), 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 and then apply them consistently;
- make judgements 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 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.

**Report of the Directors
for the Year Ended 30th June 2018**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Whiteleys, are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

ON BEHALF OF THE BOARD:



.....
M D Cardwell - Secretary

Date:

6/2/2019

Report of the Independent Auditors to the Members of Echo Studios Limited

Opinion

We have audited the financial statements of Echo Studios Limited (the 'company') for the year ended 30th June 2018 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30th June 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 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 in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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.

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

**Report of the Independent Auditors to the Members of
Echo Studios Limited**

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 Report of the Directors.

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 four, 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 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.

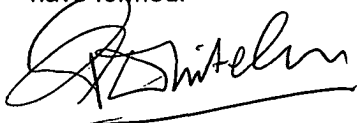
Auditors' responsibilities for the audit of the financial statements

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 a Report of the Auditors 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 Report of the Auditors.

Use of our report

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 a Report of the Auditors 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.



Paul Timothy Whiteley (Senior Statutory Auditor)
for and on behalf of Whiteleys
Chartered Certified Accountants
& Statutory Auditor
Sovereign House
155 High Street
Aldershot
Hampshire
GU11 1TT

6th February 2019

Echo Studios Limited
Statement of Comprehensive Income
for the Year Ended 30th June 2018

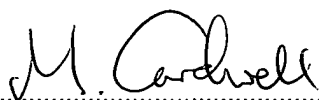
	Notes	2018 £	2017 £
TURNOVER	4	12,514,565	11,058,935
Cost of sales		3,750,162	3,409,002
GROSS PROFIT		8,764,403	7,649,933
Administrative expenses		6,236,683	5,344,964
		2,527,720	2,304,969
Other operating income	5	9,807	20,717
		2,537,527	2,325,686
Interest receivable and similar income		2,963	1,280
		2,540,490	2,326,966
Interest payable and similar expenses	7	10,606	9,147
PROFIT BEFORE TAXATION	8	2,529,884	2,317,819
Tax on profit	9	431,463	331,231
PROFIT FOR THE FINANCIAL YEAR		2,098,421	1,986,588
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,098,421	1,986,588

The notes on pages 13 to 22 form part of these financial statements

Balance Sheet
30th June 2018

	Notes	2018 £	2017 £
FIXED ASSETS			
Tangible assets	11	398,472	395,914
CURRENT ASSETS			
Stocks	12	108,117	108,100
Debtors	13	2,981,099	3,120,705
Cash at bank and in hand		2,542,731	1,474,194
		<u>5,631,947</u>	<u>4,702,999</u>
CREDITORS			
Amounts falling due within one year	14	<u>3,457,411</u>	<u>3,013,388</u>
NET CURRENT ASSETS		<u>2,174,536</u>	<u>1,689,611</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,573,008</u>	<u>2,085,525</u>
CREDITORS			
Amounts falling due after more than one year	15	(69,996)	(66,632)
PROVISIONS FOR LIABILITIES	19	(8,467)	(22,769)
NET ASSETS		<u><u>2,494,545</u></u>	<u><u>1,996,124</u></u>
CAPITAL AND RESERVES			
Called up share capital	20	100	100
Retained earnings	21	<u>2,494,445</u>	<u>1,996,024</u>
SHAREHOLDERS' FUNDS		<u><u>2,494,545</u></u>	<u><u>1,996,124</u></u>

The financial statements were approved by the Board of Directors on 6/2/2019 and were signed on its behalf by:



M D Cardwell - Director

The notes on pages 13 to 22 form part of these financial statements

**Statement of Changes in Equity
for the Year Ended 30th June 2018**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1st July 2016	100	2,009,436	2,009,536
Changes in equity			
Dividends	-	(2,000,000)	(2,000,000)
Total comprehensive income	-	1,986,588	1,986,588
Balance at 30th June 2017	100	1,996,024	1,996,124
Changes in equity			
Dividends	-	(1,600,000)	(1,600,000)
Total comprehensive income	-	2,098,421	2,098,421
Balance at 30th June 2018	100	2,494,445	2,494,545

The notes on pages 13 to 22 form part of these financial statements

**Cash Flow Statement
for the Year Ended 30th June 2018**

	Notes	2018 £	2017 £
Cash flows from operating activities			
Cash generated from operations	1	3,119,419	1,558,022
Interest paid		-	(12)
Interest element of hire purchase payments paid		(10,606)	(9,135)
Tax paid		(409,660)	(453,628)
Net cash from operating activities		<u>2,699,153</u>	<u>1,095,247</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(126,479)	(174,949)
Sale of tangible fixed assets		7,754	2,000
Interest received		2,963	1,280
Net cash from investing activities		<u>(115,762)</u>	<u>(171,669)</u>
Cash flows from financing activities			
Group undertaking loan		267,854	381,803
Capital repayments in year		(18,686)	(8,620)
Equity dividends paid		(1,600,000)	(2,000,000)
Net cash from financing activities		<u>(1,350,832)</u>	<u>(1,626,817)</u>
Increase/(decrease) in cash and cash equivalents		<u>1,232,559</u>	<u>(703,239)</u>
Cash and cash equivalents at beginning of year	2	65,203	768,442
Cash and cash equivalents at end of year	2	<u><u>1,297,762</u></u>	<u><u>65,203</u></u>

The notes on pages 13 to 22 form part of these financial statements

**Notes to the Cash Flow Statement
for the Year Ended 30th June 2018**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2018 £	2017 £
Profit before taxation	2,529,884	2,317,819
Depreciation charges	142,477	120,329
Loss on disposal of fixed assets	1,058	2,131
Finance costs	10,606	9,147
Finance income	(2,963)	(1,280)
	<u>2,681,062</u>	<u>2,448,146</u>
(Increase)/decrease in stocks	(17)	6,541
Decrease/(increase) in trade and other debtors	139,606	(1,133,554)
Increase in trade and other creditors	298,768	236,889
	<u>3,119,419</u>	<u>1,558,022</u>
Cash generated from operations	3,119,419	1,558,022

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 30th June 2018

	30.6.18 £	1.7.17 £
Cash and cash equivalents	2,542,731	1,474,194
Bank overdrafts	(1,244,969)	(1,408,991)
	<u>1,297,762</u>	<u>65,203</u>

Year ended 30th June 2017

	30.6.17 £	1.7.16 £
Cash and cash equivalents	1,474,194	1,400,380
Bank overdrafts	(1,408,991)	(631,938)
	<u>65,203</u>	<u>768,442</u>

The notes on pages 13 to 22 form part of these financial statements

**Notes to the Financial Statements
for the Year Ended 30th June 2018**

1. STATUTORY INFORMATION

Echo Studios Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

The principal place of business of the company is Echo House, Red Lion Business Park, Surbiton, Surrey KT6 7RD.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention.

Going concern

As set out in the strategic report, the directors believe that the company is experiencing good levels of sales growth and profitability and that it is well placed to manage its business risks successfully.

Accordingly, they have a firm expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for services rendered, stated net of discounts and of Value Added Tax.

The company recognises revenue when the amount of revenue can be measured reliably, when it is probable that future economic benefits will flow to the entity and the costs incurred in respect of the transaction can be measured reliably.

A provision is included for any non-completed contracts at the year end. Income is also accrued for any contracts completed at the year end but not invoiced until the new accounting year.

Tangible fixed assets

Tangible fixed assets are carried at cost less accumulated depreciation and accumulated impairment losses.

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

Fixtures and fittings	-	25% on cost
Motor vehicles	-	25% on cost
Computer equipment	-	15% on cost
Leasehold improvements	-	Straight line over the term of the lease.

On disposal, the difference between the net disposal proceeds and the carrying amount of the item sold is recognised in profit or loss.

**Notes to the Financial Statements - continued
for the Year Ended 30th June 2018**

3. ACCOUNTING POLICIES - continued

Stocks

Stocks are measured at the lower of cost and selling price less cost to complete and sell.

Cost is calculated on a first in, first out basis and includes all costs of purchase, costs of conversion and other costs incurred in bringing the stocks to their present location and condition.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currency translation

Transactions in foreign currencies are initially recognised at the rate of exchange ruling at the date of the transaction.

At the end of each reporting period foreign currency monetary items are translated at the closing rate of exchange. Non-monetary items that are measured at historical cost are translated at the rate ruling at the date of the transaction. All differences are charged to profit or loss.

**Notes to the Financial Statements - continued
for the Year Ended 30th June 2018**

3. ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases.

The rights of use and obligations under finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments.

Minimum lease payments are apportioned between the finance charge and the reduction in the outstanding liability using the effective interest rate method. The finance charge is allocated to each period during the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Leased assets are depreciated in accordance with the company's policy for tangible fixed assets. If there is no reasonable certainty that ownership will be obtained at the end of the lease term, the asset is depreciated over the lower of the lease term and its useful life.

Operating lease payments are recognised as an expense on a straight line basis over the lease term.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and the best estimate, which is an approximation, of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements - continued
for the Year Ended 30th June 2018

3. ACCOUNTING POLICIES - continued**Impairment of non-financial assets**

At each reporting date non-financial assets not carried at fair value, like goodwill and plant, property and equipment, are reviewed to determine whether there is an indication that an asset may be impaired. If there is an indication of possible impairment, the recoverable amount of any asset or group of related assets, which is the higher of value in use and the fair value less cost to sell, is estimated and compared with its carrying amount. If the recoverable amount is lower, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised immediately in profit or loss.

Stocks are also assessed for impairment at each reporting date. The carrying amount of each item of stock, or group of similar items, is compared with its selling price less costs to complete and sell. If an item of stock or group of similar items is impaired, its carrying amount is reduced to selling price less costs to complete and sell, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset or group of related assets is increased to the revised estimate of its recoverable amount, but not to exceed the amount that would have been determined had no impairment loss been recognised for the asset or group of related assets in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

Related parties

For the purposes of these financial statements, a party is considered to be related to the company if:

- (i) the party has the ability, directly or indirectly, through one or more intermediaries, to control the company or exercise significant influence over the company in making financial and operating policy decisions, or has joint control over the company.
- (ii) the company and the party are subject to common control;
- (iii) the party is a member of key management personnel of the company, or a close family member of such an individual, or is in an entity under the control, joint control or significant influence of such individuals.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

4. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

5. OTHER OPERATING INCOME

	2018 £	2017 £
Other income	<u>9,807</u>	<u>20,717</u>

6. EMPLOYEES AND DIRECTORS

	2018 £	2017 £
Wages and salaries	3,975,046	3,306,289
Social security costs	420,566	360,835
Other pension costs	55,567	37,604
	<u>4,451,179</u>	<u>3,704,728</u>

Notes to the Financial Statements - continued
for the Year Ended 30th June 2018

6. **EMPLOYEES AND DIRECTORS - continued**

The average number of employees during the year was as follows:

	2018	2017
Office and administration	8	7
Production and design	101	82
	<u>109</u>	<u>89</u>

	2018 £	2017 £
Directors' remuneration	660,673	577,324
Directors' pension contributions to money purchase schemes	<u>16,848</u>	<u>11,522</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>5</u>	<u>5</u>
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Information regarding the highest paid director is as follows:

	2018 £	2017 £
Emoluments etc	146,198	133,855
Pension contributions to money purchase schemes	<u>493</u>	<u>375</u>

7. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	2018 £	2017 £
HMRC interest payable	-	12
Hire purchase & loan interest	10,606	9,135
	<u>10,606</u>	<u>9,147</u>

8. **PROFIT BEFORE TAXATION**

The profit is stated after charging/(crediting):

	2018 £	2017 £
Depreciation - owned assets	117,484	97,019
Depreciation - assets on hire purchase contracts	24,993	23,308
Loss on disposal of fixed assets	1,058	2,131
Auditors remuneration - audit	13,500	11,500
Auditors remuneration - other	10,007	10,319
Foreign exchange differences	<u>52</u>	<u>(9,063)</u>

**Notes to the Financial Statements - continued
for the Year Ended 30th June 2018**

9. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2018 £	2017 £
Current tax:		
UK corporation tax	442,703	424,076
Over provision in prior year	(2,311)	(77,276)
Under provision in prior year	5,373	-
Total current tax	445,765	346,800
Deferred tax	(14,302)	(15,569)
Tax on profit	<u>431,463</u>	<u>331,231</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2018 £	2017 £
Profit before tax	<u>2,529,884</u>	<u>2,317,819</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.750%)	480,678	457,769
Effects of:		
Expenses not deductible for tax purposes	6,572	7,037
Adjustments to tax charge in respect of previous periods	3,062	(77,276)
R&D enhanced expenditure	(60,532)	(56,343)
Adjust closing deferred tax to average rate	1,683	44
Total tax charge	<u>431,463</u>	<u>331,231</u>

10. DIVIDENDS

	2018 £	2017 £
Ordinary shares of £1 each		
Interim	<u>1,600,000</u>	<u>2,000,000</u>

Notes to the Financial Statements - continued
for the Year Ended 30th June 2018

11. TANGIBLE FIXED ASSETS

	Improvements to property £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1st July 2017	64,456	305,761	115,991	580,088	1,066,296
Additions	14,814	26,825	27,368	84,840	153,847
Disposals	(31,484)	(131,898)	(16,258)	(112,359)	(291,999)
At 30th June 2018	47,786	200,688	127,101	552,569	928,144
DEPRECIATION					
At 1st July 2017	36,979	219,790	31,555	382,058	670,382
Charge for year	8,458	41,561	28,917	63,541	142,477
Eliminated on disposal	(31,484)	(130,767)	(9,837)	(111,099)	(283,187)
At 30th June 2018	13,953	130,584	50,635	334,500	529,672
NET BOOK VALUE					
At 30th June 2018	33,833	70,104	76,466	218,069	398,472
At 30th June 2017	27,477	85,971	84,436	198,030	395,914

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
COST	
At 1st July 2017	93,920
Additions	27,368
Disposals	(7,759)
At 30th June 2018	113,529
DEPRECIATION	
At 1st July 2017	25,975
Charge for year	24,993
Eliminated on disposal	(6,466)
At 30th June 2018	44,502
NET BOOK VALUE	
At 30th June 2018	69,027
At 30th June 2017	67,945

12. STOCKS

	2018 £	2017 £
Stocks	108,117	108,100

The company has allowed a floating charge over the company's assets, including stocks as security for the bank.

Notes to the Financial Statements - continued
for the Year Ended 30th June 2018

13. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2018 £	2017 £
Trade debtors	2,281,570	2,632,448
Other debtors	11,612	18,080
Prepayments and accrued income	687,917	470,177
	<u>2,981,099</u>	<u>3,120,705</u>

The company has allowed a floating charge over the company's assets, including debtors as security for the bank.

14. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2018 £	2017 £
Bank loans and overdrafts (see note 16)	1,244,969	1,408,991
Hire purchase contracts (see note 17)	17,158	11,840
Trade creditors	742,644	646,057
Other creditors	19,628	-
Amounts owed to group undertakings	330,013	62,159
Corporation tax	160,645	124,540
Social security and other taxes	520,119	452,471
Accruals and deferred income	422,235	307,330
	<u>3,457,411</u>	<u>3,013,388</u>

The bank has a fixed and floating charge over the company's assets to secure the invoice discounting loan and overdraft.

The loans in respect of the hire purchase agreements are secured against the assets to which they relate.

15. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2018 £	2017 £
Hire purchase contracts (see note 17)	<u>69,996</u>	<u>66,632</u>

16. **LOANS**

An analysis of the maturity of loans is given below:

	2018 £	2017 £
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>1,244,969</u>	<u>1,408,991</u>

Notes to the Financial Statements - continued
for the Year Ended 30th June 2018

17. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts 2018 £	2017 £
Net obligations repayable:		
Within one year	17,158	11,840
Between one and five years	69,996	66,632
	<u>87,154</u>	<u>78,472</u>
	Non-cancellable operating leases 2018 £	2017 £
Within one year	297,838	333,488
Between one and five years	725,813	1,034,962
	<u>1,023,651</u>	<u>1,368,450</u>

18. SECURED DEBTS

The following secured debts are included within creditors:

	2018 £	2017 £
Invoice discounting loan	<u>1,244,969</u>	<u>1,408,991</u>

Bank overdrafts are secured by a fixed and floating charge dated 6 March 1997 over the company's assets.

The invoice discounting loan is secured by a charge dated 27 June 2011 over the company's trade debtors.

19. PROVISIONS FOR LIABILITIES

	2018 £	2017 £
Deferred tax		
Accelerated capital allowances	9,435	21,661
Other timing differences	(968)	1,108
	<u>8,467</u>	<u>22,769</u>
		Deferred tax £
Balance at 1st July 2017		22,769
Credit to Statement of Comprehensive Income during year		(14,302)
Balance at 30th June 2018		<u>8,467</u>

Notes to the Financial Statements - continued
for the Year Ended 30th June 2018

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value: £1	2018	2017
Number:	Class:		£	£
100	Ordinary		<u>100</u>	<u>100</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All ordinary shares rank equally with regard to the company's residual assets.

21. RESERVES

	Retained earnings £
At 1st July 2017	1,996,024
Profit for the year	2,098,421
Dividends	(1,600,000)
	<u>2,494,445</u>
At 30th June 2018	<u>2,494,445</u>

Retained earnings reserve - This reserve represents retained earnings available for distribution.

22. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Echo Studios Limited is a wholly owned subsidiary of Echo Studios Holdings Limited, which prepares group financial statements. Its registered office is at Sovereign House, 155 High Street, Aldershot, Hampshire, GU11 1TT.

The company's key management personnel are considered to be the directors. Their compensation during the year is disclosed in note 6 to the accounts.

The controlling party is Echo Studios Holdings Limited.

The ultimate controlling party is M D Cardwell.

23. FINANCIAL INSTRUMENTS

Carrying amount of financial assets and liabilities:

	2018 £	2017 £
Financial assets measured at amortised cost	<u>4,932,419</u>	<u>4,214,741</u>
Financial liabilities measured at amortised cost	<u>1,987,615</u>	<u>2,055,047</u>