REGISTERED NUMBER: 02495862 (England and Wales)

Group Strategic Report,

Report of the Directors and

Consolidated Financial Statements

for the Year Ended 31 December 2019

for

Astley Signs Limited

Contents of the Consolidated Financial Statements for the Year Ended 31 December 2019

Company Information
for the Year Ended 31 December 2019

DIRECTORS:	R D Redhead D W Forrester R G Redhead G D Waugh B O Donnell
REGISTERED OFFICE:	Redforrest House Queens Court North Earlsway Team Valley Gateshead Tyne and Wear NE11 0BP
REGISTERED NUMBER:	02495862 (England and Wales)
SENIOR STATUTORY AUDITOR:	Gary Ellis BA FCA BFP
AUDITORS:	Clive Owen LLP Chartered Accountants Statutory Auditors Kepier House Belmont Business Park Durham DH1 1TW

Astley Signs Limited (Registered number: 02495862)

Group Strategic Report
for the Year Ended 31 December 2019

The directors present their strategic report of the company and the group for the year ended 31 December 2019.

REVIEW OF BUSINESS
The purpose of this review is to provide a balanced report, fairly representing the performance of our business and its position at the year end.

Turnover of £16,897,291 for the year was on a par with the previous year and encouraging as the group defied the extremely challenging market conditions and the continued economic uncertainty surrounding Brexit. Fortunately many of our repeat clients provided a consistent pipeline of work and through concerted efforts to maximise efficiencies and minimise costs we manage to slightly increase the gross profit margin on the previous year. Operating profit for the year at £1,118,898 was satisfactory and the net profit after tax of £993,185 has been retained within the business. Shareholders' funds were satisfactory and liquidity improved as the year progressed.

Given the nature of the business, the Directors are of the opinion that analysis using basic key performance indicators such as gross profit percentage and net profit percentage are sufficient to understand and monitor the development and performance of the Company.

The Directors are aware that 2019 provided another high turnover level, however many of the products sold earlier in the year were at a reduced margin and it was only with an improvement in the mix of work later in the year which allowed us to achieve a stronger net profit than in 2018. An ongoing review of our production methodologies along with the continued success of our recently implemented nightshift allowed us to achieve some further efficiencies in the year.

FUTURE DEVELOPMENTS
With a number of long term contracts in place there is a good level of work secured for 2020. Nevertheless, mindful of the finite nature of these contracts and the desire to improve margin levels, the company has been implementing a long term sales and marketing strategy during the course of the year with a view to securing additional and more profitable business for the future. The market place remains highly competitive and the Directors are mindful that a number of competitors have recently failed financially. Overall, the Directors' current expectations is that the Company will be able to maintain profitable operations for the financial year ended 31 December 2020.

Following the employment of an Operations Director in 2019 and the resultant introduction of improved processes and management strategies, our Sign of the Times (SOTT Ltd.) moved back into profitability and we continued to invest further to streamline work flows and update equipment. As SOTT's alignment moves ever closer to the Astley model, the Directors are looking to implement an integration of both companies into one single branded entity to provide a consistent and integrated approach for all clients. Overall the Directors are pleased that the acquisition of SOTT Ltd. continues to provide the company with a stronger foothold in more specialist and bespoke markets.

PRINCIPAL RISKS AND UNCERTAINTIES

Competitive Risks

The company works within a fiercely competitive market place and we are often faced with other companies in the industry willing to operate at extremely low margins in order to secure new contracts.

All existing contracts are subject to periodic competitive tender so there is always uncertainty that the business could face a significant drop in revenue if we were not successful in securing these. Careful analysis of one off contracts has also become essential to mitigate potential high risk associated with many types of bespoke work, particularly as clients are increasingly requiring greater long term warranty commitment (in the current Brexit uncertainties).

Legislative Risks

Ongoing changes in legislation constantly need to be monitored which requires additional overheads to manage. Changes often affect our accreditations and GDPR changes have required us to carry out a full management system review.

Ever changing Health and Safety and Environmental legislation has to be managed in a similar way. Individual client Health and Safety accreditation requirements continue to become more onerous and also demand increasing resource provision as clients pass on more responsibility on to us.

Financial Instrument Risks

The company continues to monitor the level of risk that it exposes itself to in terms of the type of work it commits to or any onerous contractual requirements it may have to sign up to when securing work.

The company endeavours to minimise its credit risk by undertaking credit checks in advance of committing resources to a project. The biggest challenge is that we are continuing to face even less favourable payment terms, particularly from the largest clients, with some now paying at 75 days rather than the 30 or 60 days they previously offered us.

ON BEHALF OF THE BOARD:

R D Redhead - Director

22 July 2020

Report of the Directors
for the Year Ended 31 December 2019

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2019.

PRINCIPAL ACTIVITY
The principal activity of the group in the year under review was that of the manufacture and installation of signs of all descriptions, the manufacture of trough lighting and sign cases and the installation of large format digital images.

DIVIDENDS
The total distribution of dividends for the year ended 31 December 2019 will be £467,506 (2018: £240,000).

DIRECTORS
The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

R D Redhead
D W Forrester
R G Redhead
G D Waugh

Other changes in directors holding office are as follows:

B O Donnell - appointed 4 February 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Group 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

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 group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, Clive Owen LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

ON BEHALF OF THE BOARD:

R D Redhead - Director

22 July 2020

Report of the Independent Auditors to the Members of Astley Signs Limited

Opinion
We have audited the financial statements of Astley Signs Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Consolidated Profit and Loss Account, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated 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 group's and of the parent company affairs as at 31 December 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 group 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 group'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 Group 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.

Opinions 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 Group 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 Group 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
Astley Signs Limited**

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 group's and the parent 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 group or the parent 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.

Clive Owen LLP

Gary Ellis BA FCA BFP (Senior Statutory Auditor)
for and on behalf of Clive Owen LLP
Chartered Accountants
Statutory Auditors
Kepier House
Belmont Business Park
Durham
DH1 1TW

22 July 2020

Consolidated Profit and Loss Account for the Year Ended 31 December 2019

	Notes	2019 £	2018 £
TURNOVER	3	16,897,291	16,754,104
Cost of sales		13,229,128	13,457,034
GROSS PROFIT		3,668,163	3,297,070
Administrative expenses		2,487,265	2,627,355
OPERATING PROFIT	5	1,180,898	669,715
Interest receivable and similar income		5,856	144
		1,186,754	669,859
Interest payable and similar expenses	6	12,993	7,073
PROFIT BEFORE TAXATION		1,173,761	662,786
Tax on profit	7	180,576	24,177
PROFIT FOR THE FINANCIAL YEAR		993,185	638,609
Profit attributable to:			
Owners of the parent		993,185	638,609

The notes form part of these financial statements

Consolidated Other Comprehensive Income for the Year Ended 31 December 2019

	Notes	2019 £	2018 £
PROFIT FOR THE YEAR		993,185	638,609
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		993,185	638,609
Total comprehensive income attributable to:			
Owners of the parent		993,185	638,609

The notes form part of these financial statements

Astley Signs Limited (Registered number: 02495862)

Consolidated Balance Sheet
31 December 2019

	Notes	2019 £	2019 £	2018 £	2018 £
FIXED ASSETS					
Intangible assets	10		46,149		69,224
Tangible assets	11		3,263,419		3,642,774
Investments	12		-		-
			3,309,568		3,711,998
CURRENT ASSETS					
Stocks	13	839,304		1,397,147	
Debtors	14	4,286,367		3,113,911	
Cash at bank and in hand		873,987		47,049	
		5,999,658		4,558,107	
CREDITORS					
Amounts falling due within one year	15	3,297,796		2,689,569	
NET CURRENT ASSETS			2,701,862		1,868,538
TOTAL ASSETS LESS CURRENT LIABILITIES			6,011,430		5,580,536
CREDITORS					
Amounts falling due after more than one year	16		(110,057)		(190,219)
PROVISIONS FOR LIABILITIES	21		(6,737)		(21,360)
NET ASSETS			5,894,636		5,368,957
CAPITAL AND RESERVES					
Called up share capital	22		8,500		8,500
Capital redemption reserve	23		1,500		1,500
Retained earnings	23		5,884,636		5,358,957
SHAREHOLDERS' FUNDS			5,894,636		5,368,957

The financial statements were approved by the Board of Directors and authorised for issue on 22 July 2020 and were signed on its behalf by:

R D Redhead - Director

Astley Signs Limited (Registered number: 02495862)

Company Balance Sheet
31 December 2019

	Notes	2019 £	2019 £	2018 £	2018 £
FIXED ASSETS					
Intangible assets	10		-		-
Tangible assets	11		3,011,709		3,284,081
Investments	12		757,172		757,172
			3,768,881		4,041,253
CURRENT ASSETS					
Stocks	13	751,642		1,254,869	
Debtors	14	3,815,240		2,632,738	
Cash at bank and in hand		623,207		47,317	
		5,190,089		3,934,924	
CREDITORS					
Amounts falling due within one year	15	2,902,684		2,324,634	
NET CURRENT ASSETS			2,287,405		1,610,290
TOTAL ASSETS LESS CURRENT LIABILITIES			6,056,286		5,651,543
CREDITORS					
Amounts falling due after more than one year	16		59,549		82,478
NET ASSETS			5,996,737		5,569,065
CAPITAL AND RESERVES					
Called up share capital	22		8,500		8,500
Capital redemption reserve	23		1,500		1,500
Retained earnings	23		5,986,737		5,559,065
SHAREHOLDERS' FUNDS			5,996,737		5,569,065
Company's profit for the financial year			895,178		764,003

The financial statements were approved by the Board of Directors and authorised for issue on 22 July 2020 and were signed on its behalf by:

R D Redhead - Director

Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2019

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
Balance at 1 January 2018	8,500	4,960,348	1,500	4,970,348
Changes in equity				
Dividends	-	(240,000)	-	(240,000)
Total comprehensive income	-	638,609	-	638,609
Balance at 31 December 2018	8,500	5,358,957	1,500	5,368,957
Changes in equity				
Dividends	-	(467,506)	-	(467,506)
Total comprehensive income	-	993,185	-	993,185
Balance at 31 December 2019	8,500	5,884,636	1,500	5,894,636

The notes form part of these financial statements

Astley Signs Limited (Registered number: 02495862)

Company Statement of Changes in Equity for the Year Ended 31 December 2019

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
Balance at 1 January 2018	8,500	5,035,062	1,500	5,045,062
Changes in equity				
Dividends	-	(240,000)	-	(240,000)
Total comprehensive income	-	764,003	-	764,003
Balance at 31 December 2018	8,500	5,559,065	1,500	5,569,065
Changes in equity				
Dividends	-	(467,506)	-	(467,506)
Total comprehensive income	-	895,178	-	895,178
Balance at 31 December 2019	8,500	5,986,737	1,500	5,996,737

The notes form part of these financial statements

Astley Signs Limited (Registered number: 02495862)

Consolidated Cash Flow Statement for the Year Ended 31 December 2019

	Notes	2019 £	2018 £
Cash flows from operating activities			
Cash generated from operations	1	1,473,897	406,826
Interest paid		(5,544)	(944)
Interest element of hire purchase payments paid		(7,449)	(6,129)
Tax paid		(71,264)	(92,919)
Net cash from operating activities		1,389,640	306,834
Cash flows from investing activities			
Purchase of tangible fixed assets		(60,021)	(199,255)
Sale of tangible fixed assets		54,512	60,146
Interest received		5,856	144
Net cash from investing activities		347	(138,965)
Cash flows from financing activities			
Capital repayments in year		(90,929)	(138,927)
Amount introduced by directors		122,145	-
Equity dividends paid		(467,506)	(240,000)
Net cash from financing activities		(436,290)	(378,927)
Increase/(decrease) in cash and cash equivalents		953,697	(211,058)
Cash and cash equivalents at beginning of year	2	(79,710)	131,348
Cash and cash equivalents at end of year	2	873,987	(79,710)

The notes form part of these financial statements

Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 December 2019

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

	2019	2018
	£	£
Profit before taxation	1,173,761	662,786
Depreciation charges	454,619	448,257
(Profit)/loss on disposal of fixed assets	(46,680)	3,676
Finance costs	12,993	7,073
Finance income	(5,856)	(144)
	1,588,837	1,121,648
Decrease/(increase) in stocks	557,843	(416,177)
Increase in trade and other debtors	(1,172,456)	(97,083)
Increase/(decrease) in trade and other creditors	499,673	(201,562)
Cash generated from operations	1,473,897	406,826

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 31 December 2019

	31/12/19	1/1/19
	£	£
Cash and cash equivalents	873,987	47,049
Bank overdrafts	-	(126,759)
	873,987	(79,710)

Year ended 31 December 2018

	31/12/18	1/1/18
	£	£
Cash and cash equivalents	47,049	131,348
Bank overdrafts	(126,759)	-
	(79,710)	131,348

Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 December 2019

3. ANALYSIS OF CHANGES IN NET (DEBT)/FUNDS

	At 1/1/19	Cash flow	At 31/12/19
	£	£	£
Net cash			
Cash at bank and in hand	47,049	826,938	873,987
Bank overdrafts	(126,759)	126,759	-
	(79,710)	953,697	873,987
Debt			
Finance leases	(279,605)	90,929	(188,676)
	(279,605)	90,929	(188,676)
Total	(359,315)	1,044,626	685,311

1. **STATUTORY INFORMATION**

Astley Signs 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 General Information page.

2. **ACCOUNTING POLICIES**

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

There were no material departures from that standard.

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year, and also have been consistently applied within the same accounts.

Going concern

The directors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the group to continue as a going concern. The directors make this assessment in respect of a period of at least one year from the date the financial statements are approved.

At the date of approval, the country and indeed the rest of the world is in the midst of dealing with the Covid-19 pandemic. This has impacted unfavourably on the levels of work possible. The group has taken steps to deal with the financial impact of this, including the preparation of revised forecasts. Whilst there is uncertainty around the length of time the Covid-19 pandemic will last and the full impact on the global economy, the directors believe that it is appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements due to the levels of reserves and potential financial support available.

The financial statements are prepared on the going concern basis which assumes that the group will continue to trade. If the group is unable to continue to trade, adjustments would be required to reduce the value of assets to their recoverable amounts, to provide for any further liabilities that might arise and to analyse long term liabilities as current liabilities.

Basis of consolidation
The financial statements consolidate the financial statements of Astley Signs Limited and its subsidiary Sott Limited. All of the entities' financial statements are made up to 31 December 2019 and transactions between group companies have been eliminated on consolidation. No separate income statement for Astley Signs Limited is presented, as permitted by Section 406 of the Companies Act 2006.

Turnover
Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue from the sale of goods and the rendering of services.

1. Sale of goods
Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer.

2. Rendering of services
Turnover from rendering of services is recognised by reference to the stage of completion.

Goodwill on consolidation
Goodwill is the difference between consideration paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. The negative goodwill is released over the period it is expected to be recovered through the use and sale of assets. This is estimated to be five years.

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2. **ACCOUNTING POLICIES - continued**

Tangible fixed assets
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- 10% on cost, 2% on cost and 0.8% straight line
Plant and machinery	- 25% on cost and 20% on reducing balance
Fixtures and fittings	- 25% on cost and 20% on reducing balance
Motor vehicles	- 25% on cost and 25% on reducing balance
Computer equipment	- 50% on reducing balance

Impairment of assets
At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately.

Investments in subsidiaries
Investments in subsidiary undertakings are recognised at cost less any provision for impairment.

Stock and work in progress
Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items.

Cost includes all direct expenditure in bringing stock to its present location and condition.

Taxation
Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Profit and Loss Account, 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.

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2. **ACCOUNTING POLICIES - continued**

Foreign currencies
Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments
Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits
The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

Significant judgements and estimates
The following judgements have been made in the process of applying the usual accounting policies that have had the most significant effect on assets recognised in the financial statements:-

Provision is made against debtors which are not considered to be recoverable.

Warranty accrual - the company has made an estimate of the cost to repair any units that the company has agreed a warranty with the customer. An estimate of the likely costs has been made based on past experience.

Stock provisions - Management applies procedures to identify defective, slow moving and obsolete stock. An estimation is made of the price obtainable in the market in which the goods are expected to be sold and any costs of completion of sale are taken into account. The value of stock is reduced by the deficit between cost and estimated net realisable value of the stock in the form of a stock provision.

Government grants
Revenue based grants have been credited to the profit and loss account in the period to which they relate. Capital based grants have been transferred to a deferred credit and released to the profit and loss account over the useful life of the asset, as disclosed above.

Financial instruments
Debtors
Short term debtors are measured at transaction price, less any impairment.

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

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3. TURNOVER

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

An analysis of turnover by geographical market is given below:

	2019	2018
	£	£
United Kingdom	16,873,432	16,724,377
Europe	23,859	29,727
	16,897,291	16,754,104

4. EMPLOYEES AND DIRECTORS

	2019	2018
	£	£
Wages and salaries	5,041,764	5,488,015
Social security costs	498,977	544,559
Other pension costs	97,349	73,277
	5,638,090	6,105,851

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

	2019	2018
Directors	7	6
Administrative staff	54	55
Production staff	114	117
	175	178

The average number of employees by undertakings that were proportionately consolidated during the year was 35 (2018 - 42).

	2019	2018
	£	£
Directors' remuneration	287,351	184,641
Directors' pension contributions to money purchase schemes	5,435	3,104

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

Money purchase schemes	3	4

Information regarding the highest paid director for the year ended 31 December 2019 is as follows:

	2019
	£
Emoluments etc	78,826
Pension contributions to money purchase schemes	2,579

continued...

5. OPERATING PROFIT

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

	2019	2018
	£	£
Hire of plant and machinery	509,323	574,013
Depreciation - owned assets	356,507	355,040
Depreciation - assets on hire purchase contracts	75,037	70,142
(Profit)/loss on disposal of fixed assets	(46,680)	3,676
Goodwill amortisation	23,075	23,075
Auditors' remuneration	16,500	19,879
Operating lease payments - land and buildings	128,915	147,348
Operating lease payments - other	40,494	39,044
Pension costs	96,989	72,574

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018
	£	£
Bank interest	5,544	944
Hire purchase	7,449	6,129
	12,993	7,073

7. TAXATION

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

	2019	2018
	£	£
Current tax:		
UK corporation tax	195,199	71,264
Adjustment to prior year tax provision	-	(35,440)
Total current tax	195,199	35,824
Deferred tax	(14,623)	(11,647)
Tax on profit	180,576	24,177

continued...

7. **TAXATION - continued**

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:

	2019	2018
	£	£
Profit before tax	1,173,761	662,786
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	223,015	125,929
Effects of:		
Expenses not deductible for tax purposes	1,219	3,645
Income not taxable for tax purposes	(8,869)	(1,334)
Depreciation in excess of capital allowances	53,039	19,525
Adjustments to tax charge in respect of previous periods	-	(35,440)
R&D enhanced deduction	(77,589)	(80,885)
Effect of consolidation adjustments	4,384	4,384
Deferred tax	(14,623)	(11,647)
Total tax charge	180,576	24,177

8. **INDIVIDUAL PROFIT AND LOSS ACCOUNT**

As permitted by Section 408 of the Companies Act 2006, the Profit and Loss Account of the parent company is not presented as part of these financial statements.

9. **DIVIDENDS**

	2019	2018
	£	£
A Ordinary shares of £1 each		
Interim	73,500	-
B Ordinary shares of £1 each		
Interim	197,003	120,000
C Ordinary shares of £1 each		
Interim	197,003	120,000
	467,506	240,000

continued...

11. TANGIBLE FIXED ASSETS - continued

Group

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 January 2019	611,117	72,390	6,865,457
Additions	-	7,019	60,021
Disposals	(301,273)	-	(300,439)
At 31 December 2019	309,844	79,409	6,625,039
DEPRECIATION			
At 1 January 2019	335,559	60,886	3,222,683
Charge for year	91,786	7,618	431,544
Eliminated on disposal	(289,869)	-	(292,607)
At 31 December 2019	137,476	68,504	3,361,620
NET BOOK VALUE			
At 31 December 2019	172,368	10,905	3,263,419
At 31 December 2018	275,558	11,504	3,642,774

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

	Plant and machinery £	Motor vehicles £	Totals £
COST			
At 1 January 2019 and 31 December 2019	185,720	168,836	354,556
DEPRECIATION			
At 1 January 2019	24,611	32,112	56,723
Charge for year	40,856	34,181	75,037
At 31 December 2019	65,467	66,293	131,760
NET BOOK VALUE			
At 31 December 2019	120,253	102,543	222,796
At 31 December 2018	161,109	136,724	297,833

continued...

10. INTANGIBLE FIXED ASSETS

Group

	Goodwill £
COST	
At 1 January 2019 and 31 December 2019	149,232
AMORTISATION	
At 1 January 2019	80,008
Amortisation for year	23,075
At 31 December 2019	103,083
NET BOOK VALUE	
At 31 December 2019	46,149
At 31 December 2018	69,224

11. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 January 2019	4,028,124	1,755,596	398,230
Additions	-	39,164	13,838
Disposals	-	3,572	(2,738)
At 31 December 2019	4,028,124	1,798,332	409,330
DEPRECIATION			
At 1 January 2019	1,134,716	1,329,728	361,794
Charge for year	141,827	166,010	24,303
Eliminated on disposal	-	-	(2,738)
At 31 December 2019	1,276,543	1,495,738	383,359
NET BOOK VALUE			
At 31 December 2019	2,751,581	302,594	25,971
At 31 December 2018	2,893,408	425,868	36,436

continued...

11. **TANGIBLE FIXED ASSETS - continued**

Company

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 January 2019	4,028,124	1,390,421	384,855	529,017	6,332,417
Additions	-	21,576	11,875	-	33,451
Disposals	-	-	(2,738)	(304,133)	(306,871)
At 31 December 2019	4,028,124	1,411,997	393,992	224,884	6,058,997
DEPRECIATION					
At 1 January 2019	1,134,716	1,165,901	357,537	390,182	3,048,336
Charge for year	141,827	69,903	22,344	57,485	291,559
Eliminated on disposal	-	-	(2,738)	(289,869)	(292,607)
At 31 December 2019	1,276,543	1,235,804	377,143	157,798	3,047,288
NET BOOK VALUE					
At 31 December 2019	2,751,581	176,193	16,849	67,086	3,011,709
At 31 December 2018	2,893,408	224,520	27,318	138,835	3,284,081

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

	Plant and machinery £
COST	
At 1 January 2019 and 31 December 2019	121,900
DEPRECIATION	
At 1 January 2019	12,698
Charge for year	30,475
At 31 December 2019	43,173
NET BOOK VALUE	
At 31 December 2019	78,727
At 31 December 2018	109,202

continued...

12. FIXED ASSET INVESTMENTS

Group

	Shares in group undertakings £
COST	
At 1 January 2019 and 31 December 2019	2,000
PROVISIONS	
At 1 January 2019 and 31 December 2019	2,000
NET BOOK VALUE	
At 31 December 2019	-
At 31 December 2018	-

Company

	Shares in group undertakings £
COST	
At 1 January 2019 and 31 December 2019	793,030
PROVISIONS	
At 1 January 2019 and 31 December 2019	35,858
NET BOOK VALUE	
At 31 December 2019	757,172
At 31 December 2018	757,172

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

Professional Sign Systems Limited
Registered office: Redforrest House Queens Court North, Earlsway, Team Valley, Gateshead, Tyne And Wear, NE11 0BP
Nature of business: Non trading company

Class of shares:	% holding
Ordinary shares	100.00

Redforrest Limited
Registered office: Redforrest House Queens Court North, Earlsway, Team Valley, Gateshead, Tyne And Wear, NE11 0BP
Nature of business: Non trading company

Class of shares:	% holding
Ordinary	100.00

continued...

12. FIXED ASSET INVESTMENTS - continued

SOTT Limited
Registered office: 18 Linnell Way, Telford Way Industrial Estate, Kettering, England, NN16 8PS
Nature of business: Display and promotional services

	%
Class of shares:	holding
Ordinary	100.00

13. STOCKS

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Stocks	534,196	1,017,494	472,210	949,589
Work-in-progress	305,108	379,653	279,432	305,280
	839,304	1,397,147	751,642	1,254,869

There were impairment losses recognised in cost of sales against stock during the year of £92,072 and in the previous year of £179,699, relating to stock provisions made against slow moving stock.

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	3,891,190	2,863,274	3,468,777	2,468,844
Other debtors	2,392	2,275	2,392	2,275
Prepayments and accrued income	392,785	248,362	344,071	161,619
	4,286,367	3,113,911	3,815,240	2,632,738

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank loans and overdrafts (see note 17)	-	126,759	-	-
Hire purchase contracts (see note 18)	78,619	89,386	21,942	21,942
Trade creditors	1,200,171	1,138,263	1,018,520	989,993
Amounts owed to group undertakings	147,267	147,270	407,195	247,539
Corporation tax	195,199	71,264	195,199	71,264
Social security and other taxes	770,233	573,885	571,717	468,935
Other creditors	41,614	22,526	41,614	22,526
Directors' current accounts	253,154	131,009	253,154	131,009
Accrued expenses	611,539	389,207	393,343	371,426
	3,297,796	2,689,569	2,902,684	2,324,634

continued...

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

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Hire purchase contracts (see note 18)	110,057	190,219	59,549	82,478

17. **LOANS**

An analysis of the maturity of loans is given below:

	Group	
	2019	2018
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	-	126,759

18. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

Group

	Hire purchase contracts	
	2019	2018
	£	£
Net obligations repayable:		
Within one year	78,619	89,386
Between one and five years	110,057	190,219
	188,676	279,605

Company

	Hire purchase contracts	
	2019	2018
	£	£
Net obligations repayable:		
Within one year	21,942	21,942
Between one and five years	59,549	82,478
	81,491	104,420

Group

	Non-cancellable operating leases	
	2019	2018
	£	£
Within one year	179,729	154,092
Between one and five years	192,652	74,338
	372,381	228,430

continued...

18. **LEASING AGREEMENTS - continued**

Company

	Non-cancellable operating leases	
	2019	2018
	£	£
Within one year	161,377	139,365
Between one and five years	188,726	69,627
	350,103	208,992

19. **SECURED DEBTS**

The following secured debts are included within creditors:

	Group	
	2019	2018
	£	£
Bank overdraft	-	126,759
Hire purchase contracts	188,676	279,605
	188,676	406,364

Hire purchase liabilities are secured over the assets to which they relate.

Bank overdrafts are secured over the assets of company.

continued...

20. FINANCIAL INSTRUMENTS

Group	2019	2018
	£	£
Financial assets		
Measured at amortised cost:	5,160,354	3,113,911
Financial liabilities		
Measured at amortised cost:	2,251,855	1,956,640

Company	2019	2018
	£	£
Financial assets		
Measured at amortised cost:	4,438,447	2,632,738
Financial liabilities		
Measured at amortised cost:	2,189,267	1,735,904

Financial assets include cash at bank, trade debtors, other debtors and prepayments. Financial liabilities include hire purchase agreement, trade creditors, other creditors and accruals.

21. PROVISIONS FOR LIABILITIES

	Group	
	2019	2018
	£	£
Deferred tax	6,737	21,360

Group

	Deferred tax
	£
Balance at 1 January 2019	21,360
Accelerated capital allowances	(14,623)
Balance at 31 December 2019	6,737

continued...

22. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019 £	2018 £
3,500	A Ordinary	£1	3,500	3,500
2,500	B Ordinary	£1	2,500	2,500
2,500	C Ordinary	£1	2,500	2,500
			8,500	8,500

23. RESERVES

Group

	Retained earnings £	Capital redemption reserve £	Totals £
At 1 January 2019	5,358,957	1,500	5,360,457
Profit for the year	993,185		993,185
Dividends	(467,506)		(467,506)
At 31 December 2019	5,884,636	1,500	5,886,136

Company

	Retained earnings £	Capital redemption reserve £	Totals £
At 1 January 2019	5,559,065	1,500	5,560,565
Profit for the year	895,178		895,178
Dividends	(467,506)		(467,506)
At 31 December 2019	5,986,737	1,500	5,988,237

Retained earnings - includes all current and prior period retained profits and losses.

Capital redemption reserve - non-distributable amounts held from redeemed share capital.

24. CAPITAL COMMITMENTS

	2019 £	2018 £
Contracted but not provided for in the financial statements	-	8,625

continued...

25. 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.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Entities with control, joint control or significant influence over the entity

	2019	2018
	£	£
Dividends paid	467,506	240,000
Amounts due to related party	253,154	100,269

During the year, a total of key management personnel compensation of £296,622 (2018: £197,179) was paid.

26. ULTIMATE CONTROLLING PARTY

In the opinion of the Directors the Group is under the control of R D Redhead, R G Redhead and D W Forrester who hold the entire issued share capital.