Registered number: 02581687

PARK COMMUNICATIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

PARK COMMUNICATIONS LIMITED

COMPANY INFORMATION

Directors	A. G. Branch H. Mason P. Walker (resigned 5 April 2019) S. King
Registered number	02581687
Registered office	Alpine Way London E6 6LA
Independent auditors	MHA MacIntyre Hudson Chartered Accountants 6th Floor 2 London Wall Place London EC2Y 5AU
Bankers	Bank of Scotland 38 Threadneedle Street London EC2P 5LF

PARK COMMUNICATIONS LIMITED

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PARK COMMUNICATIONS LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

The Directors present their report and the financial statements for the year ended 31 December 2019.
The principal activity of the Company during the year was the artworking, printing, finishing, and distribution of reports, magazines, catalogues, and brochures, and the production, installation and de-installation of large format display products.

Business review

The Company differentiates itself from its competitors through the breadth of its services, the quality and speed of account management and production, and the depth of its long standing relations with its customers.
The Company's strategy is to strengthen its position through:
• Including within its portfolio certain niche markets where we have gained either a dominant or top 3 position;
• Maximising account retention through the high level of service provided to customers;
• Investment in marketing and sponsorships to support a strong new business programme, and
• Investment is winning awards which provides independent evidence to our prospective and live customers of the strength of our offering.
In common with the rest of the industry, the Company saw a further contraction in some of its markets due to the decline in confidence brought about by the prospect of a 'no-deal Brexit'.
During the year the Company focused on building its presence in markets which were more resilient to the impact of Brexit. As a consequence, turnover was held at 99.6% of sales levels in 2018, albeit that gross margin dropped due to pressure on pricing. A cost saving and efficiency programme reduced administrative costs.
The Company ended the year with a strong cash balance of £494,388.
In February 2019 the Company was joined by three of the sales team of Taylor Bloxham, a £29 million turnover competitor which went in to administration in early February 2019. With the benefit of these additional sales, the Company forecast turnover growth and an operating profit in excess of £650,000 for 2020.

Financial key performance indicators

The directors assess the performance of the business using a variety of key performance indicators, including the measurement of turnover, operating profit and pre-tax profit.

The Company delivered:

- turnover from continuing operations of £14,288,903 (2018: £14,350,973);
- an operating profit of £250,069 (2018: £410,301);
- a pre-tax profit of £168,651 (2018: £312,656).

At year-end, there was a cash balance of £494,388 (2018 £356,233), loan finance of £2,494,231, (2018: £2,390,661) and Shareholder Funds of £6,026,495 (2018:£5,863,287).

The Directors are satisfied that the base has been established for good growth in sales and profitability in the future.

Principal risks and uncertainties

There are certain risks which could directly and materially impact the Company's result compared with expectations. A summary of key risks is set out below. This is not an exhaustive list of the factors that could adversely impact Company profitability.

1) General economic conditions

The Company minimises its exposure to economic uncertainties and other events that impact customer purchasing by maintaining a mix of markets. COVID-19 has affected the UK economy post year end and the impact of this on the Company has been discussed below.

2) Covid-19

The outbreak of the Covid-19 virus was declared a global pandemic by the World Health Organisation in March 2020 and is considered a subsequent event to the year ended 31 December 2019.

Our assessment of the effects of Covid-19 on the Company are detailed in accounting policy 2.3.

The Company has experienced a reduction in sales due to Covid-19. By October 2020, due to resilience of certain aspects of Company's markets, sales had returned to 70% of the normal levels.

The Company has reduced costs by a number of means, making timely decisions to ensure the longevity of the business, including the closure of its central London artworking site; a redundancy, non-replacement and early retirement programme which will have saved 32 positions by year-end; the use of the Job Retention (furlough) scheme, and a programme to reduce other direct and overhead costs. These remain under tight control.

Cash has been preserved through agreeing deferred payment plans with the landlords, HMRC and Newham Council, and agreeing with Lloyds Bank and Wesleyan Bank a six month moratorium on repayments on loans for equipment.

Credit has been managed closely and bad debts have been limited to one travel Company at a cost of £12,508. The percentage of debtors over 90 days was 1.18% at 31 October 2020.

At 31 October 2020, the Company had a cash balance of £277,866.

The cost reductions achieved are sufficient for the Company to break even in 2021 on sales running at 70% of pre-Covid levels, i.e. in line with the recovery seen in October 2020.

On 5 November 2020, the Government implemented a further one month national lockdown until 2 December, together with an extension of the furlough scheme. The Company forecasts that the increased grant available through the furlough scheme will allow it to maintain a sustainable cashflow through to March 2021, after which it will be significantly boosted during the March to May period by sales for Report & Accounts.

The Company has been declared an Essential Covid-19 Business due to its government and pharmaceutical contracts, so has been able to continue and will be able to continue to operate should non-essential manufacturing businesses be required to close.

3) Brexit

Less than 1.5% of the Company's turnover originates from Europe. Although the suppliers are UK based, paper and equipment supplies are largely sourced by the Company's suppliers from Europe. These suppliers are increasing their UK stock levels to ensure minimum disruption to supplies due to Brexit.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

4) Market risk
The Company has a mix of markets in order to reduce exposure to the downturn in any one market.
5) Financial risks
The Company finances its operations through a combination of internally generated cash flows, existing cash deposits, borrowings, and in 2020 through agreed deferred payment plans.
The Company's financial controller manages the Company's cash borrowings, interest rate and its main banking relationship. This is operated as a cost and risk reduction programme. Transactions of a speculative nature are not permitted. Cash flow is closely monitored on a regular basis.
6) Credit risk
The principal credit risk arises from trade debtors. The Company asks for payment up-front from less credit worthy customers, and actively chases up any overdue balances.
7) Currency risk
The Company's exposure to currency fluctuations relates to it suppliers' imports of material and parts from Europe. Therefore, it is the Company's suppliers who are exposed to currency risk, not the Company directly. With the reduction is demand, the suppliers are not anticipating any price increases in the foreseeable future, despite Brexit.

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

A. G. Branch
Director
Date: 21 December 2020

PARK COMMUNICATIONS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

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

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 £330,208 (2018 - £277,810).

Particulars of dividends paid are detailed in Note 11 of the financial statements.

Directors

The directors who served during the year were:

A. G. Branch
H. Mason
P. Walker (resigned 5 April 2019)
S. King

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.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Post balance sheet events

The directors have considered the position of the company as a result of the current Coronavirus pandemic. The factors considered have been documented in the accounting policy going concern note and the strategic report.
The impact of Covid-19 is a non adjusting event for the company considering the circumstances which currently face the company could not have been foreseen at the end of the current reporting date.

Auditors

The auditors, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

A. G. Branch
Director
Date: 21 December 2020

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PARK COMMUNICATIONS LIMITED

Opinion

We have audited the financial statements of Park Communications Limited (the 'Company') for the year ended 31 December 2019, which comprise the Statement of Comprehensive Income, the Balance Sheet, 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 31 December 2019 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.

Material uncertainty related to going concern

We draw attention to going concern note in the financial statements, which describes the directors’ assessment of the current and future effects of the Covid-19 pandemic on the company and the implications for its ability to continue as a going concern and the steps the Directors are taking to mitigate the risk. These conditions, along with other matters set out in note 25, indicate that a material uncertainty exists that may cast significant doubt on the company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter

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.

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.

PARK COMMUNICATIONS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PARK COMMUNICATIONS LIMITED (CONTINUED)

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.

Use of our report

This report is made solely to the Company's members in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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 members for our audit work, for this report, or for the opinions we have formed.

Christopher Sutton FCA (Senior Statutory Auditor)
for and on behalf of
MHA MacIntyre Hudson
Chartered Accountants
6th Floor
2 London Wall Place
London
EC2Y 5AU

21 December 2020

PARK COMMUNICATIONS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Turnover	4	**14,288,903**	14,350,973
Cost of sales		**(11,554,367)**	(11,229,680)
Gross profit		**2,734,536**	3,121,293
Administrative expenses		**(2,484,467)**	(2,710,992)
Operating profit		**250,069**	410,301
Interest receivable and similar income	8	**1,363**	996
Interest payable and expenses	9	**(82,781)**	(98,641)
Profit before tax		**168,651**	312,656
Tax on profit	10	**161,557**	(34,846)
Profit for the financial year		**330,208**	277,810

There was no other comprehensive income for 2019 (2018:£NIL).

The notes on pages 13 to 29 form part of these financial statements.

PARK COMMUNICATIONS LIMITED
REGISTERED NUMBER: 02581687

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note		2019 £		2018 £
Fixed assets					
Tangible assets	12		**4,662,791**		4,379,179
			4,662,791		4,379,179
Current assets					
Stocks	13	**467,555**		498,245	
Debtors: amounts falling due within one year	14	**6,625,137**		6,536,932	
Cash at bank and in hand	15	**494,388**		356,233	
		7,587,080		7,391,410	
Creditors: amounts falling due within one year	16	**(4,253,724)**		(4,022,314)	
Net current assets			**3,333,356**		3,369,096
Total assets less current liabilities			**7,996,147**		7,748,275
Creditors: amounts falling due after more than one year	17		**(1,721,158)**		(1,644,715)
Provisions for liabilities					
Deferred tax	19	**(248,494)**		(240,273)	
			(248,494)		(240,273)
Net assets			**6,026,495**		5,863,287
Capital and reserves					
Called up share capital	20		**600,000**		600,000
Profit and loss account	21		**5,426,495**		5,263,287
			6,026,495		5,863,287

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

A. G. Branch
Director

H. Mason
Director

Date: 21 December 2020

The notes on pages 13 to 29 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2019	600,000	5,263,287	5,863,287
Comprehensive income for the year			
Profit for the year	-	330,208	330,208
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	330,208	330,208
Dividends: Equity capital	-	(167,000)	(167,000)
Total transactions with owners	-	(167,000)	(167,000)
At 31 December 2019	600,000	5,426,495	6,026,495

The notes on pages 13 to 29 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018	**600,000**	**5,197,477**	**5,797,477**
Comprehensive income for the year			
Profit for the year	**-**	**277,810**	**277,810**
Other comprehensive income for the year	**-**	**-**	**-**
Total comprehensive income for the year	**-**	**277,810**	**277,810**
Dividends: Equity capital	**-**	**(212,000)**	**(212,000)**
Total transactions with owners	**-**	**(212,000)**	**(212,000)**
At 31 December 2018	**600,000**	**5,263,287**	**5,863,287**

The notes on pages 13 to 29 form part of these financial statements.

1. General information

Park Communications Limited is a private company limited by shares incorporated in England within the United Kindom. The registered office is Alpine Way, London, E6 6LA.
The principal activity of the company is printing services.
The functional and presentational currency is Pounds Sterling and rounding is to the nearest £1.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Park Group Holdings Limited as at 31 December 2019 and these financial statements may be obtained from Companies House.

2. Accounting policies (continued)

2.3 Going concern

The financial statements have been prepared on a going concern basis. The Directors have considered relevant information, including the annual budget, forecast future cash flows and the impact of subsequent events in making their assessment. The COVID-19 pandemic and the ensuing economic shutdown has had a significant impact on the company's operations. In response to the COVID-19 pandemic, the Directors have performed a robust analysis of forecast future cash flows taking into account the potential impact on the business of possible future scenarios arising from the impact of COVID-19. This analysis also considers the effectiveness of available measures to assist in mitigating the impact

In making these assessments the key scenarios and assumptions (including how long the effect of COVID-19 will last) are as follows:

• That the company's business will continue operating at 70% capacity until August 2021 before returning to more normal trading levels. As a result, costs are being reduced and closely monitored in line with this expectation.

• That the entity will avail itself of available reliefs put forward by HM Government including the furloughing of 77% of underutilised staff and actively applying for additional funding through the government guaranteed business loans.

Although the forecast prepared takes account of the matters above, and supports the ability of the company to be remain a going concern and to be able to trade and meet its debts as they fall due, the full impact of COVID 19, the continued level of government support and the underlying trading assumptions used in forecasting are extremely judgemental and difficult to predict and could be subject to significant variation.

The directors have concluded that these circumstances give rise to a material uncertainty. However given the result of these assessments including the measures that could be undertaken to mitigate the current adverse impacts, and the current resources available, the directors are of the position that they can continue to adopt the going concern basis in preparing the annual report and accounts.

The financial statements do not include any adjustment that may arise in the event that the entity is unable to realise its assets and discharge its liabilities in the normal course of business.

2. Accounting policies (continued)

2.4 Revenue

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

Sale of goods

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

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

Rendering of services

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

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

2.5 Operating leases: the Company as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2. Accounting policies (continued)

2.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.
Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.8 Interest income

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

2.9 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Pensions

Defined contribution pension plan

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

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

2. Accounting policies (continued)

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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 provided on the following basis:

Long-term leasehold property	- 2%-20% Straight line
Plant and machinery	- 8%-33% Straight line
Fixtures and fittings	- 25%-33% 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.

2. Accounting policies (continued)

2.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

2.14 Debtors

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

2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.16 Creditors

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

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.
Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.
When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.18 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 ordinary shares.

2. Accounting policies (continued)

2.18 Financial instruments (continued)

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

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

2.19 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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

Depreciation policies are determined based on the useful economic life of the assets to which they relate which are based on historical experience. See note 2.12 for details of specific policies applied.
Work in progress consists of labour, material, outwork and handling costs. The year end work in progress figure represents the time and materials consumed prior to the year end that are expected to be fully recovered on completion of the work. Where possible actual costs have been used at arriving at the work in progress balance.
Trade debtors are provided against on a specific basis to the extent that they are considered irrecoverable. No general provisions are made against the trade debtor balance.
No other significant judgements have been made in preparing these financial statements.

4. Turnover

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

	2019	2018
	£	£
Attributable to the one principal activity of the company	**14,288,903**	14,350,973
	14,288,903	14,350,973

Analysis of turnover by country of destination:

	2019	2018
	£	£
United Kingdom	**13,654,799**	13,615,196
Rest of Europe	**214,828**	206,867
Rest of the World	**419,276**	528,910
	14,288,903	14,350,973

5. Auditors' remuneration

	2019	2018
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	**18,000**	18,000

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

6. Employees

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

	2019	2018
	£	£
Wages and salaries	**5,175,827**	5,196,583
Social security costs	**465,256**	445,027
Cost of defined contribution scheme	**143,439**	136,473
	5,784,522	5,778,083

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

	2019	2018
	No.	No.
Production	**110**	103
Distribution	**13**	17
Administrative	**10**	13
	133	133

7. Directors' remuneration

	2019	2018
	£	£
Directors' emoluments	**105,000**	40,171
CoS directors pension costs	**14,036**	32,128
	119,036	72,299

During the year retirement benefits were accruing to 3 directors (2018 - 3) in respect of defined contribution pension schemes.
The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £3,388 (2018: £31,944).

8. Interest receivable

	2019 £	2018 £
Other interest receivable	**1,363**	996
	1,363	996

9. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	**21,070**	26,968
Finance leases and hire purchase contracts	**61,711**	71,673
	82,781	98,641

10. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	**(80,812)**	-
Adjustments in respect of previous periods	**(88,966)**	(21,533)
	(169,778)	(21,533)
Total current tax	**(169,778)**	(21,533)
Deferred tax		
Origination and reversal of timing differences	**8,221**	56,379
Total deferred tax	**8,221**	56,379
Taxation on (loss)/profit on ordinary activities	**(161,557)**	34,846

PARK COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2018 - the same as) the standard rate of corporation tax in the UK of 19% (2018 - 19 %) as set out below:

	2019 £	2018 £
Profit on ordinary activities before tax	**168,651**	312,656
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	**32,044**	59,405
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**8,140**	10,631
Capital allowances for year in excess of depreciation	**(127,114)**	9,920
Utilisation of tax losses	**(259)**	(67,828)
Permanent disallowable expenses	**29,936**	29,936
Adjustments to tax charge in respect of prior periods	**(88,966)**	(21,533)
Short term timing difference leading to an increase (decrease) in taxation	**8,221**	56,379
Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment	**(59,178)**	(23,800)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	**(84,062)**	(18,264)
Changes in provisions leading to an increase (decrease) in the tax charge	**(3,494)**	-
Unrelieved tax losses carried forward	**119,925**	-
Other differences leading to an increase (decrease) in the tax charge	**3,250**	-
Total tax charge for the year	**(161,557)**	34,846

11. Dividends

	2019 £	2018 £
Interim dividends paid	**167,000**	212,000
	167,000	212,000

12. Tangible fixed assets

	Long-term leasehold property	Plant and machinery	Fixtures and fittings	Total
	£	£	£	£
Cost or valuation				
At 1 January 2019	**2,156,271**	**7,758,603**	**1,133,336**	**11,048,210**
Additions	**-**	**1,242,578**	**24,929**	**1,267,507**
Disposals	**-**	**(504,017)**	**-**	**(504,017)**
At 31 December 2019	**2,156,271**	**8,497,164**	**1,158,265**	**11,811,700**
Depreciation				
At 1 January 2019	**1,775,503**	**3,837,983**	**1,055,545**	**6,669,031**
Charge for the year on owned assets	**157,559**	**169,063**	**35,641**	**362,263**
Charge for the year on financed assets	**-**	**591,513**	**11,319**	**602,832**
Disposals	**-**	**(485,217)**	**-**	**(485,217)**
At 31 December 2019	**1,933,062**	**4,113,342**	**1,102,505**	**7,148,909**
Net book value				
At 31 December 2019	**223,209**	**4,383,822**	**55,760**	**4,662,791**
At 31 December 2018	380,768	3,920,620	77,791	4,379,179

The net book value of land and buildings may be further analysed as follows:

	2019	2018
	£	£
Long leasehold	**223,209**	380,768
	223,209	380,768

12. Tangible fixed assets (continued)

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

	2019	2018
	£	£
Plant and machinery	**4,071,406**	3,557,304
	4,071,406	3,557,304

Finance leases

Typically, the finance leases entered into by the company have an option to purchase and this is always exercised.

13. Stocks

	2019	2018
	£	£
Raw materials and consumables	**290,743**	250,570
Work in progress (goods to be sold)	**176,812**	247,675
	467,555	498,245

Stock recognised in cost of sales during the year as an expense was £7,005,112 (2018: £6,731,119).

14. Debtors

	2019	2018
	£	£
Trade debtors	**1,908,048**	1,913,089
Amounts owed by group undertakings	**3,990,264**	3,990,264
Other debtors	**406,457**	252,837
Prepayments and accrued income	**320,368**	380,742
	6,625,137	6,536,932

15. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	**494,388**	356,233
	494,388	356,233

16. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	**2,588,319**	2,097,648
Other taxation and social security	**267,306**	283,468
Obligations under finance lease and hire purchase contracts	**825,266**	834,981
Other creditors	**136,607**	192,185
Accruals and deferred income	**436,226**	614,032
	4,253,724	4,022,314

Included within accruals and deferred income is £177,456 (2018: £302,718) in respect of LDA grants relating to the purchase of fixed assets. The grants are amortised to offset the depreciation charge in respect of the fixed assets to which they relate. The amount amortised in the year amounted to £125,262 (2018: £125,262).
Included within other creditors are unpaid pension contributions of £22,488 (2018: £20,889).
The obligations under finance leases are secured on the assets to which they relate.

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

	2019 £	2018 £
Net obligations under finance leases and hire purchase contracts	**1,668,965**	1,555,680
Accruals and deferred income	**52,193**	89,035
	1,721,158	1,644,715

The obligations under finance leases are secured on the assets to which they relate.

18. Hire purchase and finance leases

Minimum payments under hire purchase fall due as follows:

	2019 £	2018 £
Within one year	**825,266**	834,981
Between 1-2 years	**977,488**	705,871
Between 2-5 years	**691,477**	849,809
	2,494,231	2,390,661

19. Deferred taxation

	2019 £
At beginning of year	**(240,273)**
Charged to profit or loss	**(8,221)**
At end of year	**(248,494)**

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	**(331,484)**	(240,273)
Tax losses carried forward	**72,672**	-
Provisions	**10,318**	-
	(248,494)	(240,273)

20. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
600,000 (2018 - 600,000) Ordinary shares of £1.00 each	**600,000**	600,000

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights.

21. Reserves

Profit and loss account

The reserve records the accumulated profit and loss distributable to the shareholders, net of any due taxes and dividends declared. Included in the profit and loss is research and development expenditure of £252,061 (2018: £272,573) incurred that has not been capitalised as an intangible asset or as part of the cost of another asset. The company undertakes a number of projects in relation to research and development, including the development of software and altering print technologies.

22. Pension commitments

The company operates a defined contribution pension scheme for the benefit of all employees. The assets of the scheme are administered by trustees in a fund independent from those of the Company.
The total contributions payable in the year amounted to £143,439 (2018: £136,473). The amount unpaid at 31 December 2019 was £22,488 (2018: £20,899).

23. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019	2018
	£	£
Not later than 1 year	**559,123**	561,158
Later than 1 year and not later than 5 years	**196,521**	797,303
	755,644	1,358,461

The total expense in the Statement of Comprehensive Income in relation to operating leases was £565,940 (2018: £513,170).

24. Related party transactions

The results of Park Communications Limited are included in the consolidated financial statements of its ultimate parent company, Park Group Holdings Limited. The company has taken advantage of the exemption under FRS102, paragraph 33.1A from disclosing transactions with Park Group Holdings Limited as it is a wholly owned subsidiary.

At the year end A. G. Branch, a shareholder and director, was owed £35,238 (2018: £31,468).

At the year end H. Mason, a shareholder and director, was owed £33,777 (2018: £31,772).

At the year end P. Walker, a shareholder and former director, owed £10,000 (2018: was owed £9,324). This amount is included in other debtors.

25. Post balance sheet events

The Covid-19 pandemic is considered to be a non-adjusting post balance sheet event.
Considering the company's strong financial position, business continuity plans and the sustained demand for its services, management consider the company to be well positioned to weather the pandemic. Nonetheless, the company recognises an increased level of uncertainty over the company's short term financial performance and continues to monitor and evaluate the impact of external factors as they become apparent.

26. Controlling party

The ultimate parent company is Park Group Holdings Limited, a company incorporated in England and Wales. Its registered office address is Alpine Way, London, E6 6LA.
The largest and smallest group in which the Company is consolidated is Park Group Holdings Limited. Consolidated accounts can be obtained from Companies House.
The ultimate parent company was under the control of H. Mason and A. G. Branch during the years ended 31 December 2019 and 31 December 2018, due to their majority shareholding.

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