

Registered number: 01716891

CFH DOCMAIL LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017



CFH DOCMAIL LIMITED

COMPANY INFORMATION

DIRECTORS

DV Broadway
GT Broadway
K Broadway
JR Broadway
C Clarke
P Clarke
S Cray
AM Harwood
JL Helps
J Marsh
W McFedries

COMPANY SECRETARY

JR Broadway

REGISTERED NUMBER

01716891

REGISTERED OFFICE

St Peter's Park
Wells Road
Radstock
Bath
BA3 3UP

INDEPENDENT AUDITORS

Bishop Fleming Bath Limited
Chartered Accountants & Statutory Auditors
Minerva House
Lower Bristol Road
Bath
BA2 9ER

BANKERS

Clydesdale Bank
12th Floor Temple Point
1 Temple Row
Birmingham
West Midlands
B2 5YB

SOLICITORS

Thrings LLP
2 Queen Square
Bath
BA1 2HQ

CFH DOCMAIL LIMITED

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**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2017**

BUSINESS REVIEW

The directors are pleased to report that profit before interest, depreciation and amortisation (EBITDA) has been maintained at £3.2m, despite the effects of Brexit which had a significant impact on many of our larger customers. The downturn in turnover from these customers has been counteracted by the continued growth of our Docstore and electoral revenues.

The balance sheet net asset position has improved by 36% to £4.5m (2016: £3.2m). The position excluding the pension deficit is £8.0m (2016: £6.1m) – an increase of 31%.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the group's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to competition from both national and independent printers and postal service providers and key employee retention. These are monitored proactively by the directors on an ongoing basis.

FINANCIAL KEY PERFORMANCE INDICATORS

The Group uses a number of KPIs to monitor its performance:

- Gross profit – improved by £0.6m (2.5%)
- Shareholders funds – improved by £1.2m (31%)
- Cash – improved by £200,000 to £2.5m (9%)

FINANCIAL RISK MANAGEMENT

The group's operations are financed by a mixture of short and long term borrowing, designed to ensure appropriate liquidity and cash flow at appropriate expense.

The group occasionally trades in foreign currencies and uses foreign exchange contracts to mitigate exchange risk if considered necessary. The company mitigates credit risk associated with its customers by carrying out credit verification procedures and by keeping trading balances under constant review.

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



DV Broadway
Director

Date: 28 June 2017

CFH DOCMAIL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017

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

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the provision of Hybrid Mail, I.T., Print and Postal services.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,392,000 (2016: £1,694,000).

DIRECTORS

The directors who served during the year were:

DV Broadway
GT Broadway
K Broadway
JR Broadway
C Clarke
P Clarke
S Cray
AM Harwood
JL Helps
J Marsh
W McFedries

During the year the company purchased and maintained Directors' and Officers' Liability Insurance as permitted by the Companies Act 2006.

CHARITABLE DONATIONS

Charitable donations made by the group during the year amounted to £17,670 (2016: £22,761).

FUTURE DEVELOPMENTS

The group has pursued a strategy of building and extending its sales and marketing team during the year with the aim of delivering increased sales growth over the next two years as a defence against the effects of Brexit and other business risks. The first quarter of FY18 is ahead of sales target showing the initial success of this strategy.

The board continues to pursue an active acquisition strategy and is in discussion with potential acquisition targets.

CFH continues to set the highest environmental standards, utilising only renewable electricity, pursuing an active energy and waste reduction strategy, and generating a significant amount of its own energy through a 400kW solar roof. The company also pursues an active electric vehicle strategy utilising some 10 electric cars and 2 electric vans in its fleet.

EMPLOYEE INVOLVEMENT

During the year the policy of providing employees with information about the group has been continued. Employees are encouraged to present their suggestions and views on the group's performance.

CFH DOCMAIL LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

DISABLED EMPLOYEES

The group gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately covered by a handicapped or disabled person. With regard to existing disabled employees and those who have become disabled during the year, the group has continued to examine ways and means of providing continuing employment under normal terms and conditions and to provide training, career development and promotion wherever appropriate.

MATTERS COVERED IN THE STRATEGIC REPORT

The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 requires a Strategic Report to be prepared. Where mandatory disclosures in the Directors' Report are considered by the directors to be of strategic importance, these are addressed in the Strategic Report.

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 and the group'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 and the group's auditors are aware of that information.

POST BALANCE SHEET EVENTS

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

AUDITORS

The auditors, Bishop Fleming Bath Limited, 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.



DV Broadway
Director

Date: 28 June 2017

St Peter's Park
Wells Road
Radstock
Bath
BA3 3UP

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2017**

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 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 for the group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CFH DOCMAIL LIMITED

We have audited the financial statements of CFH Docmail Limited for the year ended 31 March 2017, which comprise the Group Profit and Loss Account, the Group Statement of Comprehensive Income, the Group and Company Balance Sheet, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes. The relevant financial reporting framework that has been applied in their preparation is applicable law and the 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'.

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2017 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.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report and the Directors' Report.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CFH DOCMAIL LIMITED
(CONTINUED)**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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.



Andrew Sandiford BCom FCA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming Bath Limited

Chartered Accountants

Statutory Auditors

Minerva House

Lower Bristol Road

Bath

BA2 9ER

28 June 2017

CFH DOCMAIL LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £000	As restated 2016 £000
TURNOVER	4	44,986	46,253
Cost of sales		(20,457)	(22,333)
GROSS PROFIT		24,529	23,920
Administrative expenses		(22,721)	(21,795)
OPERATING PROFIT	5	1,808	2,125
Interest receivable and similar income		8	13
Interest payable and similar charges	9	(174)	(198)
Other finance charges	10	(95)	(66)
PROFIT BEFORE TAX		1,547	1,874
Tax on profit	11	(155)	(180)
PROFIT FOR THE FINANCIAL YEAR		1,392	1,694

The notes on pages 19 to 45 form part of these financial statements.

CFH DOCMAIL LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017**

	Note	2017 £000	As restated 2016 £000
Profit for the financial year		1,392	1,694
OTHER COMPREHENSIVE INCOME			
Unrealised surplus on revaluation of tangible fixed assets		552	-
Actuarial gain on defined benefit schemes		(899)	(920)
Movement on deferred tax relating to pension gains		145	145
OTHER COMPREHENSIVE INCOME FOR THE YEAR		(202)	(775)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,190	919

The notes on pages 19 to 45 form part of these financial statements.

CFH DOCMAIL LIMITED
REGISTERED NUMBER:01716891

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2017

	Note	2017 £000	As restated 2016 £000
FIXED ASSETS			
Intangible assets	13	2,971	3,023
Tangible assets	14	5,407	4,644
		<u>8,378</u>	<u>7,667</u>
CURRENT ASSETS			
Stocks	16	1,218	1,153
Debtors: amounts falling due within one year	17	8,956	8,823
Cash at bank and in hand	18	3,041	2,314
		<u>13,215</u>	<u>12,290</u>
Creditors: amounts falling due within one year	19	(11,585)	(11,444)
		<u>1,630</u>	<u>846</u>
NET CURRENT ASSETS			
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>10,008</u>	<u>8,513</u>
Creditors: amounts falling due after more than one year	20	(1,396)	(1,878)
PROVISIONS FOR LIABILITIES			
Deferred taxation	24	(524)	(468)
		<u>(524)</u>	<u>(468)</u>
NET ASSETS EXCLUDING PENSION LIABILITY		<u>8,088</u>	<u>6,167</u>
Pension liability		(3,634)	(2,903)
NET ASSETS		<u>4,454</u>	<u>3,264</u>
CAPITAL AND RESERVES			
Called up share capital	25	114	114
Share premium account	26	495	495
Revaluation reserve	26	1,284	752
Capital redemption reserve	26	641	641
Profit and loss account	26	1,920	1,262
		<u>4,454</u>	<u>3,264</u>

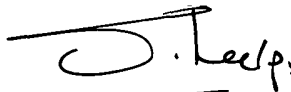
CFH DOCMAIL LIMITED
REGISTERED NUMBER:01716891

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2017

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



DV Broadway
Director



JL Helps
Director

Date: 28 June 2017

The notes on pages 19 to 45 form part of these financial statements.

CFH DOCMAIL LIMITED
REGISTERED NUMBER:01716891

COMPANY BALANCE SHEET
AS AT 31 MARCH 2017

	Note	2017 £000	As restated 2016 £000
FIXED ASSETS			
Intangible assets	13	2,089	1,983
Tangible assets	14	5,003	4,190
Investments	15	2,026	2,026
		<u>9,118</u>	<u>8,199</u>
CURRENT ASSETS			
Stocks	16	1,159	1,065
Debtors: amounts falling due within one year	17	8,056	7,643
Cash at bank and in hand	18	878	1,590
		<u>10,093</u>	<u>10,298</u>
Creditors: amounts falling due within one year	19	(10,692)	(11,177)
NET CURRENT LIABILITIES		<u>(599)</u>	<u>(879)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,519</u>	<u>7,320</u>
Creditors: amounts falling due after more than one year	20	(1,233)	(1,703)
PROVISIONS FOR LIABILITIES			
Deferred taxation	24	(517)	(450)
		<u>(517)</u>	<u>(450)</u>
NET ASSETS EXCLUDING PENSION LIABILITY		<u>6,769</u>	<u>5,167</u>
Pension liability		(3,634)	(2,903)
NET ASSETS		<u>3,135</u>	<u>2,264</u>
CAPITAL AND RESERVES			
Called up share capital	25	114	114
Share premium account	26	495	495
Revaluation reserve	26	1,284	752
Capital redemption reserve	26	641	641
Profit and loss account	26	601	262
		<u>3,135</u>	<u>2,264</u>

CFH DOCMAIL LIMITED
REGISTERED NUMBER:01716891

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2017

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



DV Broadway
Director



JL Helps
Director

Date: 28 June 2017

CFH DOCMAIL LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

	Called up share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000
At 1 April 2016 (as previously stated)	114	495	641	752	1,085	3,087
Prior year adjustment (see note 27)	-	-	-	-	177	177
At 1 April 2016 (as restated)	114	495	641	752	1,262	3,264
Profit for the year	-	-	-	-	1,392	1,392
Actuarial losses and interest costs on pension scheme	-	-	-	-	(754)	(754)
Surplus on revaluation of freehold property	-	-	-	552	-	552
Transfer from revaluation reserve	-	-	-	-	20	20
Transfer to profit and loss account	-	-	-	(20)	-	(20)
AT 31 MARCH 2017	114	495	641	1,284	1,920	4,454

CFH DOCMAIL LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016**

	Called up share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000	£000
At 1 April 2015 (as previously stated)	148	495	607	773	(231)	1,347	3,139
Prior year adjustment	-	-	-	-	-	(322)	(322)
At 1 April 2015 (as restated)	148	495	607	773	(231)	1,025	2,817
Restated profit for the year	-	-	-	-	-	1,694	1,694
Actuarial losses and interest costs on pension scheme	-	-	-	-	-	(775)	(775)
Transfer from revaluation reserve	-	-	-	-	-	21	21
Purchase of own shares	-	-	34	-	-	(703)	(669)
Shares redeemed during the year	(34)	-	-	-	-	-	(34)
Transfer to/from profit and loss account	-	-	-	(21)	231	-	210
RESTATED AS AT 31 MARCH 2016	114	495	641	752	-	1,262	3,264

The notes on pages 19 to 45 form part of these financial statements.

CFH DOCMAIL LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

	Called up share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000
At 1 April 2016 (as previously stated)	114	495	641	752	85	2,087
Prior year adjustment (see note 27)	-	-	-	-	177	177
At 1 April 2016 (as restated)	114	495	641	752	262	2,264
Profit for the year	-	-	-	-	1,073	1,073
Actuarial losses and interest costs on pension scheme	-	-	-	-	(754)	(754)
Surplus on revaluation of freehold property	-	-	-	552	-	552
Transfer from revaluation reserve	-	-	-	-	20	20
Transfer to profit and loss account	-	-	-	(20)	-	(20)
AT 31 MARCH 2017	114	495	641	1,284	601	3,135

CFH DOCMAIL LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016

	Called up share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000	£000
At 1 April 2015 (as previously stated)	148	495	607	773	(231)	777	2,569
Prior year adjustment	-	-	-	-	-	(322)	(322)
At 1 April 2015 (as restated)	148	495	607	773	(231)	455	2,247
Restated profit for the year	-	-	-	-	-	1,264	1,264
Actuarial losses and interest costs on pension scheme	-	-	-	-	-	(775)	(775)
Transfer from revaluation reserve	-	-	-	-	-	21	21
Purchase of own shares	-	-	34	-	-	(703)	(669)
Shares redeemed during the year	(34)	-	-	-	-	-	(34)
Transfer to/from profit and loss account	-	-	-	(21)	231	-	210
RESTATED AS AT 31 MARCH 2016	114	495	641	752	-	262	2,264

The notes on pages 19 to 45 form part of these financial statements.

CFH DOCMAIL LIMITED**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017**

	2017 £000	As restated 2016 £000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial year	1,392	1,694
ADJUSTMENTS FOR:		
Amortisation of intangible assets	786	733
Depreciation of tangible assets	644	582
Profit on disposal of tangible assets	(9)	(31)
Interest paid	174	135
Interest received	(8)	(13)
Taxation charge	155	191
(Increase)/decrease in stocks	(65)	84
Decrease/(increase) in debtors	6	(1,273)
Increase in creditors	445	1,567
Employers defined benefit contributions	(263)	(263)
Corporation tax (paid)	(134)	(34)
Pension finance charges	95	66
NET CASH GENERATED FROM OPERATING ACTIVITIES	3,218	3,438
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible fixed assets	(734)	(616)
Purchase of tangible fixed assets	(763)	(645)
Sale of tangible fixed assets	88	257
Interest received	8	13
HP interest paid	(47)	(41)
Consideration for trade acquisition	-	(433)
NET CASH FROM INVESTING ACTIVITIES	(1,448)	(1,465)

CFH DOCMAIL LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

	2017 £000	2016 £000
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of ordinary shares	-	(317)
Repayment of loans	(482)	(478)
Repayment of/new finance leases	(227)	(170)
Interest paid	(127)	(94)
Movement in invoice discounting facility	(729)	(200)
NET CASH USED IN FINANCING ACTIVITIES	(1,565)	(1,259)
INCREASE IN CASH AND CASH EQUIVALENTS	205	714
Cash and cash equivalents at beginning of year	2,314	1,600
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	2,519	2,314
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	3,041	2,314
Bank overdrafts	(522)	-

The notes on pages 19 to 45 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

1. GENERAL INFORMATION

CFH Docmail Limited is a limited liability company which is incorporated in England and Wales and has a registered address of St Peter's Park, Wells Road, Radstock, Bath, BA3 3UP.

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 financial statements are prepared in sterling which is the functional currency of the company.

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

The following principal accounting policies have been applied:

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Profit and Loss Account from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 TURNOVER

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group and the turnover can be reliably measured. Turnover 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 turnover is recognised:

Sale of goods

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

- the group has transferred the significant risks and rewards of ownership to the buyer;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the group 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

2. ACCOUNTING POLICIES (continued)

2.4 INTANGIBLE ASSETS

GOODWILL

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Profit and Loss Account over its useful economic life.

OTHER INTANGIBLE ASSETS

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

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

2.5 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Freehold property	- Straight line over 50 years
Plant and machinery	- 5-20 years straight line
Fixtures and fittings	- 4-5 years 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 Consolidated Profit and Loss Account.

2.6 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

2. ACCOUNTING POLICIES (continued)

2.7 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 reporting 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.

2.8 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.

2.9 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.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

2.10 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.

2.11 LEASED ASSETS: THE GROUP AS LESSEE

Assets obtained under hire purchase contract 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 Consolidated Profit and Loss Account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.12 OPERATING LEASES: THE GROUP AS LESSEE

Rentals paid under operating leases are charged to the Consolidated Profit and Loss Account on a straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

2. ACCOUNTING POLICIES (continued)

2.13 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Profit and Loss Account, 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 reporting date in the countries where the company and the group operate and generate 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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 reporting date.

2.14 SHARE BASED PAYMENTS

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Consolidated Profit and Loss Account over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance Sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Consolidated Profit and Loss Account over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Consolidated Profit and Loss Account is charged with fair value of goods and services received.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

2. ACCOUNTING POLICIES (continued)

2.15 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Profit and Loss Account except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Profit and Loss Account within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.16 PENSIONS

The group operates two pension schemes, one that operates on a defined contribution basis and one on a defined benefit basis.

For the scheme that operates on a defined contribution basis, contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

For the scheme that operates on a defined benefit basis, contributions are based on periodic actuarial calculations. The charge to the profit and loss account reflects the expected return on the scheme assets together with the interest on the scheme liabilities.

The group has accounted for pension costs in accordance with FRS 102.

FRS 102 requires that settlement gains are recognised when all parties whose consent is required are irrecoverably committed to the transaction and the gain should be recognised in the profit and loss account covering that date.

The company operates a defined benefit pension scheme and the pension charge is based on a full actuarial valuation dated 5 April 2013.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

2. ACCOUNTING POLICIES (continued)

2.17 RESEARCH AND DEVELOPMENT

The group has adopted a policy of capitalising research and development. Costs classified as development are capitalised in the Balance Sheet as intangible assets and amortised on a straight line basis over 5 years.

2.18 FINANCIAL INSTRUMENTS

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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

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

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

Financial assets and liabilities are offset and the net amount reported in the 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

**3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION
UNCERTAINTY**

Goodwill and amortisation

Goodwill, as generated on previous business combinations, is capitalised and recognised as an intangible asset on the Consolidated Balance Sheet and amortised on a straight line basis over the useful life. The group establishes a reliable estimate of the useful life of the goodwill based on a variety of factors such as the expected use of the acquired company, the expected useful life of the cash generating units to which the asset is attributed and any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of a similar business.

WIP overhead allocation

The company recognises an element of work in progress within the year end stock balance. This is inclusive of an overhead allocation which is calculated based on the proportion of attributable overheads to the company's conventional stock division, where the work in progress occurs.

Debtor provision

The company recognises a provision against potential bad debts. Management consider the ageing profile and known concerns over recoverability when establishing this provision.

Share based payments

The company recognises a share based payment charge on granted options where it is considered to be material to the financial statements and where those options are considered likely to vest.

Capitalisation of development costs

The company recognises an intangible asset arising from the development phase of projects when they consider that the asset will generate probable future economic benefits and has satisfied the recognition criteria for the capitalisation of development costs as set out in section 18 of FRS 102.

Pension valuation

The present value of the defined benefit pension scheme depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 29, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 5 April 2013 (and updated on 31 March 2016) has been used by the actuary in valuing the pensions liability at 31 March 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

4. TURNOVER

The whole of the turnover is attributable to the principal activity of the group and arose within the United Kingdom.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**
5. OPERATING PROFIT

The operating profit is stated after charging:

	2017	2016
	£000	£000
Depreciation of tangible fixed assets		
- owned by the group	480	509
- held under finance leases	164	73
Amortisation of intangible assets, including goodwill	786	729
Operating lease rentals:		
- plant and machinery	821	840
- other operating leases	486	508
Exchange differences	12	5
(Profit)/Loss on the disposal of tangible fixed assets	(9)	(287)
	<u><u> </u></u>	<u><u> </u></u>

6. AUDITORS' REMUNERATION

	2017	2016
	£000	£000
Fees payable to the group's auditor and its associates for the audit of the group's annual accounts	16	16
- The auditing of accounts of associates of the company	8	8
- Taxation compliance services	6	6
- All other services not included above	11	1
	<u><u> </u></u>	<u><u> </u></u>
	41	31
	<u><u> </u></u>	<u><u> </u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**
7. EMPLOYEES

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

	2017	As restated 2016
	£000	£000
Wages and salaries	11,819	11,575
Social security costs	1,191	1,145
Cost of defined contribution scheme	670	397
	<u>13,680</u>	<u>13,117</u>

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

	2017	2016
	No.	No.
Manufacturing	157	162
IT	42	42
Engineering and R&D	12	15
Office and Management	112	88
Velopost	26	26
	<u>349</u>	<u>333</u>

8. DIRECTORS' REMUNERATION

	2017	2016
	£000	£000
Directors' emoluments	1,086	1,100
Company contributions to defined contribution pension schemes	334	142
	<u>1,420</u>	<u>1,242</u>

During the year retirement benefits were accruing to 9 directors (2016: 9) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £142,000 (2016: £141,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £149,000 (2016: £5,000).

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the company are considered to be key management personnel. Total compensation in respect of these individuals excluding those above is £85,507 (2016: £87,886).

CFH DOCMAIL LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017****9. INTEREST PAYABLE AND SIMILAR CHARGES**

	2017	2016
	£000	£000
Bank interest payable	127	157
Finance leases and hire purchase contracts	47	41
	<u>174</u>	<u>198</u>

10. OTHER FINANCE COSTS

	2017	2016
	£000	£000
Interest on pension scheme liabilities	95	66
	<u>95</u>	<u>66</u>

11. TAXATION

	2017	2016
	£000	£000
CORPORATION TAX		
Current tax on profits for the year	120	135
Adjustments in respect of previous periods	(21)	(1)
TOTAL CURRENT TAX	<u>99</u>	<u>134</u>
DEFERRED TAX		
Origination and reversal of timing differences	67	43
Adjustment in respect of previous periods	(2)	3
Effect of tax rate change on opening balance	(9)	-
TOTAL DEFERRED TAX	<u>56</u>	<u>46</u>
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	<u>155</u>	<u>180</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**
11. TAXATION (CONTINUED)**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK of 20% (2016: 20%). The differences are explained below:

	2017 £000	As restated 2016 £000
Profit on ordinary activities before tax	<u>1,546</u>	<u>1,874</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016: 20%)	309	375
EFFECTS OF:		
Fixed asset differences	188	(15)
Expenses not deductible for tax purposes	26	10
Other permanent differences	3	-
Effect of prior year adjustment	-	(36)
Adjustments to tax charge in respect of prior periods	(22)	(1)
Tax losses carried back	25	-
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(181)	(160)
Capitalised research & development costs expensed	(134)	-
Adjustments for defined benefit pension scheme	(34)	(39)
Other differences leading to an increase (decrease) in the tax charge	(81)	-
Deferred tax movement	56	46
TOTAL TAX CHARGE FOR THE YEAR	<u><u>155</u></u>	<u><u>180</u></u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was substantively enacted in the Finance Act 2016.

12. PARENT COMPANY PROFIT FOR THE YEAR

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and Loss Account in these financial statements. The profit after tax of the parent company for the year was £1,072,000 (as restated 2016: £1,263,000).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**
13. INTANGIBLE ASSETS**Group**

	Development costs £000	Customer list £000	Goodwill £000	Total £000
COST				
At 1 April 2016	4,403	269	1,776	6,448
Additions	715	19	-	734
At 31 March 2017	<u>5,118</u>	<u>288</u>	<u>1,776</u>	<u>7,182</u>
AMORTISATION				
At 1 April 2016	2,676	36	713	3,425
Charge for the year	549	56	181	786
At 31 March 2017	<u>3,225</u>	<u>92</u>	<u>894</u>	<u>4,211</u>
NET BOOK VALUE				
At 31 March 2017	<u>1,893</u>	<u>196</u>	<u>882</u>	<u>2,971</u>
At 31 March 2016	<u>1,727</u>	<u>233</u>	<u>1,063</u>	<u>3,023</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**
13. INTANGIBLE ASSETS (CONTINUED)**Company**

	Development costs £000	Customer list £000	Goodwill £000	Total £000
COST				
At 1 April 2016	4,403	269	200	4,872
Additions	715	19	-	734
At 31 March 2017	<u>5,118</u>	<u>288</u>	<u>200</u>	<u>5,606</u>
AMORTISATION				
At 1 April 2016	2,676	36	177	2,889
Charge for the year	549	56	23	628
At 31 March 2017	<u>3,225</u>	<u>92</u>	<u>200</u>	<u>3,517</u>
NET BOOK VALUE				
At 31 March 2017	<u>1,893</u>	<u>196</u>	<u>-</u>	<u>2,089</u>
At 31 March 2016	<u>1,727</u>	<u>233</u>	<u>23</u>	<u>1,983</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**
14. TANGIBLE FIXED ASSETS**Group**

	Freehold property £000	Plant and machinery £000	Fixtures and fittings £000	Total £000
COST OR VALUATION				
At 1 April 2016	2,195	7,378	3,116	12,689
Additions	-	315	636	951
Disposals	-	(226)	(183)	(409)
Revaluations	405	-	-	405
At 31 March 2017	<u>2,600</u>	<u>7,467</u>	<u>3,569</u>	<u>13,636</u>
DEPRECIATION				
At 1 April 2016	98	5,657	2,290	8,045
Charge for the year on owned assets	49	203	228	480
Charge for the year on financed assets	-	114	50	164
Disposals	-	(226)	(88)	(314)
On revalued assets	(147)	-	-	(147)
At 31 March 2017	<u>-</u>	<u>5,748</u>	<u>2,480</u>	<u>8,228</u>
NET BOOK VALUE				
At 31 March 2017	<u>2,600</u>	<u>1,719</u>	<u>1,089</u>	<u>5,408</u>
At 31 March 2016	<u>2,097</u>	<u>1,721</u>	<u>826</u>	<u>4,644</u>

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

	2017 £000	2016 £000
Plant and machinery	650	761
Fixtures and fittings	283	137
	<u>933</u>	<u>898</u>

If the land and buildings had not been included at valuation they would have been included under the historical cost convention with cost of £1,996,000 (2016: £1,996,000), depreciation of £113,000 (2016: £85,000), providing a net book value of £1,883,000 (2016: £1,911,000).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

14. TANGIBLE FIXED ASSETS (CONTINUED)

Company

	Freehold property £000	Plant and machinery £000	Fixtures and fittings £000	Total £000
COST OR VALUATION				
At 1 April 2016	2,195	6,349	2,564	11,108
Additions	-	226	633	859
Disposals	-	(226)	(166)	(392)
Revaluations	405	-	-	405
At 31 March 2017	<u>2,600</u>	<u>6,349</u>	<u>3,031</u>	<u>11,980</u>
DEPRECIATION				
At 1 April 2016	98	4,923	1,897	6,918
Charge for the year on owned assets	49	172	200	421
Charge for the year on financed assets	-	62	37	99
Disposals	-	(226)	(88)	(314)
On revalued assets	(147)	-	-	(147)
At 31 March 2017	<u>-</u>	<u>4,931</u>	<u>2,046</u>	<u>6,977</u>
NET BOOK VALUE				
At 31 March 2017	<u>2,600</u>	<u>1,418</u>	<u>985</u>	<u>5,003</u>
At 31 March 2016	<u>2,097</u>	<u>1,426</u>	<u>667</u>	<u>4,190</u>

FINANCE LEASES

The net book value of assets held under finance leases or hire purchase contracts included above are £618,000 (2016: £582,000).

If the land and buildings had not been included at valuation they would have been included under the historical cost convention with cost of £1,996,000 (2016: £1,996,000), depreciation of £113,000 (2016: £85,000), providing a net book value of £1,883,000 (2016: £1,911,000).

On 28 November 2016, the property held by the group and the company was revalued on the basis of Market Value at £2,600,000. The valuation was performed by Bilfinger GVA, an external, independent, Chartered Surveyor.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

15. FIXED ASSET INVESTMENTS

Company

	Investments in subsidiary companies £000
COST OR VALUATION	
At 1 April 2016	2,026
At 31 March 2017	<u>2,026</u>
NET BOOK VALUE	
At 31 March 2017	<u>2,026</u>
At 31 March 2016	<u>2,026</u>

Details of the principal subsidiaries can be found in Note 33.

16. STOCKS

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Raw materials	832	787	773	699
Work in progress	362	327	362	327
Finished goods and goods for resale	24	39	24	39
	<u>1,218</u>	<u>1,153</u>	<u>1,159</u>	<u>1,065</u>

Stock recognised as a 'cost of sales' expense amounted to £7,288,170 (2016: £7,219,143) for the group.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**
17. DEBTORS

	Group	Group as restated	Company	Company as restated
	2017	2016	2017	2016
	£000	£000	£000	£000
Trade debtors	6,878	6,863	6,117	5,922
Amounts owed by group undertakings	-	-	66	-
Other debtors	845	603	845	582
Prepayments and accrued income	1,233	1,356	1,028	1,139
	8,956	8,822	8,056	7,643

The amounts owed by group undertakings are due on demand and interest free.

18. CASH AND CASH EQUIVALENTS

	Group	Group	Company	Company
	2017	2016	2017	2016
	£000	£000	£000	£000
Cash at bank and in hand	3,041	2,314	878	1,590
Less: bank overdrafts	(523)	-	(523)	-
	2,518	2,314	355	1,590

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**
19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	Group as restated	Company	Company as restated
	2017	2016	2017	2016
	£000	£000	£000	£000
Bank overdrafts	523	-	523	-
Bank loans	386	482	386	482
Other loans	-	729	-	729
Trade creditors	3,419	4,365	2,987	3,741
Amounts owed to group undertakings	-	-	191	1,071
Corporation tax	97	134	-	10
Other taxation and social security	2,402	1,795	2,319	1,725
Obligations under finance lease and hire purchase contracts	226	195	157	114
Accruals and deferred income	4,532	3,744	4,129	3,306
	<u>11,585</u>	<u>11,444</u>	<u>10,692</u>	<u>11,178</u>

For information regarding bank loans, see note 21.

Other loans in the prior year comprised the Clydesdale invoice discounting facility which was secured against trade debtors.

Hire purchase creditors are secured against assets as detailed in note 14.

The amounts owed to fellow group companies are due on demand and are interest free.

20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	Group	Company	Company
	2017	2016	2017	2016
	£000	£000	£000	£000
Bank loans	897	1,282	897	1,282
Net obligations under finance leases and hire purchase contracts	499	596	336	421
	<u>1,396</u>	<u>1,878</u>	<u>1,233</u>	<u>1,703</u>

For information regarding bank loans, see note 21.

Hire purchase creditors are secured against assets as detailed in note 14.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**
21. LOANS

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
AMOUNTS FALLING DUE WITHIN ONE YEAR				
Bank loans	386	482	386	482
Other loans	-	729	-	729
	<u>386</u>	<u>1,211</u>	<u>386</u>	<u>1,211</u>
AMOUNTS FALLING DUE 1-2 YEARS				
Bank loans	90	386	90	386
AMOUNTS FALLING DUE 2-5 YEARS				
Bank loans	299	284	299	284
AMOUNTS FALLING DUE AFTER MORE THAN 5 YEARS				
Bank loans	508	612	508	612
	<u>1,283</u>	<u>2,493</u>	<u>1,283</u>	<u>2,493</u>

On 27 June 2012 the company took out a loan for £1,400,000 with Clydesdale Bank plc. The loan is repayable over 15 years and bears interest at 3.5% above LIBOR. The loan is secured by a legal mortgage over the company's freehold property.

On 31 October 2012 the company entered into a facility to finance the acquisition of a subsidiary undertaking. The facility is split into A and B.

Facility A, fully drawn down, was for a sum of £1,200,000 repayable over 3 years and bears interest at 5% above LIBOR. The loan was fully repaid during the prior year.

Facility B, fully drawn down, was for a sum of £800,000. This facility bears interest at 5% above LIBOR and is repayable in equal instalments from 31 January 2016 to 31 October 2017. At the Balance Sheet date the loan stood at £300,000.

The B loan is secured by way of debenture over the assets of Print For Business Limited, a subsidiary undertaking, in favour of Clydesdale Bank plc.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**
22. HIRE PURCHASE AND FINANCE LEASES

Minimum lease payments under hire purchase fall due as follows:

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Within one year	225	195	157	114
Between 1-2 years	162	176	112	119
Between 2-5 years	338	420	224	302
	<u>725</u>	<u>791</u>	<u>493</u>	<u>535</u>

Hire purchase creditors are secured against assets as detailed in note 14.

23. FINANCIAL INSTRUMENTS

	Group 2017 £000	Group as restated 2016 £000	Company 2017 £000	Company as restated 2016 £000
FINANCIAL ASSETS				
Financial assets measured at fair value through profit or loss	3,041	2,314	878	1,590
Financial assets that are debt instruments measured at amortised cost	7,733	7,046	7,031	6,105
	<u>10,774</u>	<u>9,360</u>	<u>7,909</u>	<u>7,695</u>
FINANCIAL LIABILITIES				
Financial liabilities measured at amortised cost	(8,332)	(11,392)	(9,266)	(11,145)
	<u>(8,332)</u>	<u>(11,392)</u>	<u>(9,266)</u>	<u>(11,145)</u>

Financial assets measured at fair value through profit or loss comprise of cash and cash equivalents.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors, amounts owed from group undertakings and accrued income.

Financial liabilities measured at amortised cost comprise of bank loans, other loans, trade creditors, amounts owed to group undertakings and accruals.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**
24. DEFERRED TAXATION**Group**

	2017	2016
	£000	£000
At beginning of year	(468)	(422)
Charged to profit or loss	(56)	(46)
AT END OF YEAR	(524)	(468)

Company

	2017	2016
	£000	£000
At beginning of year	(451)	(421)
Charged to profit or loss	(66)	(29)
AT END OF YEAR	(517)	(450)

	Group	Group	Company	Company
	2017	2016	2017	2016
	£000	£000	£000	£000
Accelerated capital allowances	(207)	(157)	(200)	(139)
Short term timing differences	5	-	5	-
Deferred tax on capitalised development costs	(322)	(311)	(322)	(311)
	(524)	(468)	(517)	(450)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

25. SHARE CAPITAL

	2017	2016
	£000	£000
SHARES CLASSIFIED AS EQUITY		
ALLOTTED, CALLED UP AND FULLY PAID		
114,481 Ordinary shares shares of £1 each	114	114

Share option scheme

The company operates two share-based compensation plans. For each plan the options may be exercised on either the sale or takeover of the group or at the discretion of the majority shareholder following the death of the option holder. The options lapse on the 10th anniversary of the grant date or if the option holder ceases to be employed by the group.

The directors consider that the likelihood of employees exercising options is very remote in the foreseeable future and consequently no share-based payment charge has been recognised during the current or prior year.

EMI scheme

On 9 July 2007, CFH Docmail Limited (formerly known as CFH Total Document Management Limited) granted 15,654 share options at an exercise price of £1.19, of which 14,344 were to directors of the company.

On 3 October 2008, a further 1,470 share options were granted at an exercise price of £3.93.

On 23 December 2009, a further 1,645 share options were granted at an exercise price of £3.02.

During the year, none (2016: 52) of these options lapsed. 3,543 (2016: 3,543) remain outstanding at the year end, of which 2,473 (2016: 2,473) relate to directors.

No options were granted in 2016 or 2017.

Unapproved scheme

On 17 September 2007, 1,793 share options were granted at an exercise price of £1.19 under the unapproved scheme. During the year, none (2016: none) of these options lapsed. 412 (2016: 412) remain outstanding at the year end.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

26. RESERVES

Share premium account

The share premium account includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Revaluation reserve

The revaluation reserve records the gains on assets following revaluation.

Capital redemption reserve

The capital redemption reserve records the nominal value of shares repurchased by the company.

Profit and loss account

The profit and loss account includes all current and prior period retained profit and losses. All are considered distributable.

27. PRIOR YEAR ADJUSTMENT

The comparative figures have been restated following the identification of a number of transactions in the current financial year which relate to the previous financial year. The net impact on the profit and loss brought forward is a decrease of profit of £145,000.

28. CAPITAL COMMITMENTS

At the year end, the group and company had capital commitments of £Nil (2016: £144,000) and £Nil (2016: £80,000) respectively.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**
29. PENSION COMMITMENTS

The group and company operates two pension schemes in the United Kingdom: one scheme which provides defined contributions for certain employees and directors in the group, and one which provides defined benefits for certain other employees in the service of the group prior to 5 April 1994.

On 6 April 1994 members ceased to accrue benefits for future service in this scheme and commenced contributing to the defined contributions schemes.

The group operates a Defined Benefit Pension Scheme.

The group and company operates a final salary defined benefit pension scheme. No benefits have accrued since 6 April 1994. Pension benefits for deferred members are based on the members' final pensionable salaries and service at 6 April 1994 (or date of leaving if earlier).

The most recent full actuarial valuation was carried out as at 5 April 2013 and was updated on 31 March 2016 by a qualified independent actuary.

Reconciliation of present value of plan liabilities:

	2017 £000	2016 £000
RECONCILIATION OF PRESENT VALUE OF PLAN LIABILITIES		
At the beginning of the year	7,601	7,083
Interest cost	254	223
Actuarial gains/losses	805	536
Contributions	(283)	(241)
AT THE END OF THE YEAR	8,377	7,601

	2017 £000	2016 £000
RECONCILIATION OF PRESENT VALUE OF PLAN ASSETS		
At the beginning of the year	4,698	4,903
Actual return on assets less interest	(94)	(384)
Interest income	159	157
Contributions	263	263
Benefits paid	(283)	(241)
AT THE END OF THE YEAR	4,743	4,698

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

29. PENSION COMMITMENTS (CONTINUED)

	2017 £000	2016 £000
Fair value of plan assets	4,743	4,698
Present value of plan liabilities	(8,377)	(7,601)
NET PENSION SCHEME LIABILITY	(3,634)	(2,903)

The amount recognised in the Profit and Loss Account is as follows:

	2017 £000	2016 £000
Interest on obligation	(95)	(66)
TOTAL	(95)	(66)

A charge of £94,000 (2016: £384,000) has been recognised in the Statement of Other Comprehensive Income in relation to the actual return on scheme assets generated in the year. Also included in the Statement of Other Comprehensive income is actuarial losses of £805,000 (2016: £536,000).

The cumulative amount of actuarial gains and losses recognised in the Consolidated Statement of Comprehensive Income was £4,293,000 (2016: £3,488,000).

The group expects to contribute £263,000 to its Defined Benefit Pension Scheme in 2018.

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2017 %	2016 %
Discount rate	2.5	3.4
Price inflation and rate increases for deferred pensioners	3.4	2.2
Consumer price inflation	3.4	2.2
Mortality rates		
- for a male aged 65 now	22.1 years	22.2 years
- at 65 for a male aged 45 now	23.5 years	23.9 years
- for a female aged 65 now	23.9 years	24.2 years
- at 65 for a female member aged 45 now	25.4 years	26.1 years

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**
29. PENSION COMMITMENTS (CONTINUED)

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2017 £000	2016 £000
Defined benefit obligation	(8,377)	(7,601)
Scheme assets	4,743	4,698
DEFICIT	(3,634)	(2,903)
Experience adjustments on scheme liabilities	(805)	(536)
Experience adjustments on scheme assets	-	-

30. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2017 the group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Not later than 1 year	1,945	1,752	1,459	1,267
Later than 1 year and not later than 5 years	3,072	4,208	2,770	3,455
Later than 5 years	361	199	361	199
	5,378	6,159	4,590	4,921

31. RELATED PARTY TRANSACTIONS

The company has taken exemption under FRS102, Section 33 not to disclose transactions with group companies as the consolidated accounts of the group are publicly available.

	2017 £000	2016 £000
Amounts due from companies under common ownership	102	114
Amounts due to companies under common ownership	1	32
Sales to companies under common ownership	38	98
Purchases from companies under common ownership	476	634

Key management personnel consist only of the directors of CFH Docmail Ltd and Print For Business Limited, of which remuneration details are available in note 8 of the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

32. CONTROLLING PARTY

The shareholders in unison control the company. No individual shareholder has a controlling interest and therefore there is no ultimate controlling party.

33. SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Dotpost Limited	Ordinary	100 %	Dormant
Docmail Limited	Ordinary	100 %	Dormant
Continu-forms Holding PLC	Ordinary	100 %	Dormant
Oval (1115) Limited	Ordinary	100 %	Dormant
Proform Limited	Ordinary	100 %	Dormant
Continu-forms Profit Sharing Scheme Trust Limited	Ordinary	100 %	Dormant
CFH Services Limited	Ordinary	100 %	Dormant
Info-Source Publishing Limited	Ordinary	100 %	Dormant
Mercury Workflow Solutions Limited	Ordinary	100 %	Dormant
Mercury Secured Mail Limited	Ordinary	100 %	Dormant
Picture Post Limited	Ordinary	100 %	Dormant
Print for Business Limited	Ordinary	100 %	Printers
Docmail BV	Ordinary	100 %	Dormant

All companies were incorporated in the United Kingdom with the exception of Docmail BV, which was incorporated in the Netherlands.