

1st Locate (UK) Limited

**Annual report and financial statements
for the year ended 30 April 2018**

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Directors and Advisors

Directors

Andrew Barclay
Darren Guest
Karen Ryan

Company Secretary

Andrew Barclay

Registered Number

03702599

Registered Office

Town Centre House
1st floor West Wing
The Merrion Centre
Leeds
West Yorkshire
LS2 8LY

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Central Square
29 Wellington Street
Leeds
LS1 4DL

Strategic report for the year ended 30 April 2018

The directors present their strategic report on the group for the year ended 30 April 2018.

Principle Activities and Business Review

The Company provides outsourced revenue management services including billing collection, account maintenance, investigation and collection services to the Utility, Telecoms and Public Sector/Central Government Sectors. The Company is uniquely positioned to undertake large volume highly complex account management, correction and resolution tasks on behalf of clients in the specific sectors mentioned above. The Company has continued to develop these services over a period of 17 years built upon a policy of treating customers as you would expect to be treated yourself, approaching complex queries or situations in a positive and empathetic manner. This approach has enabled the company to collaborate better with its client base, interact better with its client's customer base and lead the way in an ever-changing social and economic environment. The Company has successfully expanded the range and depth of its services and has achieved a significant increase in operational capacity provided to the Utility, Telecoms and Central Government sectors during the previous 12 months. This additional capacity and capability coupled with significant expertise and experience increases the credentials required to win and maintain significant new tender based opportunities. The Company does expect additional contract awards and tender gains to be awarded in the next 12 month period.

An 100% shareholding was acquired in Henriksen Limited on 31st October 2017, which is a trading company registered at Town Centre House, 1st Floor West Wing, The Merrion Centre, Leeds, West Yorkshire, LS2 8LY.

Principle Risks and Uncertainties

As a result of normal business activities, the company is exposed to a range of risks, the most significant being operational and conduct risk. Operational risks are defined as financial loss or impairment to reputation as a result of failure of internal processes. The Company places reliance on their Actius system and there would be a significant impact if the system went down. This risk is mitigated through the Company's Data Recovery Plan. The Board of Directors define and establish the internal control framework and line managers manage the day to day operational risks within this framework. Conduct risk is the risk of actions, conduct, behaviours and decisions leading to inappropriate or inadequate customer outcomes. Conduct risk is managed by a risk, audit and compliance framework which monitors and reports on staff activity to ensure compliance with all legal, regulatory and contractual obligations. 1st Locate (UK) Limited meets these obligations through adopting the 6 Treating Customers Fairly principles and ensuring that fair outcomes for consumers are at the heart of the business's objectives and activities.

Results for the Year

Revenue increased from £8.5m to £9.5m, a growth of 11.8%. This has been a result of increases in both numbers of clients and the volume of accounts serviced. The business earned £210,000 of operating profit, with an investment in staffing levels which saw the number of employees rise to 251 by April 2018 across 2 sites in the UK. Net assets at year end rose to £1.5m (2017: £1.1m).

Strategic report for the year ended 30 April 2018 (continued)

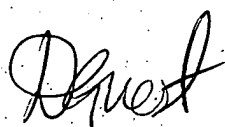
Performance Indicators (KPIs)

The main KPIs used within the business to judge performance in the financial year were client and company level analysis of allocations of work received, payments collected, commission rates, cost/income ratios and EBITDA. These are used alongside key operational data points to measure productivity and compliance.

Future Developments and Opportunities

The Company enhanced the range and depth of services provided to the Utility, Telecoms and Government Sectors during the previous 12 months. In addition, strong trading enabled increased investment in additional resourcing, technology and premises, which has significantly increased the volume processing capability of the Company operations. Consequently, over the coming year the company expects to make significant strides forward in all areas of customer management utilizing in-house developed technological advancements and a broader customer centric way of thinking. Effective, professional and enhanced customer interaction by way of an ability to manage high volume customer portfolio in a bespoke manner will be a key growth contributor. The Company is well positioned to gain new contract awards and is already competing for increased tender opportunities. The Company expects to be awarded several of these during the next 12 months and expects a strong rate of growth as a consequence.

By order of the board



Darren Guest
Managing Director
30 January 2019

Directors' report for the year ended 30 April 2018

The directors present their annual report together with audited consolidated financial statements of the company for the year ended 30 April 2018.

Principal activities

1st Locate (UK) Limited's principal activity is included within the strategic report on page 2.

Review of the business

The review of the business is included within the strategic report on page 2.

Future developments

Future developments have been included within the strategic report on page 3.

Employees

Equal opportunity for all is at the forefront of our recruitment process at 1st Locate (UK) Limited. Throughout the process for attracting and assessing prospective new employees, a robust scoring matrix is utilised to ensure the skills of the individual are the ultimate focus.

An induction and performance management and development programme is in place for our operational employees and structured appraisal-related pay exists for support employees. This ensures 1st Locate (UK) Limited is fair and transparent on all aspects of development, appraisal and pay.

Monthly one to one meetings for employees with their direct line manager provide a platform for the employee to discuss openly company and individual performance and allow the employee a voice for any concerns or ideas they may have. In addition, annual anonymous staff surveys are conducted which invite all employees to express their thoughts and suggestions as to what they feel is going well within the business or could be improved.

Directors

The directors of the company who were in office during the year and up to the date of the signing the financial statements were;

Andrew Barclay
Darren Guest
Karen Ryan

Directors' report for the year ended 30 April 2018 (continued)

Dividends

Dividends on Ordinary B and C shares of £180,000 (2017: £250,000) were declared for the year, with £105,000 (2017: £nil) paid as interim dividends in November 2017.

Research and development

Research and development in the year has been focused on improving the technology used in the in house system, Actius, with the strategic aim of the system becoming a fully integrated collection and telecommunication system which optimises strategies using data enrichment processes and allows client interaction.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

Directors' report for the year ended 30 April 2018 (continued)

Statement of directors' responsibilities (continued)

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

By order of the board



Darren Guest
Managing Director
30 January 2019

Independent auditors' report to the members of 1st Locate (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion, 1st Locate (UK) Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 30 April 2018 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the consolidated and company balance sheets as at the year ended 30 April 2018; the consolidated profit and loss account; the consolidated and company statement of changes in equity; and the statement of consolidated cash flows for the year then ended; the statement of accounting policies; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

Independent auditors' report to the members of 1st Locate (UK) Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 April 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

Independent auditors' report to the members of 1st Locate (UK) 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

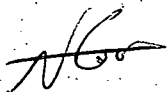
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Nicholas Cook (Senior Statutory Auditor)
for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

30 January 2019

Consolidated Profit and Loss Account for the year ended 30 April 2018

| | Note | 2018 £000s | 2017 £000s |
|--|------|---------------|---------------|
| Turnover | 1 | 9,475 | 8,506 |
| Cost of sales | | (6,051) | (5,276) |
| Gross Profit | | 3,424 | 3,230 |
| Administrative expenses | | (3,217) | (2,890) |
| Other operating income | | 3 | 404 |
| Operating Profit | 2 | 210 | 744 |
| Interest receivable and similar income | 4 | 3 | 3 |
| Interest payable and similar expenses | 4 | (52) | (27) |
| Profit before taxation | | 161 | 720 |
| Tax on profit | 5 | 435 | 1 |
| Profit for the financial year | | 596 | 721 |

All activities in the current year relate to continuing operations.

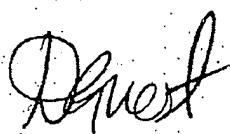
There is no other comprehensive income for the year.

Consolidated and Company Balance Sheet as at 30 April 2018

| | Note | Group 2018 £000s | 2017 £000s | Company 2018 £000s | 2017 £000s |
|---|------|------------------------|---------------|--------------------------|---------------|
| Fixed assets | | | | | |
| Goodwill | 6 | 8 | - | - | - |
| Intangible assets | 7 | 28 | 5 | 28 | 5 |
| Tangible assets | 8 | 201 | 233 | 201 | 233 |
| Investments | 9 | - | - | 72 | - |
| | | 237 | 238 | 301 | 238 |
| Current assets | | | | | |
| Debtors | 10 | 2,477 | 2,311 | 2,485 | 2,311 |
| Cash at bank and in hand | 11 | 416 | 419 | 269 | 419 |
| | | 2,893 | 2,730 | 2,754 | 2,730 |
| Creditors: amounts falling due within one year | 12 | (1,598) | (1,853) | (1,545) | (1,853) |
| Net current assets | | 1,295 | 877 | 1,209 | 877 |
| Total assets less current liabilities | | 1,532 | 1,115 | 1,510 | 1,115 |
| Creditors: amounts falling due after more than one year | 13 | (35) | (34) | (34) | (34) |
| Net assets | | 1,497 | 1,081 | 1,476 | 1,081 |
| Capital and reserves | | | | | |
| Called up share capital | 15 | 38 | 38 | 38 | 38 |
| Retained earnings | | 1,459 | 1,043 | 1,438 | 1,043 |
| Total equity | | 1,497 | 1,081 | 1,476 | 1,081 |

The notes on pages 20 to 28 are an integral part of these financial statements.

The financial statements on pages 10 to 28 were authorised for issue by the board of directors on 30 January 2019 and were signed on its behalf:



Darren Guest
Managing Director
1st Locate Limited
Registered no. 03702599

Consolidated Statement of changes in equity for the year ended 30 April 2018

| | Note | Called Up Share Capital £000s | Retained Earnings £000s | Total Equity £000s |
|------------------------------------|------|--|-------------------------------|--------------------------|
| Balance as at 1 May 2017 | 15 | 38 | 1,043 | 1,081 |
| Profit for the financial year | | - | 596 | 596 |
| Dividends | | - | (180) | (180) |
| Balance as at 30 April 2018 | | 38 | 1,459 | 1,489 |

Consolidated statement of changes in equity for the year ended 30 April 2017

| | Note | Called Up Share Capital £000s | Retained Earnings £000s | Total Equity £000s |
|------------------------------------|------|--|-------------------------------|--------------------------|
| Balance as at 1 May 2016 | 15 | 38 | 572 | 610 |
| Profit for the financial year | | - | 721 | 721 |
| Dividends | | - | (250) | (250) |
| Balance as at 30 April 2017 | | 38 | 1,043 | 1,081 |

Company Statement of changes in equity for the year ended 30 April 2018

| | Note | Called Up Share Capital £000s | Retained Earnings £000s | Total Equity £000s |
|------------------------------------|------|--|-------------------------------|--------------------------|
| Balance as at 1 May 2017 | 15 | 38 | 1,043 | 1,081 |
| Profit for the financial year | | - | 575 | 575 |
| Dividends | | - | (180) | (180) |
| Balance as at 30 April 2018 | | 38 | 1,438 | 1,476 |

Company statement of changes in equity for the year ended 30 April 2017

| | Note | Called Up Share Capital £000s | Retained Earnings £000s | Total Equity £000s |
|------------------------------------|------|--|-------------------------------|--------------------------|
| Balance as at 1 May 2016 | 15 | 38 | 572 | 610 |
| Profit for the financial year | | - | 721 | 721 |
| Dividends | | - | (250) | (250) |
| Balance as at 30 April 2017 | | 38 | 1,043 | 1,081 |

Statement of consolidated cash flows for the year ended 30 April 2018

| | Note | 2018 £000s | 2017 £000s |
|---|------|---------------|---------------|
| Net cash from operating activities | 17 | (158) | 1,011 |
| Taxation received / (paid) | | 137 | (83) |
| Net cash (used in) / generated from operating Activities | | (21) | 928 |
| Cash flow from investing activities | | | |
| Purchase of tangible and intangible assets | | (93) | (208) |
| Purchase of subsidiary undertaking net of cash acquired | | 25 | - |
| Net cash used in investing activities | | (68) | (208) |
| Cash flow from financing activities | | | |
| Increase/ (decrease) of bank borrowings | | 301 | (203) |
| Repayment of Directors Loan | | (3) | - |
| Dividends paid in cash | | (163) | (145) |
| Interest received | | 3 | - |
| Interest paid | | (52) | (27) |
| Net cash generated from/(used in) financing activities | | 86 | (375) |
| Net (decrease) increase in cash and cash equivalents | | (3) | 345 |
| Cash and cash equivalents at the beginning of the Year | | 419 | 74 |
| Cash and cash equivalents at the end of the year | | 416 | 419 |
| Cash and cash equivalents consists of: | | | |
| Cash at bank and in hand | | 416 | 419 |

Statement of Accounting Policies for the year ended 30 April 2018

General Information

1st Locate (UK) Limited ('the Company') provides billing, revenue management and support and fulfilment services to companies. The Company is a private company limited by shares and is incorporated in the United Kingdom and registered in England. The address of its registered office is Town Centre House, 1st Floor West Wing, The Merrion Centre, Leeds, LS2 8LY.

Statement of compliance

The financial statements of 1st Locate (UK) Limited have been prepared in compliance with United Kingdom Accounting Standards, including FRS102, "The financial reporting standard applicable in the United Kingdom and Republic of Ireland" and the Companies Act 2006.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention. The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

Critical accounting judgments and estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 8 for the carrying amount of the property plant and equipment, and accounting policies for the useful economic lives for each class of assets.

Statement of Accounting Policies for the year ended 30 April 2018 (continued)

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 10 for the net carrying amount of the debtors and associated impairment provision.

Provisions

Provisions are made against historic amounts for customer payments collected not yet paid to clients. These provisions require management's best estimate of liability that may be present.

Going Concern

The company meets its day-to-day working capital requirements through its bank and factoring facilities. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for services rendered, net of returns, discounts and rebates allowed by the company and value added taxes. The company recognises revenue when the service provided to the client or customer is complete. Revenue is both commission based calculated on payments collected and fixed fees.

Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

Short term benefits

Short term benefits including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the service is received.

Defined pension contribution plans

The company pays into a government nominated defined contribution pension scheme. 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 when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

Annual Bonus plan

The company operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

Statement of Accounting Policies for the year ended 30 April 2018 (continued)

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Intangible assets

Computer software or data is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life between three and five years, on a straight line basis. Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstance.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Tangible assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

Depreciation is calculated, using the straight-line method, to allocate the cost to their residual values over their estimated useful lives, as follows:

- Leasehold Improvements over the life of the lease
- Computer Equipment 3 years
- Fixtures and Fittings 6.5 years
- Motor Vehicles 5 years

Statement of Accounting Policies for the year ended 30 April 2018 (continued)

Tangible assets (continued)

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Other operating (losses)/gains'.

Leased assets

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Operating Leases

Leases that do not transfer all of the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Lease incentives

Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of minimum lease payments. Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

Investment

Investments in Actius Investments (UK) Limited and Henriksen Limited are held at cost less accumulated impairment losses.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Provisions and contingencies

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably. Provisions include deferred tax liabilities. The accounting policy for deferred taxation is included in the taxation accounting policy note. The recognition criteria for contingent assets are different from those for contingent liabilities.

Statement of Accounting Policies for the year ended 30 April 2018 (continued)

Provisions and contingencies (continued)

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Distributions to equity holders

Dividends and other distributions to company's shareholders are recognised as a liability in the financial statements, in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

Related party transactions

The company discloses transactions with related parties which are not wholly owned with the same group.

Invoice Discounting

The company utilises an invoice discounting facility which allows the draw-down of cash against sales invoices issued. This facility is treated as a basic finance debt instrument, stated at cost, which is measured as cash advances received in excess of the cash collections on trade invoices. Interest and similar charges on the provision of the facility are charged to the profit and loss as incurred.

Client Money and Client Liabilities

Through the normal course of business the company collects and holds money on behalf of clients. This client money is held in separate bank accounts to company money. A client liability is recorded against the cash held and are excluded from the balance sheet as amounts are not available to the Company. No interest is earned or charged against client monies.

Notes to the Financial Statements for the year ended 30 April 2018

1. Turnover

Analysis of turnover by category

| | 2018 £000s | 2017 £000s |
|------------------------------|---------------|---------------|
| Collection based Commissions | 8,289 | 7,342 |
| Other Sales | 1,186 | 1,164 |
| | 9,475 | 8,506 |

All revenue is earned within the UK.

2. Operating profit

Operating profit is stated after charging:

| | Note | 2018 £000s | 2017 £000s |
|---|------|---------------|---------------|
| Staff costs | 3 | 5,221 | 4,806 |
| (Profit)/Loss on disposal of tangible assets | 8 | (1) | 8 |
| Operating lease charges | | 278 | 218 |
| Audit fees payable to the company's auditors | | 32 | 25 |
| Non Audit services provided by company's auditors | | 50 | 4 |

3. Employees and directors

| | Note | 2018 £000s | 2017 £000s |
|-----------------------|------|---------------|---------------|
| Wages and salaries | | 4,962 | 4,589 |
| Social security costs | | 238 | 203 |
| Other pension costs | | 21 | 14 |
| Staff costs | | 5,221 | 4,806 |

The average monthly number of persons (including executive directors) employed by the company during the year was:

| By activity | 2018 Number | 2017 Number |
|-------------|----------------|----------------|
| Operational | 204 | 170 |
| Support | 47 | 37 |
| | 251 | 207 |

Notes to the Financial Statements for the year ended 30 April 2018 (continued)

3. Employees and directors continued

| | 2018 £000s | 2017 £000s |
|--|---------------|---------------|
| Directors | | |
| The directors' emoluments were as follows: | | |
| Aggregate remuneration | 912 | 1,131 |

The highest paid directors emoluments were £720,000 (2017: £1,105,582).

4. Interest payable and similar expense and interest receivable and similar income

| | 2018 £000s | 2017 £000s |
|--|---------------|---------------|
| Interest payable on other loans | (52) | (27) |
| Interest Receivable on directors loans | 3 | 3 |

5. Tax on profit

a. Tax credit included in profit or loss

| | 2018 £000s | 2017 £000s |
|---|---------------|---------------|
| Current tax: | | |
| Corporation tax on UK profits | (58) | 117 |
| Adjustment in respect of prior periods | (376) | (142) |
| Total current tax | (434) | (25) |
| Deferred tax: | | |
| Origination and reversal of timing differences | (5) | 30 |
| Effect of changes in tax rates | 4 | (6) |
| Total deferred tax | (1) | 24 |
| Total tax credit included in profit and loss account | (435) | (1) |

Notes to the Financial Statements for the year ended 30 April 2018 (continued)

b. Reconciliation of tax credit

Tax assessed for the year is lower (2017: lower) than the standard rate of corporation tax in the UK for the year ended 30 April 2018 of 19.00% (2017: 19.92%). The differences are explained below:

| | 2018 £000s | 2017 £000s |
|---|---------------|---------------|
| Profit before taxation | 161 | 720 |
| Profit multiplied by the standard rate of tax in the UK of 19.00% (2017: 19.92%) | 31 | 143 |
| Effects of: | | |
| – Expenses not deductible for tax purposes | 88 | 4 |
| – Income not taxable | (199) | - |
| – Effects of group relief/other reliefs | (58) | - |
| – Losses | 75 | - |
| – Adjustment in respect of prior years | (376) | (142) |
| – Tax rates changes | 4 | (6) |
| Tax credit for the year | (435) | (1) |

Factors affecting current and future tax changes

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

6. Goodwill

| | Goodwill £000s |
|---|-------------------|
| At 1 May 2017 | |
| Cost | - |
| Accumulated amortisation and impairment | - |
| Net book amount | - |
| Year ended 30 April 2018 | |
| Opening net book amount | - |
| Additions | 8 |
| Closing net book amount | 8 |
| At 30 April 2018 | |
| Cost | 8 |
| Accumulated amortisation and impairment | - |
| Net book amount | 8 |

Goodwill arose on the acquisition of Henriksen Limited on 31 October 2017. See note 16 for further details.

Notes to the Financial Statements for the year ended 30 April 2018 (continued)

7. Consolidated and Company Intangible assets

| | Website development £000s |
|---|---------------------------------|
| At 1 May 2017 | |
| Cost | 5 |
| Accumulated amortisation and impairment | - |
| Net book amount | 5 |
| Year ended 30 April 2018 | |
| Opening net book amount | 5 |
| Additions | 23 |
| Closing net book amount | 28 |
| At 30 April 2018 | |
| Cost | 28 |
| Accumulated amortisation and impairment | - |
| Net book amount | 28 |

8. Consolidated and Company Tangible assets

| | Leasehold Improvements £000s | Fixtures and Fittings £000s | Motor Vehicles £000s | Computer Equipment £000s | Total £000s |
|---|------------------------------------|-----------------------------------|----------------------------|--------------------------------|----------------|
| At 1 May 2017 | | | | | |
| Cost | 66 | 274 | 138 | 475 | 953 |
| Accumulated depreciation and impairment | (23) | (185) | (138) | (374) | (720) |
| Net book amount | 43 | 89 | - | 101 | 233 |
| Year ended 30 April 2018 | | | | | |
| Opening net book amount | 43 | 89 | - | 101 | 233 |
| Additions | 5 | 22 | - | 43 | 70 |
| Disposals | (15) | (9) | - | (2) | (26) |
| Depreciation | (6) | (19) | - | (51) | (76) |
| Closing net book amount | 27 | 83 | - | 91 | 201 |
| At 30 April 2018 | | | | | |
| Cost | 35 | 108 | - | 150 | 293 |
| Accumulated depreciation and impairment | (8) | (25) | - | (59) | (92) |
| Net book amount | 27 | 83 | - | 91 | 201 |

Notes to the Financial Statements for the year ended 30 April 2018 (continued)

9. Investments

| | 2018 £s | 2017 £s |
|-----------------------------------|---------------|------------|
| Net book Value at 1 May | 80 | 80 |
| Acquisition of Henriksen Limited | 72,069 | - |
| Net book Value at 30 April | 72,149 | 80 |

Analysed as:

| | | |
|-------------------------------|--------|----|
| Actius Investments UK Limited | 80 | 80 |
| Henriksen Limited | 72,069 | - |

An 80% shareholding is held in Actius Investments UK Limited which is a dormant company registered at Town Centre House, 1st Floor West Wing, The Merrion Centre, Leeds, West Yorkshire, LS2 8LY.

An 100% shareholding was acquired in Henriksen Limited on 31st October 2017, which is a trading company registered at Town Centre House, 1st Floor West Wing, The Merrion Centre, Leeds, West Yorkshire, LS2 8LY.

10. Debtors

| | Group 2018 £000s | 2017 £000s | Company 2018 £000s | 2017 £000s |
|--------------------------------|------------------------|---------------|--------------------------|---------------|
| Trade Debtors | 1,613 | 1,831 | 1,605 | 1,831 |
| Other Debtors | 147 | 161 | 147 | 161 |
| Intercompany Debtors | - | - | 16 | - |
| Corporation Tax | 317 | 21 | 317 | 21 |
| Prepayments and accrued income | 400 | 298 | 400 | 298 |
| | 2,477 | 2,311 | 2,485 | 2,311 |

Trade debtors are stated after provisions for impairment of nil (2017: nil).

11. Cash at bank and in hand

Group Cash at bank in hand is £416,000 (2017: £419,000), Company Cash at Bank is £269,000 (2017: £419,000). The entire balance is for corporate purposes. Cash held in client accounts is excluded.

Notes to the Financial Statements for the year ended 30 April 2018 (continued)

12. Creditors: amounts falling due within one year

| | Group 2018 £000s | 2017 £000s | Company 2018 £000s | 2017 £000s |
|------------------------------------|------------------------|---------------|--------------------------|---------------|
| Trade creditors | 360 | 508 | 360 | 508 |
| Short Term Loan | 401 | 100 | 401 | 100 |
| Corporation tax | 11 | - | - | - |
| Other taxation and social security | 382 | 363 | 374 | 363 |
| Other creditors | 68 | 74 | 34 | 74 |
| Directors Loan Accounts | 231 | 262 | 231 | 262 |
| Accruals and deferred income | 145 | 546 | 145 | 546 |
| | 1,598 | 1,853 | 1,545 | 1,853 |

Short Term Loans comprises of factoring guaranteed against trade debtors.

Amounts due to customers in respect of debts collected are excluded.

| Group and Company | 2018 £000s | 2017 £000s |
|-----------------------------------|---------------|---------------|
| Client Cash held in bank accounts | 3,858 | 4,275 |
| Client Creditor | (3,858) | (4,275) |

13. Creditors: amounts falling due after more than one year

| | Group 2018 £000s | 2017 £000s | Company 2018 £000s | 2017 £000s |
|---|------------------------|---------------|--------------------------|---------------|
| Amounts falling due between one and five years | | | | |
| Deferred tax provision | 35 | 34 | 34 | 34 |
| | 35 | 34 | 34 | 34 |

The company had deferred tax provisions on capital allowances of £34,685 (2017: £34,293).

There are no unused tax losses or credits.

The net deferred tax liability expected to reverse in 2019 is £34,685. This relates to the reversal of timing differences on capital allowances.

14. Post-Employment Benefits

The company pays into a government nominated pension scheme to comply with legal requirements. The total charge for defined contributions into this scheme was £21,365, (2017: £13,895).

Notes to the Financial Statements for the year ended 30 April 2018 (continued)

15. Called up share capital

Allotted, Called Up and Fully Paid Ordinary Shares of £1 each:

| | 2018 £s | 2017 £s |
|--|---------------|---------------|
| Equity: Ordinary Shares | | |
| Ordinary 'A' Shares | 30,000 | 30,000 |
| Ordinary 'B' Shares | 5,250 | 5,250 |
| Ordinary 'C' Shares | 2,250 | 2,250 |
| | 37,500 | 37,500 |
| Dividend: On Equity Ordinary 'B' and 'C' Shares | | |
| Final Dividends | 180,000 | 250,000 |

16. Business Combinations

A 100% shareholding was acquired in Henriksen Limited on 31st October 2017.

The fair values of the assets and liabilities acquired are set out below:

| | Fair value £000s |
|----------------------------|---------------------|
| Trade and other debtors | 22 |
| Cash at bank and in hand | 97 |
| Trade and other creditors | (55) |
| Net assets acquired | 64 |
| Goodwill capitalized | 8 |
| Total acquired | 72 |
| Satisfied by: | |
| Cash consideration | 72 |

Notes to the Financial Statements for the year ended 30 April 2018 (continued)

17. Notes to the statement of consolidated cashflows

| | 2018 £000s | 2017 £000s |
|--|---------------|---------------|
| Profit for the financial year | 596 | 721 |
| Tax on profit (refund) | (435) | (1) |
| Net interest expenses | 49 | 24 |
| Operating profit | 210 | 744 |
| Depreciation of tangible assets | 76 | 51 |
| (Profit) Loss on disposal of tangible assets | (1) | 8 |
| Other provisions less payments | (10) | (308) |
| Working capital movements: | | |
| – (Increase) in debtors | 147 | (180) |
| – (Decrease) Increase in payables | (580) | 696 |
| Cash flow from operating activities | (158) | 1,011 |

18. Capital and other commitments

At 30 April 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

| | 2018 £000s | 2017 £000s |
|---|---------------|---------------|
| Payments Due | | |
| Not Later than one year | 254 | 221 |
| Later than one year and not later than five years | 423 | 468 |
| Later than five years | 297 | 297 |
| | 974 | 986 |

**Notes to the Financial Statements for the year ended 30 April 2018
(continued)**

19. Related Party Transactions

A company director, Mr. Darren Guest had a loan from the company during the year. Interest has been charged at 3% on the year-end outstanding balance.

At 30 April 2018 an amount of £83,085 (2017: £97,336) was owed to the business by Darren Guest. During the year the company advanced £165,789 to Darren Guest (2017: £148,064) and was repaid £180,000 (2017: £250,000) in respect of this loan. As at the 30 April 2018 amounts were owed to Andrew Barclay of £231,000 (2017: £262,000).

A company director, Mr. Andrew Barclay purchased his company car from the business during the year for the value of £28,000.

20. Ultimate controlling Party

The ultimate controlling party is the Barclay family by virtue of their shareholding.