

Registration number: 05004531

Cornbrook Group Limited

(formerly Integrated Results Limited)

Annual Report and Consolidated Financial Statements
for the Year Ended 31 October 2017

Murray Harcourt Limited
Elizabeth House
13-19 Queen Street
Leeds
West Yorkshire
LS1 2TW



Cornbrook Group Limited

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Cornbrook Group Limited

Company Information

Directors	M Knaur C J Hoyle
Registered office	International Development Centre Valley Drive Ilkley West Yorkshire LS29 8PB
Auditors	Murray Harcourt Limited Elizabeth House 13-19 Queen Street Leeds West Yorkshire LS1 2TW

Cornbrook Group Limited

Strategic Report for the Year Ended 31 October 2017

The Directors present their strategic report for the year ended 31 October 2017.

Principal activity

The principal activity of the Group is as a Business Partner of Hewlett Packard Enterprise specialising in the sale of their support services.

Fair review of the business

Support Warehouse Limited is the main trading entity within this group.

Financially, Support Warehouse has performed above expectations during FY'17 with growth in turnover and operating profit. The Company met the Directors' initial profit forecasts, but with significant change to the sales mix which has been part of the business transition over the last 2 years. During FY'17 the Company made a number of key decisions to support the growth and expansion of the business which concluded with the successful acquisition of the Company on 18th October 2017 by Annuity Management AG (AMAG).

The Annuity Management Group specialises in revenue lifecycle management and customer success management solutions for technology manufacturers. Together with its subsidiary Tesedi, the Annuity Management Group can now offer its customers a fully-integrated, end-to-end service for the management, renewal and recovery of service and maintenance contracts. Together, Tesedi and Support Warehouse serve around 10,000 customers in 15 countries with their renewal management services.

Business Review and future developments

Pivotal to the acquisition were a number of key personnel changes within Support Warehouse, completed on 18th October 2017:

- Chris Brook (CEO), Adrian Corns (CFO), Andrea Corns (HR Director) and Ruth Brooks (Marketing Director) resigned from the Company
- Chris Hoyle promoted from Sales Director to Managing Director
- Lee Moores promoted from Financial Controller to Financial Director (from April 1st, 2017)

As organisations flex and change the way they consume IT, there has been an ongoing trend to consolidate hardware infrastructure onto more complex and powerful systems. In addition to this, disruptive technology such as virtualisation, cloud computing and a drive to hybrid infrastructure has led to a reduction in the number of Package Services sold by Support Warehouse. In response to this dynamic, Support Warehouse continues to drive its customer base to transition to Services Contracts which are able to service these increasingly complex environments. Overall, the business grew Services contracts in excess of 31% relative to FY'16. The Directors envisage this trend to continue and the benefits of our alignment with this transition will be fully evident during FY'18.

All activity with Hewlett-Packard Enterprise (HPE) is governed by a Global Master Supplier Agreement negotiated with HPE Global Procurement and this agreement was successfully updated and renewed in June 2017 for a period of 3 years. This framework facilitated the onboarding of new markets for the Rescue Programme and the Company went live with Austria in October 2017 with planned go-live in Norway and Sweden from 1st February 2018.

Cornbrook Group Limited

Strategic Report for the Year Ended 31 October 2017

HPE provide Service Contracts directly to defined customers in the US and Canada. To support structural changes within HPE, the Company has been approached to renew the lower value section of this business, defined as Small to Medium Business (SMB). Activity under this programme is governed by a Service Contract Specialist (SCS) agreement, which enables the Company to quote, manage and purchase Contract Services directly with HPE in the local market. SCS-R agreements were signed between the Company and HPE for US and Canada in October 2017. Throughout FY'18 the Company will invest significantly in the growth of sales teams and systems to manage this activity (the development of bespoke systems in particular). The Directors also consider it likely that additional opportunities will be presented to the Company to grow SMB Direct sales revenue with HPE.

The Directors are pleased with the financial performance of the business during FY'17 and the Company is exceptionally placed to drive significant growth during FY'18.

Key financial performance indicators

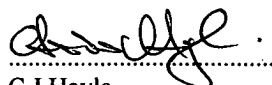
	2017	2016	Change	Change
	£'000	£'000	£'000	%
Turnover	15,938	15,689	249	1.59%
Operating profit	598	623	(25)	(4.01%)
Operating profit as % of turnover	3.75%	3.98%		

Principal risks and uncertainties

The Directors consider that the following are the principal risk factors that could materially and adversely affect the Company's future operating profits and financial position. The Company has controls embedded within its systems and processes to limit each of these potential exposures and regularly review, assess and revise these in order to limit the associated risks.

- Termination of the Company's global master supplier agreement may have a short term adverse impact on turnover and would affect the revenue mix moving forward.
- Given the increasing proportion of turnover generated in international currencies there is a constant risk that adverse currency movements could impact on turnover and operating profits when converted into the Company's reporting currency (GBP). This risk is mitigated through the adoption of forward contracts in Euros, US \$ and Canadian \$ where applicable.
- Competition among global IT Resellers or within the channel generally may lead to reduced sales growth, extended payment terms with customers, increased financing costs or bad debt risk.

Approved by the Board on 22/2/18 and signed on its behalf by:



C J Hoyle
Director

Cornbrook Group Limited

Directors' Report for the Year Ended 31 October 2017

The Directors present their report and the audited financial statements for the year ended 31 October 2017.

Directors of the Group

The Directors who held office during the year were as follows:

M Knaur (appointed 18 October 2017)

C J Hoyle (appointed 18 October 2017)

A P Corns (resigned 18 October 2017)

C R Brooks (resigned 18 October 2017)

Dividends

Details of dividends paid in the year are disclosed in note 21. On 18 December 2017 the Company received a dividend of £365,000 from its subsidiary undertaking Support Warehouse Limited and paid an interim dividend of £792,000. The Directors do not recommend payment of a final dividend.

Financial instruments

Objectives and policies

The Company's objectives are to manage its capital and to ensure it has sufficient liquidity to enable it to pay its debts as they fall due.

Credit risk and foreign exchange risk

The Company is exposed to credit risk, primarily in relation to the risk of non-payment by customers. This is mitigated by the application of commensurate customer acceptance and credit control procedures.

The Company is exposed to variable cash flows in relation to revenues generated in overseas currencies. This is mitigated by sales and purchases being made in the same foreign currency.

Company name

The Company changed its name from Integrated Results Limited to Cornbrook Group Limited on 1 April 2017.

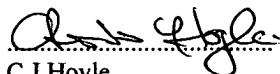
Disclosure of information to the auditor

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditors

During the year Grant Thornton LLP resigned as auditors and Murray Harcourt Limited were appointed in their place.

Approved by the Board on 22/2/18 and signed on its behalf by:



C J Hoyle
Director

Cornbrook Group Limited

Statement of Directors' Responsibilities

The Directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Cornbrook Group Limited

Independent Auditor's Report to the Members of Cornbrook Group Limited

Opinion

We have audited the financial statements of Cornbrook Group Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 October 2017, which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 October 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Cornbrook Group Limited

Independent Auditor's Report to the Members of Cornbrook Group Limited

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

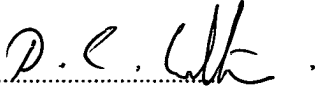
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Cornbrook Group Limited

Independent Auditor's Report to the Members of Cornbrook Group Limited

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 auditor's 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.



David Caseldine FCA (Senior Statutory Auditor)
For and on behalf of Murray Harcourt Limited, Statutory Auditor

Elizabeth House
13-19 Queen Street
Leeds
West Yorkshire
LS1 2TW

Date: 27/2/18

Cornbrook Group Limited

Consolidated Statement of Comprehensive Income for the Year Ended 31 October 2017

	Note	2017 £	2016 £
Turnover	3	15,938,622	15,689,321
Cost of sales		<u>(14,141,603)</u>	<u>(13,951,191)</u>
Gross profit		1,797,019	1,738,130
Administrative expenses		<u>(1,198,155)</u>	<u>(1,115,315)</u>
Operating profit	4	598,864	622,815
Other interest receivable and similar income	5	-	9,822
Interest payable and similar expenses	6	<u>(64,653)</u>	<u>(95,802)</u>
Profit before tax		534,211	536,835
Taxation	10	<u>(88,345)</u>	<u>(92,138)</u>
Total comprehensive income for the financial year		<u><u>445,866</u></u>	<u><u>444,697</u></u>

The above results were derived from continuing operations.

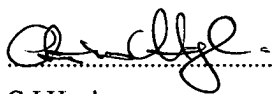
Cornbrook Group Limited

(Registration number: 05004531)

Consolidated Balance Sheet as at 31 October 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	11	53,975	75,563
Tangible assets	12	<u>168,704</u>	<u>340,632</u>
		<u>222,679</u>	<u>416,195</u>
Current assets			
Debtors	14	2,217,662	2,033,029
Cash at bank and in hand		<u>1,014,504</u>	<u>746,536</u>
		3,232,166	2,779,565
Creditors: Amounts falling due within one year	15	<u>(1,680,235)</u>	<u>(1,852,623)</u>
Net current assets		<u>1,551,931</u>	<u>926,942</u>
Total assets less current liabilities		1,774,610	1,343,137
Provisions for liabilities	16	<u>(8,650)</u>	<u>(36,529)</u>
Net assets		<u>1,765,960</u>	<u>1,306,608</u>
Capital and reserves			
Called up share capital	18	5,162	5,050
Share premium reserve	19	13,374	-
Capital redemption reserve	19	1,549	1,549
Profit and loss account	19	<u>1,745,875</u>	<u>1,300,009</u>
Total equity		<u>1,765,960</u>	<u>1,306,608</u>

Approved and authorised by the Board on 22/2/18 and signed on its behalf by:



C J Hoyle

Director

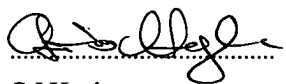
The notes on pages 15 to 32 form an integral part of these financial statements.

Cornbrook Group Limited
(Registration number: 05004531)
Balance Sheet as at 31 October 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	12	-	7,275
Investments	13	1,402,000	1,402,000
		<u>1,402,000</u>	<u>1,409,275</u>
Current assets			
Debtors	14	267,696	1,863
Cash at bank and in hand		16,614	21,990
		<u>284,310</u>	<u>23,853</u>
Creditors: Amounts falling due within one year	15	<u>(370,925)</u>	<u>(125,649)</u>
Net current liabilities		<u>(86,615)</u>	<u>(101,796)</u>
Net assets		<u>1,315,385</u>	<u>1,307,479</u>
Capital and reserves			
Called up share capital		5,162	5,050
Share premium reserve		13,374	-
Capital redemption reserve		1,549	1,549
Other reserves		756,696	756,696
Profit and loss account		<u>538,604</u>	<u>544,184</u>
Total equity		<u>1,315,385</u>	<u>1,307,479</u>

The Company made a loss after tax for the financial year of £5,580 (2016 - profit of £614,125).

Approved and authorised by the Board on 22/2/18 and signed on its behalf by:



C J Hoyle
Director

Cornbrook Group Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 October 2017

	Share capital £	Share premium £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 November 2016	5,050	-	1,549	1,300,009	1,306,608
Total comprehensive income	-	-	-	445,866	445,866
New share capital subscribed	112	13,374	-	-	13,486
At 31 October 2017	<u>5,162</u>	<u>13,374</u>	<u>1,549</u>	<u>1,745,875</u>	<u>1,765,960</u>

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 November 2015	5,050	1,549	1,154,143	1,160,742
Total comprehensive income	-	-	444,697	444,697
Dividends	-	-	(298,831)	(298,831)
At 31 October 2016	<u>5,050</u>	<u>1,549</u>	<u>1,300,009</u>	<u>1,306,608</u>

The notes on pages 15 to 32 form an integral part of these financial statements.

Cornbrook Group Limited

Statement of Changes in Equity for the Year Ended 31 October 2017

	Share capital £	Share premium £	Capital redemption reserve £	Merger reserve £	Profit and loss account £	Total £
At 1 November 2016	5,050	-	1,549	756,696	544,184	1,307,479
Total comprehensive income	-	-	-	-	(5,580)	(5,580)
New share capital subscribed	112	13,374	-	-	-	13,486
At 31 October 2017	<u>5,162</u>	<u>13,374</u>	<u>1,549</u>	<u>756,696</u>	<u>538,604</u>	<u>1,315,385</u>

	Share capital £	Capital redemption reserve £	Merger reserve £	Profit and loss account £	Total £
At 1 November 2015	5,050	1,549	756,696	228,890	992,185
Total comprehensive income	-	-	-	614,125	614,125
Dividends	-	-	-	(298,831)	(298,831)
At 31 October 2016	<u>5,050</u>	<u>1,549</u>	<u>756,696</u>	<u>544,184</u>	<u>1,307,479</u>

The notes on pages 15 to 32 form an integral part of these financial statements.

Cornbrook Group Limited

Consolidated Statement of Cash Flows for the Year Ended 31 October 2017

	2017 £	2016 £
Cash flows from operating activities		
Profit for the year	445,866	444,697
Adjustments to cash flows from non-cash items:		
Depreciation and amortisation	156,499	156,494
(Profit)/loss on disposal of tangible assets	(19,971)	6,424
Finance income	-	(9,822)
Finance costs	64,653	95,802
Income tax expense	88,345	92,138
	<u>735,392</u>	<u>785,733</u>
Working capital adjustments:		
(Increase)/decrease in debtors	(184,633)	386,172
(Decrease)/increase in creditors	(195,967)	53,464
Decrease in provisions	(11,029)	(25,075)
	<u>343,763</u>	<u>1,200,294</u>
Cash generated from operations	343,763	1,200,294
Income taxes paid	(81,616)	(64,345)
Net cash flow from operating activities	<u>262,147</u>	<u>1,135,949</u>
Cash flows from investing activities		
Interest received	-	9,822
Acquisitions of tangible assets	(89,602)	(377,242)
Proceeds from sale of tangible assets	146,590	77,258
	<u>56,988</u>	<u>(290,162)</u>
Net cash flows from investing activities	56,988	(290,162)
Cash flows from financing activities		
Interest paid	(64,653)	(95,802)
Proceeds from issue of ordinary shares	13,486	-
Repayment of bank borrowing	-	(277,333)
Payments to finance lease creditors	-	(37,779)
Dividends paid	-	(298,831)
	<u>(51,167)</u>	<u>(709,745)</u>
Net cash flows from financing activities	(51,167)	(709,745)
Net increase in cash and cash equivalents	267,968	136,042
Cash and cash equivalents at 1 November	746,536	610,494
Cash and cash equivalents at 31 October	<u>1,014,504</u>	<u>746,536</u>

The notes on pages 15 to 32 form an integral part of these financial statements.

Cornbrook Group Limited

Notes to the Financial Statements for the Year Ended 31 October 2017

1 General information

The Company is a private company limited by share capital, incorporated in England and Wales. Company information details are shown on page 1.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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 have been prepared on a going concern basis, using the historical cost convention and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Summary of disclosure exemptions

FRS 102 allows a qualifying entity certain disclosure exemptions. The Company has taken advantage of the following available exemptions:

- the requirement to prepare a statement of cash flows;
- financial instruments disclosures, including categories of financial instruments; and
- the disclosure of key management personnel remuneration in total.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 October 2017.

A subsidiary is an entity controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the Group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the Company and its subsidiaries, which are related parties, are eliminated in full.

Cornbrook Group Limited

Notes to the Financial Statements for the Year Ended 31 October 2017

2 Accounting policies (continued)

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

Going concern

The Directors have considered the Company's ability as a going concern. On the basis of detailed forecast cash flows for the next 12 months for the Company and the Directors' knowledge of the industry and their client base, the Directors are confident that the Company will be able to meet its liabilities as they fall due. Consequently these financial statements have been prepared on a going concern basis.

Judgements

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 under "Key sources of estimation uncertainty" below.

Key sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The key areas requiring the use of accounting estimates and assumptions are addressed below:

Bad debt provision

Provision is made for debts that are not considered to be collectable - referred to as a bad debt provision. This provision is calculated based on experience of previous years' collectability in each country and also the credit history of each customer and is applied to the amount of outstanding debt..

Determination of average translation rates

Income and expenditure transactions are translated to the Group's functional currency (£) using the average rate of exchange for the year. Management considers the average rate to approximate the actual rates prevailing on the dates on which these transactions occurred.

Tangible fixed assets - estimation of useful life

The depreciation charge is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives of the Company's assets are determined by management at the time the asset is acquired and reviewed at least annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events, such as changes in technology.

Cornbrook Group Limited

Notes to the Financial Statements for the Year Ended 31 October 2017

2 Accounting policies (continued)

Impairment of assets

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

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

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Turnover is shown net of value added tax, rebates and discounts and is recognised when the amount of revenue can be reliably measured, and it is probable that future economic benefits will flow to the entity. The Group assesses its turnover arrangements against specific criteria in order to determine if it is acting as principal or agent.

Foreign currency transactions and balances

The Company's functional currency is Pounds Sterling, being the currency of the primary economic environment in which the Company operates, and also the presentation currency for these financial statements.

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated at the average rate ruling over the reporting period.

Exchange gains and losses are recognised in profit or loss in the period in which they arise.

Tax

Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Current income tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on timing differences between taxable profits and profits reported in the financial statements. Deferred tax is recognised on all timing differences at the reporting date and is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Cornbrook Group Limited

Notes to the Financial Statements for the Year Ended 31 October 2017

2 Accounting policies (continued)

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Fixtures and fittings	at variable rates on reducing balance
Computer equipment	33% reducing balance
Motor vehicles	33% reducing balance

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the Group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	10% straight line

Investments

Investments in subsidiaries are stated at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Debtors

Trade debtors are amounts due from customers for the sale of support services in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Cornbrook Group Limited

Notes to the Financial Statements for the Year Ended 31 October 2017

2 Accounting policies (continued)

Creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Provisions

Provisions are recognised when the Group has an obligation at the reporting date as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the obligation at the end of the reporting period.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

Dividends

Dividend distribution to the Company's shareholders is recognised in the financial statements in the reporting period in which the dividends are paid.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Financial instruments

Financial instruments are classified and accounted for as financial assets, financial liabilities or equity instruments, according to the substance of the contractual arrangement. Equity instruments are those that entitle the holder to a residual interest in the Company's assets after deducting all of its liabilities.

Basic financial instruments are recognised at amortised cost, except for investments in non-convertible preference and non-puttable ordinary and preference shares, which are measured at fair value provided that this can be measured reliably. Derivative financial instruments are initially recorded at cost and thereafter at fair value with changes recognised in profit or loss.

Cornbrook Group Limited

Notes to the Financial Statements for the Year Ended 31 October 2017

3 Revenue

The Group's revenue for the year from continuing operations was all attributable to its principal activity.

A geographical analysis of revenue is as follows:

	2017 £	2016 £
UK	4,664,141	5,080,021
Europe	3,874,317	3,645,355
Rest of world	7,400,164	6,963,945
	<u>15,938,622</u>	<u>15,689,321</u>

4 Operating profit

Arrived at after charging/(crediting):

	2017 £	2016 £
Depreciation expense	134,911	134,906
Amortisation expense	21,588	21,588
Foreign exchange losses/(gains)	21,900	(70,460)
(Profit)/loss on disposal of property, plant and equipment	<u>(19,971)</u>	<u>6,424</u>

5 Other interest receivable and similar income

	2017 £	2016 £
Interest income on bank deposits	<u>-</u>	<u>9,822</u>

6 Interest payable and similar expenses

	2017 £	2016 £
Interest on bank overdrafts and borrowings	64,653	73,389
Interest on obligations under finance leases and hire purchase contracts	-	19,608
Interest expense on other finance liabilities	<u>-</u>	<u>2,805</u>
	<u>64,653</u>	<u>95,802</u>

Cornbrook Group Limited

Notes to the Financial Statements for the Year Ended 31 October 2017

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2017 £	2016 £
Wages and salaries	1,678,751	1,655,585
Social security costs	185,870	166,064
Pension costs, defined contribution scheme	61,865	74,018
Other employee expense	3,779	2,233
	<u>1,930,265</u>	<u>1,897,900</u>

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	2017 No.	2016 No.
Sales	34	34
Administrative	24	24
	<u>58</u>	<u>58</u>

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2017 £	2016 £
Remuneration	241,568	137,975
Contributions paid to money purchase schemes	25,000	70,000
	<u>266,568</u>	<u>207,975</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2017 No.	2016 No.
Defined contribution pension scheme	<u>2</u>	<u>2</u>

In respect of the highest paid director:

	2017 £	2016 £
Remuneration	124,783	69,087
Company contributions to money purchase pension schemes	<u>12,500</u>	<u>35,000</u>

Cornbrook Group Limited

Notes to the Financial Statements for the Year Ended 31 October 2017

9 Auditors' remuneration

	2017 £	2016 £
Audit of these financial statements	4,500	5,000
Audit of the financial statements of subsidiaries of the company pursuant to legislation	<u>15,000</u>	<u>15,000</u>
	<u>19,500</u>	<u>20,000</u>
Other fees to auditors		
Taxation compliance services	<u>4,000</u>	<u>6,000</u>

10 Taxation

Tax charged/(credited) in the income statement:

	2017 £	2016 £
Current taxation		
UK corporation tax	105,195	81,620
UK corporation tax adjustment to prior periods	<u>-</u>	<u>(482)</u>
	<u>105,195</u>	<u>81,138</u>
Deferred taxation		
Arising from origination and reversal of timing differences	(17,760)	11,492
Arising from changes in tax rates and laws	(1,036)	(492)
Adjustment in respect of prior periods	<u>1,946</u>	<u>-</u>
Total deferred taxation	<u>(16,850)</u>	<u>11,000</u>
Tax expense in the income statement	<u>88,345</u>	<u>92,138</u>

Cornbrook Group Limited

Notes to the Financial Statements for the Year Ended 31 October 2017

10 Taxation (continued)

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2016 - lower than the standard rate of corporation tax in the UK) of 19.42% (2016 - 20%).

The differences are reconciled below:

	2017 £	2016 £
Profit before tax	<u>534,211</u>	<u>536,835</u>
Corporation tax at standard rate	103,744	107,367
Expenses not deductible in determining taxable profit	(16,309)	6,656
Increase/(decrease) from adjustment for prior periods	1,946	(482)
Tax decrease from effect of adjustment in research and development tax credit	-	(20,911)
UK deferred tax credit relating to changes in tax rates or laws	<u>(1,036)</u>	<u>(492)</u>
Total tax charge	<u>88,345</u>	<u>92,138</u>

Legislation was introduced in the Finance Act 2016 to reduce the rate of corporation tax to 17% with effect from 1 April 2020.

Deferred tax

Group

Deferred tax assets and liabilities

	Liability £
2017	
Accelerated capital allowances	<u>8,650</u>
2016	
Accelerated capital allowances	<u>25,500</u>

Cornbrook Group Limited

Notes to the Financial Statements for the Year Ended 31 October 2017

10 Taxation (continued)

Company

Deferred tax assets and liabilities

	Asset £
2017	
Accelerated capital allowances	<u>585</u>
2016	
Accelerated capital allowances	<u>1,500</u>

11 Intangible assets

Group

	Goodwill £	Total £
Cost		
At 1 November 2016	<u>215,879</u>	<u>215,879</u>
At 31 October 2017	<u>215,879</u>	<u>215,879</u>
Amortisation		
At 1 November 2016	140,316	140,316
Amortisation charge	<u>21,588</u>	<u>21,588</u>
At 31 October 2017	<u>161,904</u>	<u>161,904</u>
Carrying amount		
At 31 October 2017	<u>53,975</u>	<u>53,975</u>
At 31 October 2016	<u>75,563</u>	<u>75,563</u>

Cornbrook Group Limited

Notes to the Financial Statements for the Year Ended 31 October 2017

12 Tangible assets

Group

	Furniture, fittings and equipment £	Motor vehicles £	Total £
Cost			
At 1 November 2016	527,363	196,954	724,317
Additions	9,879	79,723	89,602
Disposals	(9,335)	(224,127)	(233,462)
At 31 October 2017	<u>527,907</u>	<u>52,550</u>	<u>580,457</u>
Depreciation			
At 1 November 2016	326,492	57,193	383,685
Charge for the year	70,527	64,384	134,911
Eliminated on disposal	(9,335)	(97,508)	(106,843)
At 31 October 2017	<u>387,684</u>	<u>24,069</u>	<u>411,753</u>
Carrying amount			
At 31 October 2017	<u>140,223</u>	<u>28,481</u>	<u>168,704</u>
At 31 October 2016	<u>200,871</u>	<u>139,761</u>	<u>340,632</u>

Cornbrook Group Limited

Notes to the Financial Statements for the Year Ended 31 October 2017

12 Tangible assets (continued)

Company

	Furniture, fittings and equipment £	Motor vehicles £	Total £
Cost			
At 1 November 2016	38,100	37,640	75,740
Disposals	-	(37,640)	(37,640)
At 31 October 2017	38,100	-	38,100
Depreciation			
At 1 November 2016	38,100	30,365	68,465
Charge for the year	-	607	607
Eliminated on disposal	-	(30,972)	(30,972)
At 31 October 2017	38,100	-	38,100
Carrying amount			
At 31 October 2017	-	-	-
At 31 October 2016	-	7,275	7,275

13 Investments

Group

Details of undertakings

Details of the investments in which the group holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2017	2016
Subsidiary undertakings				
Support Warehouse Limited	International Development Centre Valley Drive Ilkley LS29 8PB England	Ordinary	100%	100%
Technical and Software Developments Ltd	as above	Ordinary	100%	100%
Renewals Agency Limited	as above	Ordinary	100%	100%
Support Supermarket Limited	as above	Ordinary	100%	100%

Cornbrook Group Limited

Notes to the Financial Statements for the Year Ended 31 October 2017

13 Investments (continued)

Subsidiary undertakings

The principal activity of Support Warehouse Limited is that of a services only reseller.

The principal activity of Technical and Software Developments Ltd is that of a services only distributor.

The principal activity of Renewals Agency Limited is that of a dormant company.

The principal activity of Support Supermarket Limited is that of a dormant company.

Company

	2017 £	2016 £
Investments in subsidiaries	<u>1,402,000</u>	<u>1,402,000</u>

Subsidiaries

Cost

At 1 November 2016 and 31 October 2017	<u>1,402,000</u>
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Carrying amount

At 1 November 2016 and 31 October 2017	<u>1,402,000</u>
--	------------------

14 Debtors

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Trade debtors	1,742,076	1,867,719	-	-
Amounts owed by related parties	267,111	-	267,111	-
Other debtors	79,407	3,064	-	-
Prepayments	129,068	162,246	-	363
Deferred tax assets	-	-	585	1,500
	<u>2,217,662</u>	<u>2,033,029</u>	<u>267,696</u>	<u>1,863</u>

Cornbrook Group Limited

Notes to the Financial Statements for the Year Ended 31 October 2017

15 Creditors

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Due within one year				
Trade creditors	1,189,665	1,300,282	-	172
Amounts due to related parties	-	101,873	365,425	101,873
Social security and other taxes	100,646	121,310	-	424
Other payables	4,043	3,850	-	-
Accruals	280,681	243,687	5,500	5,700
Income tax liability	105,200	81,621	-	17,480
	<u>1,680,235</u>	<u>1,852,623</u>	<u>370,925</u>	<u>125,649</u>

16 Deferred tax and other provisions

Group

	Deferred tax £	Other provisions £	Total £
At 1 November 2016	25,500	11,029	36,529
Decrease in existing provisions	(16,850)	-	(16,850)
Transfer	<u>-</u>	<u>(11,029)</u>	<u>(11,029)</u>
At 31 October 2017	<u>8,650</u>	<u>-</u>	<u>8,650</u>

The leave pay provision represents holiday balances accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision was transferred to accruals during the year as the Directors consider this to be a more appropriate classification.

Company

	Deferred tax £	Total £
At 1 November 2016	(1,500)	(1,500)
Decrease in existing provisions	<u>915</u>	<u>915</u>
At 31 October 2017	<u>(585)</u>	<u>(585)</u>

Cornbrook Group Limited

Notes to the Financial Statements for the Year Ended 31 October 2017

17 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £61,865 (2016 - £74,018).

18 Share capital

Allotted, called up and fully paid shares

	2017		2016	
	No.	£	No.	£
Ordinary A shares of £1 each	2,525	2,525	2,525	2,525
Ordinary C shares of £1 each	284	284	224	224
Ordinary D shares of £1 each	2,353	2,353	2,301	2,301
	<u>5,162</u>	<u>5,162</u>	<u>5,050</u>	<u>5,050</u>

New shares allotted

During the year 60 Ordinary C shares having an aggregate nominal value of £60 were allotted for consideration of £8,497.

During the year 52 Ordinary D shares having an aggregate nominal value of £52 were allotted for consideration of £4,989.

Rights, preferences and restrictions

Rights and entitlements attached to A and C shares are as follows:

- Right to vote on a show of hands, each shareholder present has one vote and on a poll each such holder has one vote per share.
- Entitled to dividends (declared and paid separately on each of the share classes).
- Surplus assets available on winding up (or other exit event) up to £1,500,000 are available to be distributed between A and C Ordinary shares. Surplus assets are available to be distributed pro rata between the A and C Ordinary shares.
- No redemption rights.

The D shares do not carry any dividend rights, but do entitle the holder to participate in the capital of the Company if and to the extent that the value of the Company exceeds £1.5 million.

Cornbrook Group Limited

Notes to the Financial Statements for the Year Ended 31 October 2017

19 Reserves

Group

Share capital represents the number of shares issued at nominal price.

Capital redemption reserve represents paid up share capital bought back by the Company. The reserve is non-distributable.

The profit and loss account represents accumulated comprehensive income for the year and prior periods, after deduction of dividends paid.

Company

Share capital represents the number of shares issued at nominal price.

Capital redemption reserve represents paid up share capital bought back by the Company. The reserve is non-distributable.

The merger reserve arose on the acquisition of the shares in Support Warehouse Limited in a prior period.

The profit and loss account represents accumulated comprehensive income for the year and prior periods, after deduction of dividends paid.

20 Obligations under leases and hire purchase contracts

Group

Operating leases

The total of future minimum lease payments is as follows:

	2017	2016
	£	£
Not later than one year	81,521	81,521
Later than one year and not later than five years	163,042	244,563
	<u>244,563</u>	<u>326,084</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £88,713 (2016 - £101,521).

Cornbrook Group Limited

Notes to the Financial Statements for the Year Ended 31 October 2017

21 Dividends

Interim dividends paid

	2017 £	2016 £
Interim dividend of £Nil (2016 - £59.00) per each A Ordinary shares share	-	148,975
Interim dividend of £Nil (2016 - £669.00) per each C Ordinary shares share	-	149,856
	<u>-</u>	<u>298,831</u>

22 Related party transactions

The Company has taken the exemption set out in FRS 102 from disclosing transactions with wholly owned group members.

Key management personnel

Key management of the Group are considered to be the directors of the Company and of its key trading subsidiary, Support Warehouse Limited, including directors who resigned during the year but continued to be employed.

Key management compensation

	2017 £	2016 £
Salaries and other short term employee benefits	309,668	207,975
Post-employment benefits	26,301	-
	<u>335,969</u>	<u>207,975</u>

23 Financial instruments

Group

Categorisation of financial instruments

	2017 £	2016 £
Financial assets that are debt instruments measured at amortised cost	3,103,098	2,617,319
Financial liabilities measured at amortised cost	<u>1,474,389</u>	<u>1,649,692</u>

24 Parent and ultimate parent undertaking

The Company's immediate parent is Annuity Management AG, incorporated in Switzerland, and is also considered to be the Company's ultimate controlling party.

Cornbrook Group Limited

Notes to the Financial Statements for the Year Ended 31 October 2017

25 Share Options

The Group issued share options to certain employees on 1 March 2013. The options are only exercisable in the event of an exit from the Group.

Following the acquisition of Cornbrook Group Limited during the year by Annuity Management AG, all of the options in issue were exercised. The Directors are satisfied based on the crystallised gains that no material difference would have arisen in the current or prior periods from the inclusion of a share based payments charge in profit or loss.