

Cornbrook Group Limited

Annual Report and Financial Statements

Period Ended

31 December 2018

Company Number 05004531



Cornbrook Group Limited

Company Information

| | |
|----------------------------|--|
| Directors | C J Hoyle M Knaur |
| Registered number | 05004531 |
| Registered office | International Development Centre Valley Drive Ilkley West Yorkshire LS29 8PB |
| Independent auditor | BDO LLP Central Square 29 Wellington Street Leeds LS1 4DL |

Cornbrook Group Limited

Contents

| | Page |
|---|----------------|
| Group Strategic Report | 1 - 2 |
| Directors' Report | 3 |
| Directors' Responsibilities Statement | 4 |
| Independent Auditor's Report | 5 - 7 |
| Consolidated Statement of Comprehensive Income | 8 |
| Consolidated Balance Sheet | 9 |
| Company Balance Sheet | 10 |
| Consolidated Statement of Changes in Equity | 11 |
| Company Statement of Changes in Equity | 12 |
| Consolidated Statement of Cash Flows | 13 - 14 |
| Notes to the Financial Statements | 15 - 34 |

Cornbrook Group Limited

Group Strategic Report For the Period Ended 31 December 2018

The directors present their strategic report together with the audited financial statements for the 14 month period ended 31 December 2018. The comparative figures cover 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 Limited has performed in line with expectations during FY'18 with turnover and operating profit increasing substantially year on year due to the onboarding of new business revenue streams. The company met the directors' forecast, but with significant change to the sales mix which has been part of the business strategy over the last 2 years.

Business Review and future developments:

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 drive to hybrid infrastructure has led to a reduction in the number of package services sold by Support Warehouse Limited. In response to this dynamic, Support Warehouse Limited 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 31.00% relative to FY'17. The directors envisage this trend to continue and the benefits of our alignment with this transition will be fully evident during FY'19.

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 Norway and Sweden on 1 February 2018.

HPE provide service contracts directly to defined customers in a number of markets where Support Warehouse already provide a Post Warranty Rescue Activity. 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 have been signed for US, Canada, UK, Ireland and Sweden. Throughout FY'18 the company invested significantly in the growth of sales teams and systems to manage this activity. Additional opportunities will also be presented to the company to grow SMB direct sales revenue in other markets and we continue to drive this strategic engagement throughout FY'19.

The directors are pleased with the financial performance of the business during FP'18 and the company is exceptionally placed to drive significant growth during FY'19.

Cornbrook Group Limited

Group Strategic Report (continued) For the Period Ended 31 December 2018

Key financial performance indicators

| | 14 month period ended 31 December 2018 | Year ended 31 October 2017 | Change | Change |
|-----------------------------------|---|----------------------------------|-----------|---------|
| Turnover | 5,954,218 | 3,060,366 | 2,893,852 | 94.56% |
| Operating profit | 2,852,119 | 598,864 | 2,253,255 | 376.25% |
| Operating profit as % of turnover | 47.90% | 19.57% | | |

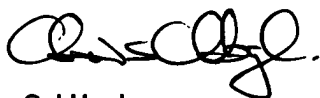
Principal risk and uncertainties

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.

This report was approved by the board on 19/6/2019

and signed on its behalf.



C J Hoyle
Director

Cornbrook Group Limited

Directors' Report For the Period Ended 31 December 2018

The directors present their report together with the audited financial statements for the 14 month period ended 31 December 2018. The comparative figures cover the year ended 31 October 2017.

Results and dividends

The profit for the period, after taxation, amounted to £2,221,947 (2017 - £445,866).

Details of dividends paid in the year are disclosed in note 10.

Directors

The directors who served during the period were:

C J Hoyle
M Knaur

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.

Disclosure of information to auditor

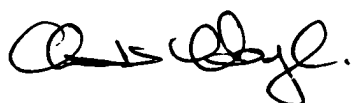
Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the Group's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the Group's auditor is aware of that information.

Auditor

The auditor, BDO LLP was appointed on 10 July 2018 and, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 19/6/2019 and signed on its behalf.



C J Hoyle
Director

Cornbrook Group Limited

Directors' Responsibilities Statement For the Period Ended 31 December 2018

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated financial statements in accordance with applicable law and regulations.

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

In preparing these financial statements, the directors are required to:

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

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

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 period ended 31 December 2018 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the 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 of the parent company's affairs as at 31 December 2018 and of the group's profit for the period 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 and the parent company 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 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.

Cornbrook Group Limited

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

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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and directors' report for the financial period 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 the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and directors' report.

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

- adequate accounting records have not been kept 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
- certain disclosures of directors' remuneration specified by law are not made.

Cornbrook Group Limited

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

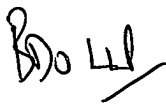
Auditor's responsibilities for the audit of the financial statements

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 at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Paul Davies (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Leeds
United Kingdom

21 June 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Cornbrook Group Limited

Consolidated Statement of Comprehensive Income For the Period Ended 31 December 2018

| | Note | 14 month period ended 31 December 2018 £ | As restated Year ended 31 October 2017 £ |
|--|------|--|--|
| Turnover | 4 | 5,954,218 | 3,060,336 |
| Cost of sales | | (2,162,076) | (1,263,317) |
| Gross profit | | 3,792,142 | 1,797,019 |
| Administrative expenses | | (1,033,715) | (1,198,155) |
| Operating profit | 5 | 2,758,427 | 598,864 |
| Interest payable and similar charges | 8 | (3,864) | (64,653) |
| Profit before taxation | | 2,754,563 | 534,211 |
| Tax on profit | 9 | (532,616) | (88,345) |
| Profit for the financial period | | 2,221,947 | 445,866 |
| Other comprehensive income | | - | - |
| Total comprehensive income for the period | | 2,221,947 | 445,866 |

The notes on pages 15 to 34 form part of these financial statements.

Cornbrook Group Limited

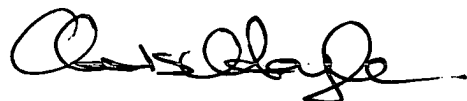
Registered number: 05004531

Consolidated Balance Sheet As at 31 December 2018

| | Note | 31 December 2018 £ | 31 December 2018 £ | 31 October 2017 £ | 31 October 2017 £ |
|--|------|--------------------------|--------------------------|-------------------------|-------------------------|
| Fixed assets | | | | | |
| Intangible assets | 11 | | 28,789 | | 53,975 |
| Tangible assets | 12 | | 58,678 | | 168,704 |
| | | | <u>87,467</u> | | <u>222,679</u> |
| Current assets | | | | | |
| Debtors: amounts falling due within one year | 14 | 7,486,362 | | 2,217,662 | |
| Cash at bank and in hand | | 1,693,513 | | 1,014,504 | |
| | | <u>9,179,875</u> | | <u>3,232,166</u> | |
| Creditors: amounts falling due within one year | 15 | (6,785,399) | | (1,680,235) | |
| Net current assets | | | <u>2,394,476</u> | | <u>1,551,931</u> |
| Total assets less current liabilities | | | <u>2,481,943</u> | | <u>1,774,610</u> |
| Provisions for liabilities | | | | | |
| Deferred taxation | 17 | | - | | (8,650) |
| Net assets | | | <u><u>2,481,943</u></u> | | <u><u>1,765,960</u></u> |
| Capital and reserves | | | | | |
| Called up share capital | 18 | | 5,162 | | 5,162 |
| Share premium account | 19 | | 13,374 | | 13,374 |
| Capital redemption reserve | 19 | | 1,549 | | 1,549 |
| Profit and loss account | 19 | | 2,461,858 | | 1,745,875 |
| Total equity | | | <u><u>2,481,943</u></u> | | <u><u>1,765,960</u></u> |

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

19/6/19



C J Hoyle
Director

The notes on pages 15 to 34 form part of these financial statements.

Cornbrook Group Limited
Registered number: 05004531

Company Balance Sheet
As at 31 December 2018

| | Note | 31 December 2018 £ | 31 December 2018 £ | 31 October 2017 £ | 31 October 2017 £ |
|--|------|--------------------------|--------------------------|-------------------------|-------------------------|
| Fixed assets | | | | | |
| Investments | 13 | | 1,402,000 | | 1,402,000 |
| Current assets | | | | | |
| Debtors: amounts falling due within one year | 14 | 416 | | 267,696 | |
| Cash at bank and in hand | | 733 | | 16,614 | |
| | | <u>1,149</u> | | <u>284,310</u> | |
| Creditors: amounts falling due within one year | 15 | (519,814) | | (370,925) | |
| Net current liabilities | | | <u>(518,665)</u> | | <u>(86,615)</u> |
| Net assets | | | <u><u>883,335</u></u> | | <u><u>1,315,385</u></u> |
| Capital and reserves | | | | | |
| Called up share capital | 18 | | 5,162 | | 5,162 |
| Share premium account | 19 | | 13,374 | | 13,374 |
| Capital redemption reserve | 19 | | 1,549 | | 1,549 |
| Merger reserve | 19 | | 756,696 | | 756,696 |
| Profit and loss account | | | 106,554 | | 538,604 |
| Total equity | | | <u><u>883,335</u></u> | | <u><u>1,315,385</u></u> |

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit of the company for the year was £1,073,914 (2017 - £5,580).

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



C J Hoyle
Director

19/6/19

The notes on pages 15 to 34 form part of these financial statements.

Cornbrook Group Limited

Consolidated Statement of Changes in Equity For the Period Ended 31 December 2018

| | Called up share capital | Share premium account | Capital redemption reserve | Profit and loss account | Total equity |
|--|-------------------------------|-----------------------------|----------------------------------|-------------------------------|------------------|
| | £ | £ | £ | £ | £ |
| At 1 November 2017 | 5,162 | 13,374 | 1,549 | 1,745,875 | 1,765,960 |
| Comprehensive income for the period | | | | | |
| Profit for the period | - | - | - | 2,221,947 | 2,221,947 |
| Total comprehensive income for the period | - | - | - | 2,221,947 | 2,221,947 |
| Dividends: Equity capital | - | - | - | (1,505,964) | (1,505,964) |
| Total transactions with owners | - | - | - | (1,505,964) | (1,505,964) |
| At 31 December 2018 | 5,162 | 13,374 | 1,549 | 2,461,858 | 2,481,943 |

Consolidated Statement of Changes in Equity For the Period Ended 31 October 2017

| | Called up share capital | Share premium account | Capital redemption reserve | Profit and loss account | Total equity |
|--|----------------------------|-----------------------------|----------------------------------|----------------------------|------------------|
| | £ | £ | £ | £ | £ |
| At 1 November 2016 | 5,050 | - | 1,549 | 1,300,009 | 1,306,608 |
| Comprehensive income for the year | | | | | |
| Profit for the year | - | - | - | 445,866 | 445,866 |
| Total comprehensive income for the year | - | - | - | 445,866 | 445,866 |
| New share capital subscribed | 112 | 13,374 | - | - | 13,486 |
| Total transactions with owners | 112 | 13,374 | - | - | 13,486 |
| At 31 October 2017 | 5,162 | 13,374 | 1,549 | 1,745,875 | 1,765,960 |

The notes on pages 15 to 34 form part of these financial statements.

Cornbrook Group Limited

Company Statement of Changes in Equity For the Period Ended 31 December 2018

| | Called up share capital | Share premium account | Capital redemption reserve | Merger reserve | Profit and loss account | Total equity |
|---|-------------------------------|-----------------------------|----------------------------------|-------------------|-------------------------------|-----------------|
| | £ | £ | £ | £ | £ | £ |
| At 1 November 2017 | 5,162 | 13,374 | 1,549 | 756,696 | 538,604 | 1,315,385 |
| Comprehensive income for the year | | | | | | |
| Profit for the period | - | - | - | - | 1,073,914 | 1,073,914 |
| Total comprehensive income for the period | - | - | - | - | 1,073,914 | 1,073,914 |
| Contributions by and distributions to owners | | | | | | |
| Dividends: Equity capital | - | - | - | - | (1,505,964) | (1,505,964) |
| Total transactions with owners | - | - | - | - | (1,505,964) | (1,505,964) |
| At 31 December 2018 | 5,162 | 13,374 | 1,549 | 756,696 | 106,554 | 883,335 |

Company Statement of Changes in Equity For the Period Ended 31 October 2017

| | Called up share capital | Share premium account | Capital redemption reserve | Merger reserve | Profit and loss account | Total equity |
|---|-------------------------------|-----------------------------|----------------------------------|-------------------|-------------------------------|------------------|
| | £ | £ | £ | £ | £ | £ |
| At 1 November 2016 | 5,050 | - | 1,549 | 756,696 | 544,184 | 1,307,479 |
| Comprehensive income for the year | | | | | | |
| Loss for the year | - | - | - | - | (5,580) | (5,580) |
| Total comprehensive income for the year | - | - | - | - | (5,580) | (5,580) |
| Contributions by and distributions to owners | | | | | | |
| New share capital subscribed | 112 | 13,374 | - | - | - | 13,486 |
| Total transactions with owners | 112 | 13,374 | - | - | - | 13,486 |
| At 31 October 2017 | 5,162 | 13,374 | 1,549 | 756,696 | 538,604 | 1,315,385 |

The notes on pages 15 to 34 form part of these financial statements.

Cornbrook Group Limited

Consolidated Statement of Cash Flows For the Period Ended 31 December 2018

| | 14 month period ended 31 December 2018 £ | Year ended 31 October 2017 £ |
|---|--|---------------------------------------|
| Cash flows from operating activities | | |
| Profit for the financial period | 2,221,947 | 445,866 |
| Adjustments for: | | |
| Amortisation of intangible assets | 25,186 | 21,588 |
| Depreciation of tangible assets | 129,696 | 134,911 |
| Profit on disposal of tangible assets | (1,700) | (19,971) |
| Interest paid | 3,864 | 64,653 |
| Taxation charge | 532,616 | 88,345 |
| Increase in debtors | (5,526,681) | (184,633) |
| Decrease in amounts owed by groups | 267,111 | - |
| Increase/(decrease) in creditors | 4,949,261 | (195,967) |
| Decrease in provisions | - | (11,029) |
| Corporation tax paid | (394,193) | (81,616) |
| Net cash generated from operating activities | 2,207,107 | 262,147 |
| Cash flows from investing activities | | |
| Purchase of tangible fixed assets | (33,270) | (89,602) |
| Sale of tangible fixed assets | 15,000 | 146,590 |
| Net cash from investing activities | (18,270) | 56,988 |
| Cash flows from financing activities | | |
| Issue of ordinary shares | - | 13,486 |
| Dividends paid | (1,505,964) | - |
| Interest paid | (3,864) | (64,653) |
| Net cash used in financing activities | (1,509,828) | (51,167) |

Cornbrook Group Limited

Consolidated Statement of Cash Flows (continued) For the Period Ended 31 December 2018

| | 14 month period ended 31 December 2018 £ | Year ended 31 October 2017 £ |
|---|--|---------------------------------------|
| Net increase in cash and cash equivalents | 679,009 | 267,968 |
| Cash and cash equivalents at beginning of period | 1,014,504 | 746,536 |
| Cash and cash equivalents at the end of period | 1,693,513 | 1,014,504 |
| Cash and cash equivalents at the end of period comprise: | | |
| Cash at bank and in hand | 1,693,513 | 1,014,504 |
| | 1,693,513 | 1,014,504 |

The notes on pages 15 to 34 form part of these financial statements.

Cornbrook Group Limited

Notes to the Financial Statements For the Period Ended 31 December 2018

1. General information

Cornbrook Group Limited is a private company limited by shares incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the strategic report.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available to qualifying entities:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and the parent company would be identical;
- No cash flow statement or net debt reconciliation has been presented for the parent company;
- Disclosures in respect of the parent company's income, expense, net gains and net losses on financial instruments measured at amortised cost have not been presented as equivalent disclosures have been provided in respect of the group as a whole;
- Disclosures in respect of the parent company's share-based payment arrangements have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

2.3 Basis of consolidation

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

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

Cornbrook Group Limited

Notes to the Financial Statements For the Period Ended 31 December 2018

2. Accounting policies (continued)

2.4 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.

2.5 Revenue

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

Rendering of services

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

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

2.6 Foreign currency translation

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.

2.7 Tangible fixed assets

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

Cornbrook Group Limited

Notes to the Financial Statements For the Period Ended 31 December 2018

2. Accounting policies (continued)

2.7 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

| | |
|-----------------------------------|------------------------|
| Motor vehicles | - 20.00% straight line |
| Furniture, fittings and equipment | - 33.00% straight line |
| Computer equipment | - 20.00% straight line |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of comprehensive income.

2.8 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the consolidated statement of comprehensive income over its useful economic life of 10 years.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.10 Cash and cash equivalents

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

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.11 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 Period Ended 31 December 2018

2. Accounting policies (continued)

2.12 Creditors

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

2.13 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

2.14 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the consolidated statement of comprehensive income on a straight line basis over the lease term.

2.15 Finance costs

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

2.16 Dividends

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

2.17 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

Cornbrook Group Limited

Notes to the Financial Statements For the Period Ended 31 December 2018

2. Accounting policies (continued)

2.18 Financial instruments

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

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

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the consolidated statement of comprehensive income.

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

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

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

Cornbrook Group Limited

Notes to the Financial Statements For the Period Ended 31 December 2018

2. Accounting policies (continued)

2.19 Current and deferred taxation

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

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

Cornbrook Group Limited

Notes to the Financial Statements For the Period Ended 31 December 2018

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

In preparing these financial statements, the directors have made the following judgements:

- Determine whether the company is acting as agent or principal in its transactions. This decision is based on an assessment of a number of factors including who has responsibility for providing the services, who has inventory and credit risk, and the latitude in establishing sales prices.
- Determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 12)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

4. Turnover

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

Analysis of turnover by country of destination:

| | 14 month period ended 31 December 2018 £ | As restated Year ended 31 October 2017 £ |
|-------------------|--|--|
| United Kingdom | 1,312,663 | 938,348 |
| Rest of Europe | 890,347 | 713,237 |
| Rest of the world | 3,751,208 | 1,408,751 |
| | <u>5,954,218</u> | <u>3,060,336</u> |

Cornbrook Group Limited

Notes to the Financial Statements For the Period Ended 31 December 2018

4. Turnover (continued)

| | 14 month period ended 31 December 2018 £ | As restated Year ended 31 October 2017 £ |
|-------------------------|--|--|
| Total transaction value | 31,887,758 | 15,938,622 |
| Direct costs | (25,933,540) | (12,878,286) |
| Net revenue | <u>5,954,218</u> | <u>3,060,336</u> |

Total transaction value, gross revenues, represent amounts actually invoiced to customers, with the net revenue being the actual revenue recorded while acting as agent in transactions. The comparatives have been restated as explained in note 24.

5. Operating profit

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

| | 14 month period ended 31 December 2018 £ | Year ended 31 October 2017 £ |
|---|--|---------------------------------------|
| Depreciation expense | 129,996 | 134,911 |
| Amortisation expense | 25,186 | 21,588 |
| Exchange differences | (146,526) | 21,900 |
| Profit on disposal of property, plant and equipment | (1,700) | (19,971) |
| Operating lease expense | 95,108 | 81,521 |
| Fees payable to the group's auditor and its associates for the audit of the group's annual financial statements | 21,250 | 19,500 |
| Fees payable to the group's auditors and its associates in respect of: | | |
| - taxation compliance services | 6,500 | 4,000 |
| - other services | 3,500 | - |

Cornbrook Group Limited

Notes to the Financial Statements For the Period Ended 31 December 2018

6. Employees

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

| | Group 31 December 2018 £ | Group 31 October 2017 £ | Company 31 December 2018 £ | Company 31 October 2017 £ |
|-------------------------------------|-----------------------------------|----------------------------------|-------------------------------------|------------------------------------|
| Wages and salaries | 2,164,948 | 1,678,751 | - | - |
| Social security costs | 188,797 | 185,870 | - | - |
| Cost of defined contribution scheme | 51,118 | 61,865 | - | - |
| | <u>2,404,863</u> | <u>1,926,486</u> | <u>-</u> | <u>-</u> |

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

| | Group 14 month period ended 31 December 2018 £ | Group Year ended 31 October 2017 £ | Company 14 month period ended 31 December 2018 £ | Company Year ended 31 October 2017 £ |
|----------------|---|--|---|--|
| Sales | 34 | 34 | - | - |
| Administrative | 25 | 24 | - | - |
| | <u>59</u> | <u>58</u> | <u>-</u> | <u>-</u> |

7. Directors' remuneration

| | 14 month period ended 31 December 2018 £ | Year ended 31 October 2017 £ |
|---|--|---------------------------------------|
| Directors' emoluments | 106,653 | 241,568 |
| Company contributions to defined contribution pension schemes | 4,330 | 25,000 |
| | <u>110,983</u> | <u>266,568</u> |

During the period retirement benefits were accruing to 1 directors (2017 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £106,653 (2017 - £124,783).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £4,330 (2017 - £12,500).

Cornbrook Group Limited

Notes to the Financial Statements For the Period Ended 31 December 2018

8. Interest payable and similar charges

| | 14 month period ended 31 December 2018 £ | Year ended 31 October 2017 £ |
|-----------------------|--|---------------------------------------|
| Bank interest payable | 3,864 | 64,653 |

9. Taxation

| | 14 month period ended 31 December 2018 £ | Year ended 31 October 2017 £ |
|--|--|---------------------------------------|
| Corporation tax | | |
| Current tax on profits for the year | 548,851 | 105,195 |
| Adjustments in respect of previous periods | 49 | - |
| Total current tax | 548,900 | 105,195 |
| Deferred tax | | |
| Origination and reversal of timing differences | (14,860) | (17,760) |
| Changes to tax rates | - | (1,036) |
| Adjustment in respect of prior periods | (1,424) | 1,946 |
| Total deferred tax | (16,284) | (16,850) |
| Taxation on profit on ordinary activities | 532,616 | 88,345 |

Cornbrook Group Limited

Notes to the Financial Statements For the Period Ended 31 December 2018

9. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period/year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19.00% (2017 - 19.42%). The differences are explained below:

| | 14 month period ended 31 December 2018 £ | Year ended 31 October 2017 £ |
|--|--|---------------------------------------|
| Profit on ordinary activities before tax | 2,754,563 | 534,211 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017 - 19.42%) | 523,367 | 103,744 |
| Effects of: | | |
| Fixed asset differences | 1,113 | - |
| Expenses not deductible for tax purposes | 1,901 | (16,309) |
| Non-tax deductible amortisation of goodwill and impairment | 4,785 | - |
| Increase or decrease from adjustment for prior periods | 49 | 1,946 |
| Adjust closing deferred tax to average rate | 899 | - |
| Adjust opening deferred tax to average rate | 899 | - |
| Adjustments to tax charge in respect of previous periods - deferred tax | (1,593) | - |
| UK deferred tax credit relating to changes in tax rates or laws | - | (1,036) |
| Other timing differences | 1,196 | - |
| Total tax charge for the period/year | 532,616 | 88,345 |

Factors that may affect future tax charges

Reductions in the UK Corporation tax rate from 20.00% to 17.00% (19% effective from 1 April 2017 and 17.00% effective from 1 April 2020) have been substantively enacted. This will impact the company's future tax charge accordingly. The deferred tax liability at 31 December 2018 has been calculated based on the rates substantively enacted at the date of the statement of financial position.

10. Dividends

| | 14 month period ended 31 December 2018 £ | Year ended 31 October 2017 £ |
|----------------|--|---------------------------------------|
| Dividends paid | 1,505,964 | - |

Cornbrook Group Limited

Notes to the Financial Statements For the Period Ended 31 December 2018

11. Intangible assets

Group

| | Goodwill £ |
|-----------------------|---------------|
| Cost | |
| At 1 November 2017 | 215,879 |
| At 31 December 2018 | 215,879 |
| Amortisation | |
| At 1 November 2017 | 161,904 |
| Charge for the period | 25,186 |
| At 31 December 2018 | 187,090 |
| Net book value | |
| At 31 December 2018 | 28,789 |
| At 31 October 2017 | 53,975 |

Cornbrook Group Limited

Notes to the Financial Statements For the Period Ended 31 December 2018

12. Tangible fixed assets

Group

| | Furniture, fittings and equipment £ | Motor vehicles £ | Total £ |
|--------------------------|--|------------------------|------------|
| Cost or valuation | | | |
| At 1 November 2017 | 523,771 | 52,550 | 576,321 |
| Additions | 33,270 | - | 33,270 |
| Disposals | - | (28,726) | (28,726) |
| At 31 December 2018 | 557,041 | 23,824 | 580,865 |
| Depreciation | | | |
| At 1 November 2017 | 383,548 | 24,069 | 407,617 |
| Charge for the period | 120,771 | 9,225 | 129,996 |
| Disposals | - | (15,426) | (15,426) |
| At 31 December 2018 | 504,319 | 17,868 | 522,187 |
| Net book value | | | |
| At 31 December 2018 | 52,722 | 5,956 | 58,678 |
| At 31 October 2017 | 140,223 | 28,481 | 168,704 |

Cornbrook Group Limited

Notes to the Financial Statements For the Period Ended 31 December 2018

12. Tangible fixed assets (continued)

Company

| | Furniture, fittings and equipment £ |
|--------------------------|--|
| Cost or valuation | |
| At 1 November 2017 | 38,100 |
| At 31 December 2018 | 38,100 |
| Depreciation | |
| At 1 November 2017 | 38,100 |
| At 31 December 2018 | 38,100 |
| Net book value | |
| At 31 December 2018 | - |
| At 31 October 2017 | - |

Cornbrook Group Limited

Notes to the Financial Statements For the Period Ended 31 December 2018

13. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the company:

| Name | Class of shares | Holding | Principal activity |
|---|-----------------|---------|------------------------|
| Support Warehouse Limited | Ordinary | 100 % | Services only reseller |
| Technical and Software Developments Ltd | Ordinary | 100 % | Non-trading |
| Renewals Agency Limited | Ordinary | 100 % | Dormant |
| Support Supermarket Limited | Ordinary | 100 % | Dormant |

The registered office of all of the above named is International Development Centre, Valley Drive, Ilkley, L529 8PB.

Company

| | Investments in subsidiary companies £ |
|--------------------------|---|
| Cost or valuation | |
| At 1 November 2017 | 1,402,000 |
| At 31 December 2018 | 1,402,000 |
| Net book value | |
| At 31 December 2018 | 1,402,000 |
| At 31 October 2017 | 1,402,000 |

Cornbrook Group Limited

Notes to the Financial Statements For the Period Ended 31 December 2018

14. Debtors: amounts falling due within one year

| | Group 31 December 2018 £ | Group 31 October 2017 £ | Company 31 December 2018 £ | Company 31 October 2017 £ |
|------------------------------------|-----------------------------------|----------------------------------|-------------------------------------|------------------------------------|
| Trade debtors | 2,952,106 | 1,742,076 | - | - |
| Amounts owed by group undertakings | 1,496 | 267,111 | - | 267,111 |
| Other debtors | 6,458 | 79,407 | - | - |
| Prepayments and accrued income | 4,518,668 | 129,068 | - | - |
| Deferred taxation | 7,634 | - | 416 | 585 |
| | <u>7,486,362</u> | <u>2,217,662</u> | <u>416</u> | <u>267,696</u> |

The impairment loss recognised in profit or loss for the year in respect of bad and doubtful trade debtors was £83,706 (2017 - £3,746).

15. Creditors: amounts falling due within one year

| | Group 31 December 2018 £ | Group 31 October 2017 £ | Company 31 December 2018 £ | Company 31 October 2017 £ |
|------------------------------------|-----------------------------------|----------------------------------|-------------------------------------|------------------------------------|
| Trade creditors | 1,289,747 | 1,189,665 | - | - |
| Amounts owed to group undertakings | 51,167 | - | 519,814 | 365,425 |
| Other taxation and social security | 161,502 | 100,646 | - | - |
| Other creditors | 6,440 | 4,043 | - | - |
| Accruals and deferred income | 5,016,636 | 280,681 | - | 5,500 |
| Corporation tax | 259,907 | 105,200 | - | - |
| | <u>6,785,399</u> | <u>1,680,235</u> | <u>519,814</u> | <u>370,925</u> |

Cornbrook Group Limited

Notes to the Financial Statements For the Period Ended 31 December 2018

16. Financial instruments

| | Group 31 December 2018 £ | Group 31 October 2017 £ | Company 31 December 2018 £ | Company 31 October 2017 £ |
|---|-----------------------------------|----------------------------------|-------------------------------------|------------------------------------|
| Financial assets | | | | |
| Financial assets that are debt instruments measured at amortised cost | <u>9,087,870</u> | <u>3,103,098</u> | <u>733</u> | <u>283,725</u> |
| Financial liabilities | | | | |
| Financial liabilities measured at amortised cost | <u>(6,363,990)</u> | <u>(1,474,389)</u> | <u>519,814</u> | <u>370,925</u> |

Financial assets that are debt instruments measured at amortised cost comprise cash and cash equivalents, trade debtors, amounts owed by group undertakings and other debtors.

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

17. Deferred taxation

Group

| | | | | 2018 £ |
|--------------------------------|-----------------------------------|----------------------------------|-------------------------------------|------------------------------------|
| At beginning of period | | | | 8,650 |
| Charged to profit or loss | | | | (16,284) |
| At end of period | | | | <u>(7,634)</u> |
| | Group 31 December 2018 £ | Group 31 October 2017 £ | Company 31 December 2018 £ | Company 31 October 2017 £ |
| Fixed asset timing differences | 7,048 | (8,650) | 416 | 585 |
| Short term timing differences | <u>586</u> | <u>-</u> | <u>-</u> | <u>-</u> |

Cornbrook Group Limited

Notes to the Financial Statements For the Period Ended 31 December 2018

17. Deferred taxation (continued)

| | Company 31 December 2018 £ |
|---------------------------|-------------------------------------|
| At 1 November 2017 | 585 |
| Charged to profit or loss | (169) |
| At 31 December 2018 | <u>416</u> |

18. Share capital

| | 31 December 2018 £ | 31 October 2017 £ |
|---|--------------------------|-------------------------|
| Allotted, called up and fully paid | | |
| 2,525 ordinary A shares of £1.00 each | 2,525 | 2,525 |
| 284 ordinary C shares of £1.00 each | 284 | 284 |
| 2,353 ordinary D shares of £1.00 each | 2,353 | 2,353 |
| | <u>5,162</u> | <u>5,162</u> |

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 rate 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 £1,500,000.

Share options

On 14 May 2018 C Hoyle, a director, was issued with an option to purchase 101,010 CHF 0.01 ordinary shares in Annuity Management AG, the ultimate parent company. The exercise price is CHF 0.296. The options are exercisable at the point that the other investors in the group are able to realise their investment in the group or on the tenth anniversary of the grant. None were exercised in the period. The directors have considered the accounting treatment of these options under FRS102. In the opinion of the directors the fair value is immaterial.

Cornbrook Group Limited

Notes to the Financial Statements For the Period Ended 31 December 2018

19. Reserves

The company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

Capital redemption reserve

The capital redemption reserve contains the nominal value of own shares that have been acquired by the company and cancelled.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

20. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £45,497 (2017 - £61,865). Contributions totalling £6,441 (2017 - £3,863) were payable to the fund at the reporting date and are included in creditors.

21. Commitments under operating leases

At 31 December 2018 the group and the company had future minimum lease payments under non-cancellable operating leases as follows:

| | Group 31 December 2018 £ | Group 31 October 2017 £ | Company 31 December 2018 £ | Company 31 October 2017 £ |
|--|-----------------------------------|----------------------------------|-------------------------------------|------------------------------------|
| Not later than 1 year | 81,521 | 81,521 | - | - |
| Later than 1 year and not later than 5 years | 61,141 | 163,042 | - | - |
| | <u>142,662</u> | <u>244,563</u> | <u>-</u> | <u>-</u> |

Cornbrook Group Limited

Notes to the Financial Statements For the Period Ended 31 December 2018

22. Related party transactions

The company has taken advantage of the exemption available in Section 33.1A of FRS 102 whereby it has not disclosed transactions with any wholly owned subsidiary undertakings of the group.

During the period the group made sales of £21,249 to Europlus Direct Limited, a fellow subsidiary of Annuity Management AG. At the period end the amount due from Europlus Direct Limited was £1,496.

During the period the group made purchases of £528,986 from fellow subsidiary Tesedi France SAS. At the period end the amount owed to Tesedi France SAS was £48,436.

During the period the group made purchases of £52,412 from fellow subsidiary Tesedi Schweiz GmbH. At the period end the amount owed to Tesedi Schweiz GmbH was £1,487.

During the period the group made purchases of £5,540 from fellow subsidiary Tesedi Austria GmbH. At the period end the amount owed to Tesedi Austria GmbH was £1,244.

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 the directors who resigned during the year but continued to be employed.

Key management compensation

| | 31 December 2018 £ | 31 October 2017 £ |
|---|--------------------------|-------------------------|
| Salaries and other short term employee benefits | 262,489 | 309,668 |
| Post-employment benefits | 5,620 | 26,301 |
| | <u>268,109</u> | <u>335,969</u> |

23. Ultimate parent undertaking and controlling party

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

24. Prior period adjustment

Turnover and cost of sales have been restated for the year ended 31 October 2017 to show just the net figure as revenue as the company had incorrectly shown turnover as if it were principal rather than an agent. See note 4 for further detail.