

Registered number: 05013101

PROCUREMENT LEADERS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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PROCUREMENT LEADERS LIMITED

COMPANY INFORMATION

Directors	R Pope (resigned 25 July 2019) A Martinez (resigned 25 July 2019) M Perera (resigned 25 July 2019) N Basuthakur D Gilbertson (resigned 25 July 2019) D Wilkie (appointed 25 July 2019) W Simmons (appointed 25 July 2019) J Henry (appointed 25 July 2019)
Company secretary	A Còx
Registered number	05013101
Registered office	Prospero House 241 Borough High Street London England SE1 1GA
Independent auditor	Nexia Smith & Williamson Chartered Accountants & Statutory Auditor 25 Moorgate London EC2R 6AY

PROCUREMENT LEADERS LIMITED

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PROCUREMENT LEADERS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Business Review and Future Developments

The principal activity of the Group remains the provision of procurement intelligence and peer to peer networking opportunities for procurement, sourcing and supply chain executives.

On 25 July 2019 the entire share capital of the Procurement Leaders Limited was acquired by World 50, Inc., a company operating private communities for senior-most executives from global organisations based in Atlanta, USA. In the year under review the commercial operations of the Company and of the Group were maintained as they were prior to the acquisition. Therefore the results of the business reflect a true like for like view of the underlying performance of the business when compared to the prior year.

The key financial and other performance indicators of the Group for the year ending 31 December 2018 were as follows:

	2018	2017	Change
	£'000	£'000	£'000
Turnover	13,724	12,304	1,420
Operating profit/(loss)	844	(239)	1,083
Equity shareholders' funds	180	(248)	428
Adjusted EBITDA	1,719	938	781
Average number of employees	109	113	(4)
Profit/(loss) after tax	704	(227)	931

The results for the year of the Group as included in these financial statements are set out above. Whilst revenue continued to grow to £13.7m (2017: £12.3m), an increase of 12%, profit after tax increased by £931k, with a profit after tax for the year of £704k.

Revenue increases have been seen in both the membership subscriptions division, with membership revenues increasing year on year by 7% to £7.93m (2017: £7.4m). The continued focus on corporate membership subscriptions continues to result in revenue growth.

The Events division, which incorporates all sponsored revenue activity, also saw revenue increase from the previous year to £5.79m from £4.82m, an increase of 20%. The increase in revenue was driven by sponsorship revenue growth of £416k, 14%, and supported by growth of £209k, 11%, in delegates revenue.

The emphasis placed on the larger congresses in 2018 formed the majority of the growth in the events portfolio, with revenue growth of £590k across these events. These events will continue to be the focus of the events division in 2019.

In total the revenue mix of the Group remained unchanged with membership subscriptions accounting for 58% (2017: 60%), events 42% (2017: 39%) and other revenue 0.05% (2017: 1%) of the Group's revenue.

Operating profit has improved year on year by £1.083m. The increase is largely attributable to the revenue growth of £1.422m and an increase in the share based payment charge of £337k reflected in 2018 following the World 50 Inc. acquisition in July 2019. Other operating costs were unchanged at £12.492m (2017: £12.492m).

Equity shareholders' funds have increased by £428k from 2017 in line with the improved profitability of the Group, which allowed the payment of a Dividend in the year of £590k.

PROCUREMENT LEADERS LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Business Review and Future Developments (continued)

The Group's Adjusted EBITDA continues to be a key indicator of the underlying performance of the business. Adjusted EBITDA is calculated by removing non-trading costs, which are recognised during the financial year, including the costs of non-executive directors, advance commissions, key man insurance policies, restructuring costs and foreign exchange movements. The increase of £781k (83%) on 2017 is reflective of the revenue increase across the business. Looking ahead, the Directors believe the improvement in results seen in 2018 will continue into 2019 following the acquisition by World 50 Inc. In July 2019. This will provide the company with the potential for broader access to the C-suite of our customers to position the business strongly for future growth.

Principal risks and uncertainties

In the opinion of the directors the principal risks faced by the business, other than economy-wide risks are: the risk of key supplier failure, the risk of significant client loss, the loss of key employees, exchange rate fluctuations and cash flow management.

The directors seek to manage these risks through regular review with the strategies summarised below.

The risk of key supplier failure is managed by the directors by ensuring that appropriate alternative providers or backup procedures exist where necessary to ensure provision of service will be unaffected.

The risk of significant client loss is managed by the directors by ensuring no over reliance on one particular client. Currently the largest client across the group makes up less than 5% of turnover.

Pricing risk is considered limited given the frequent and regular review of the competitive landscape undertaken by the directors to ensure pricing remains competitive.

The loss of key employees is managed by the directors by ensuring appropriate career development, remuneration and benefit packages are on offer to these individuals.

Foreign exchange risk continues to be a principal risk faced by the business, with 30% (2017: 30%) of membership contracts attributable to US customers and 33% (2017: 33%) of events revenue attributable to US based events. The Directors seek to mitigate the risk by matching the costs of each activity with the revenue stream and have taken a more proactive approach to managing currency risk during 2018 which has reduced exposure to currency fluctuations.

Liquidity risk is managed principally through tight control on the Group's trade debtors to ensure sufficient cash balances are maintained to meet liabilities as they fall due. Invoices are issued on commencement of client engagement or in advance of event attendance and Debtor days for the Group at year end were 52 days (2017: 50 days).

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



A Cox
Secretary

Date: 2 AUGUST 2019

PROCUREMENT LEADERS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors present their report and the financial statements for the year ended 31 December 2018.

Results and dividends

The profit for the year, after taxation, amounted to £703,544 (2017 - loss £226,973).

The Directors declared an interim dividend of £590,000 (2017: £172,001) of which £590,000 (2017: £172,001) was paid during the year. No final dividend has been declared or paid (2017: £Nil).

Directors

The Directors who served during the year were:

R Pope (resigned 25 July 2019)
A Martinez (resigned 25 July 2019)
M Perera (resigned 25 July 2019)
N Basuthakur
D Gilbertson (resigned 25 July 2019)

Directors' responsibilities statement

The Directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

PROCUREMENT LEADERS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

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.

Information has been included in the Strategic Report that would have otherwise been included in the Director's Report in accordance with Section 414c of the Companies Act 2006.

Post balance sheet events

New director loans have been advanced since the year end: M Perera £100,000, A Martinez £100,000 and R Pope £60,000. The loans carry no interest and were repaid on 25 July 2019.

On 25 July 2019 the entire share capital of the Procurement Leaders Limited was acquired by World 50, Inc.

On the same date, the Company advanced £3,667,404 to World 50, Inc. The loan is repayable on demand.

Auditor

The auditor, Nexia Smith & Williamson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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


A Cox
Secretary

Date: 2 AUGUST 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROCUREMENT LEADERS LIMITED

Opinion

We have audited the financial statements of Procurement Leaders Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2018 which comprise the Consolidated Statement of Comprehensive Income, Consolidated and Parent Company Balance Sheets, Consolidated and Parent Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and the 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 FRS 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 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 and 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'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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROCUREMENT LEADERS LIMITED
(CONTINUED)**

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, 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 or 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROCUREMENT LEADERS LIMITED
(CONTINUED)**

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.

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.

Nexia Smith & Williamson

Timothy Adams (Senior Statutory Auditor)

for and on behalf of
Nexia Smith & Williamson

Chartered Accountants
Statutory Auditor

25 Moorgate
London
EC2R 6AY

Date: *2 August 2019*

PROCUREMENT LEADERS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	2017 £
Turnover	4/5	13,724,244	12,304,227
Cost of sales		(2,304,097)	(2,318,350)
Gross profit		11,420,147	9,985,877
Administrative expenses		(10,187,869)	(10,173,489)
Share based payment charge	25	(388,295)	(51,405)
Operating profit/(loss)	6	843,983	(239,017)
Interest receivable and similar income	10	12,994	5,450
Profit/(loss) before taxation		856,977	(233,567)
Tax on profit/(loss)	11	(153,433)	6,594
Profit/(loss) for the financial year		703,544	(226,973)
Currency translation differences		(74,449)	27,465
Total comprehensive income/(loss) for the year		629,095	(199,508)

The notes on pages 19 to 46 form part of these financial statements.

PROCUREMENT LEADERS LIMITED
REGISTERED NUMBER:05013101

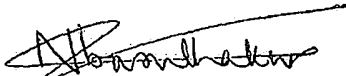
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	13	259,288	194,672
Tangible assets	14	196,941	404,075
Investments	15	100,000	100,000
		<u>556,229</u>	<u>698,747</u>
Current assets			
Debtors: amounts falling due within one year	16	5,640,216	5,781,055
Cash at bank and in hand	17	3,902,751	3,233,445
		<u>9,542,967</u>	<u>9,014,500</u>
Creditors: amounts falling due within one year	18	(906,779)	(772,414)
Net current assets		<u>8,636,188</u>	<u>8,242,086</u>
Total assets less current liabilities		<u>9,192,417</u>	<u>8,940,833</u>
Deferred taxation	19	-	(17,268)
Dilapidation provision	21	(57,207)	(38,138)
Accruals and deferred income	22	(8,955,706)	(9,133,313)
Net assets/(liabilities)		<u>179,504</u>	<u>(247,886)</u>
Capital and reserves			
Called up share capital	23	1,388	1,388
Share premium account	24	142,003	142,003
Foreign exchange reserve	24	(148,219)	(73,770)
Other reserves	24	(1,000,013)	(1,000,013)
Merger reserve	24	240,141	240,141
Profit and loss account	24	944,204	442,365
		<u>179,504</u>	<u>(247,886)</u>

PROCUREMENT LEADERS LIMITED
REGISTERED NUMBER:05013101

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2018

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



N Basuthakur
Director

Date: 2/8/2019

The notes on pages 19 to 46 form part of these financial statements.

PROCUREMENT LEADERS LIMITED
REGISTERED NUMBER:05013101

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2018

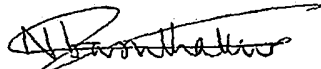
	Note	2018 £	2017 £
Fixed assets			
Intangible assets	13	259,288	194,672
Tangible assets	14	192,968	393,603
Fixed asset investments	15	105,542	115,542
		<u>557,798</u>	<u>703,817</u>
Current assets			
Debtors: amounts falling due within one year	16	5,660,288	5,996,767
Cash at bank and in hand	17	3,774,975	3,173,524
		<u>9,435,263</u>	<u>9,170,291</u>
Creditors: amounts falling due within one year	18	(891,664)	(776,005)
Net current assets		<u>8,543,599</u>	<u>8,394,286</u>
Total assets less current liabilities		<u>9,101,397</u>	<u>9,098,103</u>
Deferred taxation	19	-	(17,268)
Dilapidation provision	21	(57,207)	(38,138)
Accruals and deferred income	22	(8,685,749)	(8,993,210)
Net assets		<u>358,441</u>	<u>49,487</u>
Capital and reserves			
Called up share capital	23	1,388	1,388
Share premium account	24	142,003	142,003
Other reserves	24	(1,000,013)	(1,000,013)
Merger reserve	24	240,141	240,141
Profit and loss account	24	974,922	665,968
		<u>358,441</u>	<u>49,487</u>

PROCUREMENT LEADERS LIMITED
REGISTERED NUMBER:05013101

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2018

The Parent Company's profit for the year was £510,659 (2017: loss of £204,980).

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



N. Basuthakur
Director

Date: 2/8/2019

The notes on pages 19 to 46 form part of these financial statements.

PROCUREMENT LEADERS LIMITED

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

	Share capital £	Share premium account £	Foreign exchange reserve £	Investment in own shares £	Merger reserve £	Profit and loss account £	Total equity £
At 1 January 2018	1,388	142,003	(73,770)	(1,000,013)	240,141	442,365	(247,886)
Profit for the year	-	-	-	-	-	703,544	703,544
Profit for the year	-	-	-	-	-	703,544	703,544
Movement on foreign exchange reserve	-	-	(74,449)	-	-	-	(74,449)
Dividends	-	-	-	-	-	(590,000)	(590,000)
Share based payment	-	-	-	-	-	388,295	388,295
At 31 December 2018	1,388	142,003	(148,219)	(1,000,013)	240,141	944,204	179,504

PROCUREMENT LEADERS LIMITED

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

	Called up share capital £	Share premium account £	Foreign exchange reserve £	Other reserves £	Merger reserve £	Profit and loss account £	Total equity £
At 1 January 2017	1,371	90,615	(101,235)	(1,000,013)	240,141	789,934	20,813
Profit for the year	-	-	-	-	-	(226,973)	(226,973)
Loss for the year	-	-	-	-	-	(226,973)	(226,973)
Movement on foreign exchange reserve	-	-	27,465	-	-	-	27,465
Dividends	-	-	-	-	-	(172,001)	(172,001)
Shares issued during the year	17	51,388	-	-	-	-	51,405
Share based payment	-	-	-	-	-	51,405	51,405
At 31 December 2017	1,388	142,003	(73,770)	(1,000,013)	240,141	442,365	(247,886)

PROCUREMENT LEADERS LIMITED

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

	Called up share capital £	Share premium account £	Investment in own shares £	Merger reserve £	Profit and loss account £	Total equity £
At 1 January 2018	1,388	142,003	(1,000,013)	240,141	665,968	49,487
Profit for the year	-	-	-	-	510,659	510,659
Dividends	-	-	-	-	(590,000)	(590,000)
Share based payment	-	-	-	-	388,295	388,295
At 31 December 2018	<u>1,388</u>	<u>142,003</u>	<u>(1,000,013)</u>	<u>240,141</u>	<u>974,922</u>	<u>358,441</u>

PROCUREMENT LEADERS LIMITED

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

	Called up share capital £	Share premium account £	Other reserves £	Merger reserve £	Profit and loss account £	Total equity £
At 1 January 2017	1,371	90,615	(1,000,013)	240,141	991,544	323,658
Loss for the year	-	-	-	-	(204,980)	(204,980)
Dividends	-	-	-	-	(172,001)	(172,001)
Shares issued during the year	17	51,388	-	-	-	51,405
Share based payment	-	-	-	-	51,405	51,405
At 31 December 2017	1,388	142,003	(1,000,013)	240,141	665,968	49,487

PROCUREMENT LEADERS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £	2017 £
Cash flows from operating activities		
Profit/(loss) for the financial year	703,544	(226,973)
Adjustments for:		
Amortisation of intangible assets	126,301	262,812
Depreciation of tangible assets	187,409	211,794
(Profit)/Loss on disposal of tangible assets	(7,484)	8,742
Interest received	(12,994)	(5,450)
Taxation charge	153,433	(6,594)
Decrease in debtors	71,887	907,909
(Decrease)/increase in creditors	(288,864)	695,501
Increase in provisions	19,069	-
Corporation tax received/(paid)	143,873	(694,113)
Movement in foreign exchange	(74,449)	27,465
Share based payment charge	388,295	51,405
Net cash generated from operating activities	1,410,020	1,232,498
Cash flows from investing activities		
Purchase of intangible fixed assets	(190,917)	(108,377)
Purchase of tangible fixed assets	(8,702)	(58,834)
Sale of tangible fixed assets	35,911	-
Interest received	12,994	5,450
Net cash from investing activities	(150,714)	(161,761)

PROCUREMENT LEADERS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £	2017 £
Cash flows from financing activities		
Issue of ordinary shares	-	51,405
Dividends paid	(590,000)	(172,001)
Net cash used in financing activities	(590,000)	(120,596)
Net increase in cash and cash equivalents	669,306	950,141
Cash and cash equivalents at beginning of year	3,233,445	2,283,304
Cash and cash equivalents at the end of year	3,902,751	3,233,445
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,902,751	3,233,445
	3,902,751	3,233,445

PROCUREMENT LEADERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. General information

Procurement Leaders Limited is a private company, limited by shares, domiciled and incorporated in England and Wales. The registered office address and registered number can be found on the Company Information page.

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 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 Company has taken advantage of the exemption allowed under section 1.12(b) Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and has not presented its own Statement of Cash Flows.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The Group financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) prepared to 31 December each year and also include the assets and liabilities of the Procurement Leaders Limited Employee Benefit Trust in accordance with accounting guidelines. Control is achieved where the Company has the power to govern the financial and operating policies of an investee 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 the accounting policies used into line with those used by the Group.

All intra-group transactions and balances and any unrealised gains and losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

2.3 Going concern

The Group has net current assets at 31 December 2018 of £8,636,188 (2017: £8,242,086) and net assets of £179,504 (2017: liabilities of £247,886). The Directors have reviewed forecasts which indicate the Group has adequate resources to meet liabilities as they fall due for the foreseeable future and as such believe the preparing of the financial statements on a going concern basis is appropriate.

PROCUREMENT LEADERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the 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:

Sale of goods

Revenue from the sale of goods comprises the delivery of Whitepaper articles and is recognised when all of the following conditions are satisfied:

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

Rendering of services

Membership

Revenue from a contract to provide membership services is recognised in the period in which the services are provided in accordance with the membership 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.

As the Group invoices in advance of the service being provided, this has resulted in deferred income at the Balance Sheet date.

Events

Revenue from events is recognised when the events take place.

PROCUREMENT LEADERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.5 Business combinations & goodwill

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The cost of a business combination is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group in exchange for control and the costs directly attributable to the business combination. The consideration transferred includes the estimate of any asset or liability resulting from a contingent consideration arrangement where the transfer of further consideration is probable and can be measured reliably. Identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination are measured initially at their fair values at the acquisition date. Contingent liabilities are only recognised where the fair value can be measured reliably.

The Group measures goodwill at the acquisition date as the excess of the cost of the business combination over the acquirer's interest in the net amount of the identifiable assets, liabilities and contingent liabilities recognised. Subsequently goodwill is amortised on a straight line basis over its useful life of five years.

2.6 Intangible assets

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

Website development costs and externally generated content available for subscribers are capitalised as intangible fixed assets as they are identifiable non-monetary assets without physical substance whose cost can be reliably estimated and it is probable that the expected future economic benefits that are attributable to the assets will flow to the Group.

Computer software & content costs are capitalised as intangible assets when no hardware is associated with the computer software.

Website development costs are amortised over three years using the straight line basis. Externally generated content is amortised over two years using the straight line basis. Computer software is amortised over three years using the straight line basis.

PROCUREMENT LEADERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Improvements to property	- over the life of the lease
Motor vehicles	- 20% straight line
Office equipment	- 25% straight line
Computer equipment	- 33% straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

2.8 Operating leases

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

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

2.9 Investments in subsidiaries

Investments in subsidiaries are measured at cost less accumulated impairment.

2.10 Interest income

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

PROCUREMENT LEADERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.11 Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at transaction price. A provision is established when there is objective evidence that the group will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Group's cash management.

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

2.12 Employee benefit trust

The cost of the Group's shares held by the Employee Benefit Trust (EBT) in connection with the Group's employee share schemes is deducted from equity in the Group and Company Balance Sheets under the heading 'Investment in own shares reserve' until such time as they vest unconditionally to the participating employees. Any cash received by the EBT on disposal of the shares it holds is also recognised directly in equity. Other assets and liabilities of the EBT (including borrowings) are recognised as assets and liabilities of the Group.

PROCUREMENT LEADERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.13 Foreign currency translation

Functional and presentation currency

The Parent's functional and presentational currency is GBP. The Group's presentational currency is GBP. The Parent's subsidiary's functional currency is USD and the treatment and recognition of foreign exchange on the consolidation of the subsidiary into the Group's financial statements is detailed below.

Foreign currency transactions are translated into GBP using the exchange rate on the first day of the month in which the transaction occurred.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate on the first day of the month in which the transaction occurred and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

All foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'administrative expenses'.

On consolidation, the results of overseas operations are translated into sterling at the average rate for the financial year. All assets and liabilities of overseas operations are translated at the rate ruling at the Balance Sheet date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at average rate are recognised in Other Comprehensive Income.

2.14 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.

PROCUREMENT LEADERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.15 Share based payments

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

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

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

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

Fair value is measured by use of the Black Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behaviour considerations.

2.16 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 other creditors as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.17 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.

PROCUREMENT LEADERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.18 Current and deferred taxation

The tax expense for the year 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.

PROCUREMENT LEADERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the Balance Sheet date and the reported amounts of revenues and expenses during the reporting period.

Judgements

Financial instruments classification

The classification of financial instruments as "basic" or "other" requires judgement as to whether all the applicable conditions for classification as basic are met. This includes consideration of the form of the instrument and its return.

Key sources of estimation uncertainty

Bad debt provisions

The trade debtor balance of £4,208,065 recorded in the Group's Balance Sheet comprises a relatively large number of small balances. A full line by line review of trade debtors is carried out at the end of each month. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectible.

Share option valuation

Fair value is measured by use of the Black Scholes model in respect of options granted. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

PROCUREMENT LEADERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

4. Turnover

An analysis of turnover by destination is as follows:

	2018 £	2017 £
Asia Pacific	941,291	845,784
Europe, Middle East & Africa	3,552,172	3,425,463
UK	5,174,695	4,516,273
Latin America	-	3,249
USA	4,056,086	3,513,458
	<u>13,724,244</u>	<u>12,304,227</u>

5. Analysis of turnover by class of business:

	2018 £	2017 £
Membership	7,931,435	7,402,700
Academy	-	77,126
Events	5,785,714	4,821,294
Other	7,095	3,107
	<u>13,724,244</u>	<u>12,304,227</u>

PROCUREMENT LEADERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

6. Operating profit/(loss)

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

	2018	2017
	£	£
Depreciation of tangible fixed assets	187,409	211,794
Amortisation of intangible assets, including goodwill	126,301	262,812
Impairment of trade debtors	33,671	20,769
Difference on foreign exchange	(70,337)	260,439
Other operating lease rentals	514,434	492,897
Defined contribution pension cost	150,065	133,638

7. Auditor's remuneration

	2018	2017
	£	£
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	27,515	20,580
	<u>27,515</u>	<u>20,580</u>
Fees payable to the Group's auditor and its associates in respect of:		
Tax compliance services	4,200	4,000
Tax advisory services	4,111	8,200
Audit-related assurance services	3,665	3,065
	<u>11,976</u>	<u>15,265</u>

PROCUREMENT LEADERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

8. Employees

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

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Wages and salaries	6,828,086	6,371,903	5,939,581	5,648,097
Social security costs	711,830	682,550	646,149	624,072
Cost of defined contribution scheme	150,065	133,638	130,018	116,597
	<u>7,689,981</u>	<u>7,188,091</u>	<u>6,715,748</u>	<u>6,388,766</u>

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

	Group 2018 No.	Group 2017 No.	Company 2018 No.	Company 2017 No.
Membership	53	60	43	51
Events	26	24	26	23
Corporate Operations	30	26	28	24
Academy	-	4	-	4
	<u>109</u>	<u>114</u>	<u>97</u>	<u>102</u>

PROCUREMENT LEADERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

9. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	482,528	584,407
Company contributions to defined contribution pension schemes	20,250	19,117
Compensation for loss of office	-	82,013
	<u>502,778</u>	<u>685,537</u>

During the year retirement benefits were accruing to 1 Director (2017 - 3) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £353,582 (2017 - £223,606).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £20,250 (2017 - £8,867).

During the year no directors (2017: one) exercised any (2017: 12,000) share options for consideration of £Nil (2017: £35,760).

68,042 share options were granted to 2 directors. Details of the scheme are included in note 25.

10. Interest receivable

	2018 £	2017 £
Other interest receivable	12,994	5,450
	<u>12,994</u>	<u>5,450</u>

PROCUREMENT LEADERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

11. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	235,727	-
Adjustments in respect of previous periods	-	(31,391)
	<u>235,727</u>	<u>(31,391)</u>
Foreign tax		
Foreign tax on income for the year	-	9,991
Total current tax	<u>235,727</u>	<u>(21,400)</u>
Deferred tax		
Origination and reversal of timing differences	(81,329)	(21,441)
Adjustments in respect of prior periods	(965)	36,247
Total deferred tax	<u>(82,294)</u>	<u>14,806</u>
Taxation on profit/(loss) on ordinary activities	<u>153,433</u>	<u>(6,594)</u>

PROCUREMENT LEADERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
Profit/(loss) on ordinary activities before tax	<u>856,977</u>	<u>(233,567)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	162,826	(44,962)
Effects of:		
Expenses not deductible for tax purposes	87,788	10,343
Capital allowances for year in excess of depreciation	5,602	33,352
Foreign taxes	9,895	13,595
Adjustments to tax charge in respect of prior periods	(965)	4,856
Short term timing difference leading to an increase (decrease) in taxation	(73,776)	-
Non-taxable income	(38,825)	(26,612)
Adjustments for changes in tax rates	888	2,834
Total tax charge for the year	<u><u>153,433</u></u>	<u><u>(6,594)</u></u>

Factors that may affect future tax charges

The UK government has announced future changes to the corporation tax rate. These changes have resulted in a decrease in the standard rate of corporation tax to 19% since April 2017 to 31 March 2020 and 17% from 1 April 2020. The Finance (No.2) Bill which provides for these rates became substantively enacted on 15 September 2016 and in accordance with applicable accounting standards deferred tax has been calculated using the rate of 17%.

12. Dividends

	2018 £	2017 £
Dividends	<u>590,000</u>	<u>172,001</u>
	<u><u>590,000</u></u>	<u><u>172,001</u></u>

PROCUREMENT LEADERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

13. Intangible assets

Group and Company

	Website development costs £	Content £	Goodwill £	Computer software & content £	Total £
Cost					
At 1 January 2018	354,680	725,343	1,424,039	58,982	2,563,044
Additions	189,539	-	-	1,378	190,917
At 31 December 2018	544,219	725,343	1,424,039	60,360	2,753,961
Amortisation					
At 1 January 2018	186,277	718,855	1,424,039	39,201	2,368,372
Charge for the year	110,538	6,488	-	9,275	126,301
At 31 December 2018	296,815	725,343	1,424,039	48,476	2,494,673
Net book value					
At 31 December 2018	247,404	-	-	11,884	259,288
At 31 December 2017	168,403	6,488	-	19,781	194,672

Amortisation of content, website development costs and goodwill is included within administrative expenses in the Consolidated Statement of Comprehensive Income.

PROCUREMENT LEADERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

14. Tangible fixed assets

Group

	Improvements to property £	Motor vehicles £	Office equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2018	432,276	72,580	172,334	255,798	932,988
Additions	-	-	3,622	5,080	8,702
Disposals	-	(72,580)	-	-	(72,580)
At 31 December 2018	432,276	-	175,956	260,878	869,110
Depreciation					
At 1 January 2018	195,795	37,500	103,891	191,727	528,913
Charge for the year	97,871	6,653	36,181	46,704	187,409
Disposals	-	(44,153)	-	-	(44,153)
At 31 December 2018	293,666	-	140,072	238,431	672,169
Net book value					
At 31 December 2018	138,610	-	35,884	22,447	196,941
At 31 December 2017	236,481	35,080	68,443	64,071	404,075

PROCUREMENT LEADERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

14. Tangible fixed assets (continued)

Company

	Improvements to property £	Motor vehicles £	Office equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2018	432,276	72,580	172,334	229,013	906,203
Additions	-	-	2,964	4,467	7,431
Disposals	-	(72,580)	-	-	(72,580)
At 31 December 2018	432,276	-	175,298	233,480	841,054
Depreciation					
At 1 January 2018	195,795	37,500	103,891	175,414	512,600
Charge for the year	97,871	6,653	36,016	39,099	179,639
Disposals	-	(44,153)	-	-	(44,153)
At 31 December 2018	293,666	-	139,907	214,513	648,086
Net book value					
At 31 December 2018	138,610	-	35,391	18,967	192,968
At 31 December 2017	236,481	35,080	68,443	53,599	393,603

PROCUREMENT LEADERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

15. Fixed asset investments

Group

	Unlisted investments £
Cost or valuation	
At 1 January 2018	100,000
At 31 December 2018	<u>100,000</u>

Company

	Investments in subsidiary companies £	Unlisted investments £	Total £
Cost or valuation			
At 1 January 2018	15,542	100,000	115,542
Disposals	(10,000)	-	(10,000)
At 31 December 2018	<u>5,542</u>	<u>100,000</u>	<u>105,542</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Procurement Leaders Inc. (incorporated in the USA)	Provision of Event Management Services	Ordinary	100%
Procurement Leaders Pte. Limited (incorporated in Singapore)	Provision of Event Management Services	Ordinary	100%

The registered office of Procurement Leaders Inc. (previously Sigaria Inc. - changed name on 6 April 2018) is 1550 Wewatta Street, 2nd Floor, 80202, Denver, Colorado, United States.

The registered office of Procurement Leaders Pte. Limited is 6 Raffles Quay, 16-01, 048 580, Singapore.

On 31 July 2018 the board of directors agreed and filed to strike off the Company's dormant subsidiary, Sigaria Limited.

PROCUREMENT LEADERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

16. Debtors

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade debtors	4,208,065	4,306,623	4,087,081	4,285,887
Amounts owed by group undertakings	-	-	161,323	267,464
Other debtors	824,641	827,964	807,597	797,576
Prepayments and accrued income	542,484	502,595	539,261	501,967
Tax recoverable	-	143,873	-	143,873
Deferred taxation	65,026	-	65,026	-
	<u>5,640,216</u>	<u>5,781,055</u>	<u>5,660,288</u>	<u>5,996,767</u>

Included within other debtors due within one year are three loans to Directors: A Martinez £35,911, M Perera £57,500 and R Pope £11,000, amounting to £104,411 (2017: £136,352). £235,917 (2017: £36,000) was advanced during the year to Directors: A Martinez £135,911 and M Perera £100,006. Amounts repaid during the year totalled £267,859 (2017: £1,477): A Martinez £100,359, M Perera £142,500 and R Pope £25,000.

No interest is charged on loans to Directors.

17. Cash and cash equivalents

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Cash at bank and in hand	3,902,751	3,233,445	3,774,975	3,173,524
	<u>3,902,751</u>	<u>3,233,445</u>	<u>3,774,975</u>	<u>3,173,524</u>

PROCUREMENT LEADERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

18. Creditors: Amounts falling due within one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade creditors	179,442	180,939	175,724	178,326
Amounts owed to group undertakings	-	-	-	15,541
Corporation tax	245,628	-	245,628	-
Other taxation and social security	322,729	452,426	320,473	451,096
Other creditors	158,980	139,049	149,839	131,042
	<u>906,779</u>	<u>772,414</u>	<u>891,664</u>	<u>776,005</u>

In the event of default on any bank debt, if any is held, there is a debenture including a fixed charge over all present freehold and leasehold property. There is also a first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future.

There is also a first floating charge over all assets and undertaking both present and future dated 23 December 2009.

The charge as disclosed above was released on 25 July 2019.

19. Deferred taxation

Group

	2018 £	2017 £
At beginning of year	(17,268)	(2,462)
Credited/(charged) to the profit or loss	82,294	(14,806)
At end of year	<u>65,026</u>	<u>(17,268)</u>

PROCUREMENT LEADERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

19. Deferred taxation (continued)

Company

	2018 £	2017 £
At beginning of year	(17,268)	(2,462)
Credited/(charged) to the profit or loss	82,294	(14,806)
At end of year	65,026	(17,268)

The deferred taxation balance is made up as follows:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Accelerated capital allowances	(8,886)	(28,617)	(8,886)	(28,617)
Tax losses and other deductions carried forward	-	6,410	-	6,410
Short term timing differences	73,912	4,939	73,912	4,939
	65,026	(17,268)	65,026	(17,268)

Deferred tax assets of £73,776 relate to timing differences expected to reverse in the next financial year.

PROCUREMENT LEADERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

20. Financial instruments

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	4,770,949	4,828,876	4,794,245	5,045,216
Financial assets that are equity instruments measured at cost less impairment	100,000	100,000	100,000	100,000
	<u>4,870,949</u>	<u>4,928,876</u>	<u>4,894,245</u>	<u>5,145,216</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(1,753,090)</u>	<u>(1,259,334)</u>	<u>(1,580,228)</u>	<u>(1,170,925)</u>

Financial assets measured at amortised cost comprise trade debtors, other debtors, intercompany balances and accrued income.

Financial assets that are equity instruments measured at cost less impairment comprise unlisted investments.

Financial liabilities measured at amortised cost comprise trade creditors, intercompany balances, other creditors and accruals.

PROCUREMENT LEADERS LIMITED

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21. Provisions

Group

	Dilapidation provision £
At 1 January 2018	38,138
Charged to profit or loss	19,069
At 31 December 2018	57,207

Company

	Dilapidation provision £	Total £
At 1 January 2018	38,138	38,138
Charged to profit or loss	19,069	19,069
At 31 December 2018	57,207	57,207

22. Accruals and deferred income

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Accruals and deferred income	8,955,706	9,133,313	8,685,749	8,993,210

Within accruals and deferred income, £630,090 (2017: £628,201) relates to deferred income falling due in more than one year.

23. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
1,388,044 (2017 - 1,388,044) Ordinary shares of £0.001 each	1,388	1,388

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24. Reserves

Share premium account

The share premium arises as a result of the excess consideration over and above the nominal value received on issue of the Company's share capital.

Foreign exchange reserve

The foreign exchange reserve arises on translation of the overseas subsidiaries, Procurement Leaders Inc. and Procurement Leaders Pte. on consolidation.

Other reserves

The investment in own shares reserve relates to the cost of the Company's shares held by the Employee Benefit Trust.

Merger Reserve

The merger reserve relates to the premium paid on the shares issued through a share for share exchange arrangement as required under sections 612 - 613 of the Companies Act 2006 less any transfers permitted due to a permanent diminution of the fair value of the investment which was acquired through the share for share exchange.

In accordance with the transitional exemption available in FRS 102, the Group chose not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2014. Therefore, the Group continues to recognise a merger reserve which arose on a past business combination that was accounted for as a merger in accordance with UK GAAP as applied at that time.

Profit & loss account

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders and movement on share based payments.

PROCUREMENT LEADERS LIMITED

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25. Share based payments

Ordinary options

The Company has a HMRC approved share option scheme for certain employees. Options were granted over the Ordinary shares of the business in 2012 and 2013 at an exercise price of £2.98 per share.

During the year, 10,500 options lapsed (2017: 22,750).

Options are exercisable in the event of a sale or listing of the Company. The options are settled in equity once exercised. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if an individual leaves the Company before the options vest.

Ordinary A share options

During the year 157,340 (2017: 224,540) ordinary A share options, also known as growth share options, were issued at an exercise price of £0.001. The options are settled in equity once exercised. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if an individual leaves the Company before the options vest.

331,775 (2017: 187,425) ordinary A share options are exercisable only in the event of a sale or listing of the Company. 5,567 (2017: Nil) of these options lapsed during the year. No (2017: 37,115) ordinary A share options are either exercisable in the event of certain performance criteria being met or in the event of a sale or listing of the Company. 22,269 (2017: 14,846) of these options lapsed during the year.

EBT options

During the year 53,237 options were issued at an exercise price of £13.47. The options are settled in equity once exercised. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if an individual leaves the company before the options vest. No options lapsed or were exercised during the year.

As at 31 December 2018, no (2017: 17,250) options vested upon approval of the Board and were exercised. A charge of £Nil (2017: £51,405) has been recognised in the Statement of Comprehensive Income on the basis of management's valuation which is based on the exercise price.

For the options that are only exercisable in the event of a sale or listing of the Company, as a sale of the Company is considered probable as at 31 December 2018 (2017: not considered probable), a charge of £388,295 (2017: £Nil) has been recognised for share based payments based on a Black Scholes Model.

Post year end, 68,500 Ordinary, 331,775 Ordinary A and 46,066 EBT options were exercised, and 7,171 EBT options lapsed, prior to the acquisition of the entire shareholding of the Group.

For the options that are exercisable in the event of certain performance criteria being met, it is not considered probable that these criteria will be met and so no charge (2017: £Nil) has been recognised for share based payments.

PROCUREMENT LEADERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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25. Share based payments (continued)

	Weighted average exercise price (pence) 2018	Number 2018	Weighted average exercise price (pence) 2017	Number 2017
Outstanding at the beginning of the year	90.9	281,271	298	119,000
Granted during the year	340.6	210,577	0.1	224,540
Lapsed during the year	81.7	(38,336)	155.5	(45,019)
Exercised during the year	-	-	298	(17,250)
Outstanding at the end of the year	203.2	453,512	90.9	281,271

26. Employee Benefit Trust

An Employee Benefit Trust (EBT) has been set up to facilitate employee shareholdings under remuneration schemes, specifically share-based payments. 53,237 (2017: Nil) options over Ordinary shares were awarded during the year ended 31 December 2018. 74,240 (2017: 74,240) Ordinary shares are held by the EBT which were purchased from the Directors in the year ended 31 December 2016.

Post year end, 46,066 options were exercised, and 7,171 options lapsed, prior to the acquisition of the entire shareholdings of the Group.

27. Pension commitments

The Group operates a defined contribution pension scheme. The pension cost charge represents contributions payable by the Group and amounted to £150,065 (2017: £133,638). Contributions totalling £4,591 were payable to the fund at the Balance Sheet date and are included in other creditors (2017: £29,057).

28. 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 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Not later than 1 year	438,011	438,011	438,011	438,011
Later than 1 year and not later than 5 years	183,705	621,716	183,705	621,716
	621,716	1,059,727	621,716	1,059,727

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29. Related party transactions

All related parties other than those disclosed below are transactions entered into between two or more members of a group where any subsidiary which is a party to the transaction is wholly owned by such a member.

Loans to directors are disclosed in note 16, dividends paid to directors are disclosed in note 12, transactions in relation to shares with Directors are disclosed in note 2, and the exercise of share options by Directors is disclosed in note 9.

During the year, a motor vehicle was sold to one of the directors for £35,911. The proceeds are included in loans to directors.

In 2015, the Company purchased a 1.668% interest for consideration of £100,000 in a company, a Director of which is also a Director of Procurement Leaders Limited during the years ended 31 December 2018 and 31 December 2017. During the year ended 31 December 2018 this was diluted to 0.925%. No transactions occurred and no amounts were outstanding with this company in the current or prior year.

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the Group, or in relation to the Company. In the opinion of the Board, the Group and Company's key management personnel are considered to be the Board of Directors and the Finance Director. Total key management personnel compensation amounted to £1,294,975 (2017: £877,772).

30. Post balance sheet events

New director loans have been advanced since the year end: M Perera £100,000, A Martinez £100,000 and R Pope £60,000. The loans carry no interest and were repaid on 25 July 2019.

On 25 July 2019 the entire share capital of the Procurement Leaders Limited was acquired by World 50, Inc.

On the same date, the Company advanced £3,667,404 to World 50, Inc. The loan is repayable on demand.

31. Controlling party

As at 31 December 2018, the Directors did not consider there to be a controlling party.

From 25 July 2019, the Directors consider the ultimate controlling party to be Pamlico W50 Holdings LLC.

The parent undertaking of the largest group of undertakings for which group financial statements are prepared that include the Group and Company is W50 Holdings, Inc. Its registered office is The Corporation Trust, Corporation Trust Center 1209 Orange St, Wilmington, New Castle, Delaware 19801. The financial statements are not publicly available.