

Registration number: 05063899

**OFFICETEAM GROUP LIMITED**  
**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2018**



**OFFICETEAM GROUP LIMITED**  
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**31 DECEMBER 2018**

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**OFFICETEAM GROUP LIMITED  
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2018**

**OFFICERS AND PROFESSIONAL ADVISERS**

<b>DIRECTORS</b>	S Horne A Mobbs R Moore
<b>Company secretary</b>	P Maynard
<b>Registered office</b>	Unit 4 500 Purley Way Croydon Surrey CR0 4NZ
<b>Bankers</b>	Lloyds Bank PLC Cambridge 78-80 Cherry Hinton Road Cambridge Cambridgeshire CB1 7BH
<b>Auditor</b>	BDO LLP 2 City Place Beehive Ring Road Gatwick West Sussex RH6 0PA

**OFFICETEAM GROUP LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

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

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

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

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

**OFFICETEAM GROUP LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

The Directors present their annual report on the affairs of the Group and the Company, together with the consolidated financial statements and auditor's report for the year ended 31 December 2018.

**PRINCIPAL ACTIVITY**

The principal activity of the Group is that of a national distributor of stationery and office supplies, together with the provision of a range of business services.

**FINANCIAL RISK MANAGEMENT**

The Directors wish to report on various additional matters in relation to the management of financial risks to which the business is exposed. The Company does not use financial derivatives to mitigate these risks.

**Price risk**

There has been pressure on the cost price of goods for resale due to global economic uncertainty and volatility in the price of certain product groups, notably electronic office supplies. The group does not mitigate this exposure. Where appropriate, price rises resulting from this pressure have been, and will continue to be, passed on to customers, in line with market conditions.

**Credit risk**

The Group's credit risk is primarily attributable to its trade debtors. Credit checks are undertaken on new customers. The amounts presented in the balance sheet are net of allowances for doubtful debtors. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

**Liquidity risk**

The cash flow and liquidity risks of the Group are addressed by focusing on profit growth and improvements in working capital. Tight control is maintained over working capital with key elements reviewed by Management on a daily basis. The Group meets its day to day working capital requirements by use of a bank facility. The Directors have prepared forecasts for the Group for the twelve months after the balance sheet was signed for the purposes of the going concern review and these forecasts show that the Group will operate well within its facility throughout the forecast period.

**Currency risk**

The Company's activities expose it to the financial risks of changes in foreign currency exchange rates on its purchases denominated in Euros from some EOS suppliers, and the US dollar for other purchases.

**DIVIDENDS**

The Directors do not recommend the payment of a final dividend.

## DIRECTORS

R Moore

S Horne appointed 4 March 2019

**J Whiteway** resigned 18 January 2019

The Company provided third party indemnity insurance for all Directors serving during the year. This insurance is still in place. This insurance also covers the Directors in their capacity as Directors of any associated company.

The Group and the Company are fully committed to ensuring that sufficient emphasis is placed on employee involvement and communication through a variety of methods. The Group and the Company are committed to the principle and achievement of equal opportunities in employment, and policies are designed to provide such equality irrespective of sex, religion or race. The Group and Company fully recognises its responsibilities and continues to promote all aspects of health and safety in the interests of its employees and members of the public.

The policy in respect of employment of disabled persons is:

1. to give full and fair consideration for all types of vacancies;
2. to retain newly disabled employees, wherever possible for rehabilitation and training; and
3. to give equal opportunities for training, career development and promotion and where appropriate to modify equipment and premises to use special employment aids or to restructure jobs.

There were no political contributions or donations made in the year to any political party (2017: £Nil).

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

**POST BALANCE SHEET EVENT**

On 29 March 2019, the entire share capital of Waterlow Business Supplies Limited together with its subsidiary company Oyez Professional Services Limited was sold. Waterlow Business Supplies Limited and Oyez Professional Services Limited contributed combined sales of £4,932,000 (2017: £4,817,000) and operating profit of £1,668,000 (2017: £1,668,000) to the consolidated results of OfficeTeam Group Limited.

**GOING CONCERN**

The financial statements are prepared on a going concern basis. The Directors have considered the future prospects of the business, the availability of finance and the requirement of the business to comply with certain financial covenants and conclude that the going concern basis is appropriate.

In reaching this conclusion the Directors have considered current and forecast trading, profitability and cashflows. They have also considered the sensitivities of these projections, to changes to the business and the wider economy, and mitigating actions that would be taken in such eventualities.

The Group's existing banking facilities are committed until January 2020, subject to it complying with certain covenants, and will provide it with adequate financial resources to continue trading for the foreseeable future. Since the balance sheet has been signed, the Lloyds bank facilities have been extended until July 2022. Further details regarding the banking facilities can be found in note 1, the accounting policies note, in the financial statements. In assessing the future prospects of the business the Directors have considered their impact on the Group's financial covenants. The Directors have concluded that it is reasonable, based on the information currently available, to conclude that these will be met for the foreseeable future. Further details regarding the adoption of the going concern basis can be found in note 1 in the financial statements.

The principal risks identified in preparing Company and Group projections are the level of sales and margin pressure from clients. The Directors use the key performance indicators of sales per day and gross margin percentage to monitor these risks and manage the business.

**INDEPENDENT AUDITOR**

Disclosure of information to auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

1. so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
2. the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board on 26 June 2019 and signed on its behalf by:



P Maynard  
Company secretary

**OFFICETEAM GROUP LIMITED**  
**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

The Directors present their strategic report for the year ended 31 December 2018.

**PERFORMANCE OF THE BUSINESS AND KEY PERFORMANCE INDICATORS**

As at 31 December 2018 the Group had a shareholders' funds of £18,537,000 (2017: £21,184,000).

The Group had sales of £146m (2017: £143m) and made an operating loss of £1.0m (2017: £2m operating profit) in the year.

A summary of the composition of the operating profit is set out below. EBITDA for the year was £5.4m (2017: £8.0m). During 2018 there were a number of one-off non-recurring costs incurred by the Group as a result of warehouse integration and network upgrading. In addition £0.7m (2017: £nil) was incurred in the year in respect of the past service cost associated with the Guaranteed Minimum Pension (GMP) equalisation of the 3 defined benefit pension schemes operated by the Group. As a result the Directors consider this to be a satisfactory performance.

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Operating (loss)/ profit	(1,017)	2,099
Depreciation	573	512
Intangibles amortisation	5,830	5,360
Earnings before interest, tax, depreciation and amortisation of goodwill	5,386	7,971

EBITDA levels for 2018 were lower than the previous year as a result of the continuing difficult market conditions. The product diversification strategy of OfficeTeam has put the Group in a strong position to compensate for some of these difficult market conditions in traditional office supplies with just under 50% of the Group's sales now coming from non-traditional categories and this continues to grow.

The Directors use the key performance indicators of sales per day and gross margin percentage to monitor risks and manage the business. They also review the working capital in relation to sales to monitor working capital efficiently. On a like for like basis, sales per day were £510,000 (2017: £549,000) and gross profit margin was 33.9% (2017: 34.5%) in the year. The acquisition of Stat Company Limited in April 2018 has contributed to the sales per day figure by £53,000 per day with an increase in gross profit margin of 0.3%. The overall decrease in the gross profit margin reflects the continued difficult market conditions as well as the currency volatility in 2018. The Directors expect margins to improve in 2019.

As noted above, during the year there were a number of non-recurring costs incurred in order to integrate the warehouse network as well as the past service cost associated with Guaranteed Minimum Pension (GMP) equalisation, as a result the Group EBITDA performance in 2018 was lower than that achieved in 2017. However the underlying EBITDA is higher than that reported on a statutory basis by £2.5m. The Directors are happy with the performance of the Group.



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

**PRINCIPAL RISKS**

Competitive pressure in our core markets is a constant risk that could result in the company losing sales to competitors and margins being eroded. This risk is managed by working closely with customers and suppliers to provide an extensive product range, value added services and ensuring that excellent service levels are maintained.

**Brexit risk**

The Brexit vote decision was declared on 23 June 2016 and the post Article 50 provisions are being enacted by the UK Government. The decision therefore leads to uncertainty over what the impact would be on overall economic conditions of UK and Company. The Directors are taking a proactive approach in identifying, monitoring and dealing with any such effects.

**BUSINESS DEVELOPMENT**

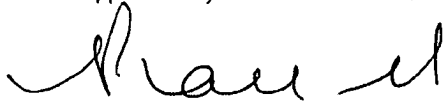
The entire share capital of Stat Company Limited together with its trading subsidiary Zenoffice Limited was acquired on 11 April 2018.

Utilising the solid operational platform established over the last 2 years the Group will look to accelerate the organic growth within OfficeTeam Limited and continue the Group's operational developments to further enhance the Group's efficiency whilst improving the customer experience.

The investment in the sales force and its support structure, that was started in 2015, continued in the year and started to deliver tangible benefits with 2018 seeing improved levels of new business which has continued into the first half of 2019. The product diversification strategy of OfficeTeam has put the Company in a strong position to compensate for the continuing difficult market conditions in traditional office supplies with just under 50% of the Company's sales now coming from non-traditional categories. The Group continues to look for new markets and product offerings in which it can diversify.

During 2019 further investment in the sales force is planned with the main focus being on strengthening the new business sales team.

Approved by the Board on 26 June 2019 and signed on its behalf by:



P Maynard  
Company secretary

**OFFICETEAM GROUP LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OFFICETEAM  
GROUP LIMITED**

**Opinion**

We have audited the financial statements of OfficeTeam Group Limited ("The Parent Company") for the year ended 31 December 2018, which comprise Consolidated profit and loss account, Consolidated statement of comprehensive income, Consolidated balance sheet, Company balance sheet, Consolidated statement of changes in equity, Company statement of changes in equity 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the Parent Company's affairs as at 31 December 2018 and of the Group's loss 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 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 Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

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

**OFFICETEAM GROUP LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OFFICETEAM  
GROUP LIMITED  
(CONTINUED)**

**Other information (continued)**

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 matter prescribed by the Companies Act 2006**

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

- the information given in both the Directors' report and the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report and the Strategic 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 Parent Company and its environment obtained in the course of the audit, we have not identified any material misstatements in both the Directors' report and the Strategic report.

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

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

**OFFICETEAM GROUP LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OFFICETEAM  
GROUP LIMITED  
(CONTINUED)**

**Responsibilities of Directors**

As explained more fully in the Statement of directors' responsibilities (set out on page 2), 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 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 Parent Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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.



.....  
David Eagle (Senior Statutory Auditor)  
for and on behalf of BDO LLP, Statutory Auditor  
Gatwick  
RH6 0PA

26 June 2019

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

**OFFICETEAM GROUP LIMITED**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £ 000	2017 £ 000
Turnover	3	146,430	142,636
Cost of sales		<u>(96,348)</u>	<u>(93,480)</u>
Gross profit		<u>50,082</u>	<u>49,156</u>
Distribution costs		<u>(30,147)</u>	<u>(31,310)</u>
<b>Administrative expenses</b>			
Administrative expenses		(20,198)	(15,747)
Administrative expenses - past service cost pension obligation	4	<u>(754)</u>	<u>-</u>
<b>Total administrative expenses</b>		<u>(20,952)</u>	<u>(15,747)</u>
Group operating (loss)/profit	7	(1,017)	2,099
Interest receivable and similar income	5	14	13
Interest payable and similar charges	6	<u>(391)</u>	<u>(306)</u>
(Loss)/profit before taxation		(1,394)	1,806
Tax on profit on ordinary activities	10	<u>(615)</u>	<u>(728)</u>
(Loss)/profit for the financial year		<u>(2,009)</u>	<u>1,078</u>
<b>Profit attributable to:</b>			
Owners of the company		<u>(2,009)</u>	<u>1,078</u>

The above results were derived from continuing operations.

The notes on pages 17 to 43 form part of these financial statements.

**OFFICETEAM GROUP LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**


	Note	2018 £ 000	2017 £ 000
(Loss)/profit for the year		(2,009)	1,078
Remeasurement (loss)/ gain on defined benefit pension schemes	23	<u>(638)</u>	<u>658</u>
Total comprehensive income for the year		<u>(2,647)</u>	<u>1,736</u>
<b>Total comprehensive income attributable to:</b>			
Owners of the company		<u>(2,647)</u>	<u>1,736</u>

The notes on pages 17 to 43 form part of these financial statements.

**OFFICETEAM GROUP LIMITED**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2018**

	Note	2018 £ 000	2017 £ 000
<b>Fixed assets</b>			
Intangible assets	11	25,405	26,565
Tangible assets	12	2,973	1,539
Investments	13	<u>1</u>	<u>1</u>
		<u>28,379</u>	<u>28,105</u>
<b>Current assets</b>			
Stocks	15	7,355	7,865
Debtors: amounts due within one year	16	30,292	33,838
Cash at bank		<u>1,169</u>	<u>376</u>
		38,816	42,079
<b>Creditors: amounts falling due within one year</b>	17	<u>(31,210)</u>	<u>(35,581)</u>
<b>Net current assets</b>		<u>7,606</u>	<u>6,498</u>
<b>Total assets less current liabilities</b>		35,985	34,603
<b>Creditors: amounts falling due after more than one year</b>	17	(13,557)	(10,920)
<b>Provisions for liabilities</b>	19	<u>(1,349)</u>	<u>(847)</u>
<b>Net assets excluding pension liability</b>		21,079	22,836
Pension liability	23	<u>(2,542)</u>	<u>(1,652)</u>
<b>Net assets including pension liability</b>		<u>18,537</u>	<u>21,184</u>
<b>Capital and reserves</b>			
Called-up share capital	20	4,985	4,985
Share premium	24	15,904	15,904
Capital contribution	24	96	96
Profit and loss account	24	<u>(2,448)</u>	<u>199</u>
Equity attributable to owners of the company		<u>18,537</u>	<u>21,184</u>
<b>Total shareholders' funds</b>		<u>18,537</u>	<u>21,184</u>

The financial statements of OfficeTeam Group Limited, registered number 05063899, were approved and authorised for issue by the Board of Directors on 26 June 2019 and signed on its behalf by:

  
 .....  
 A Mobbs  
 Director

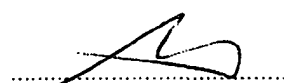
The notes on pages 17 to 43 form part of these financial statements.

**OFFICETEAM GROUP LIMITED**  
**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2018**

	Note	2018 £ 000	2017 £ 000
<b>Fixed assets</b>			
Intangible assets - goodwill	11	-	26,758
Investments	13	350	350
		<u>350</u>	<u>27,108</u>
<b>Current assets</b>			
Debtors: amounts due within one year	16	52,552	52,610
Cash at bank		50	56
		<u>52,602</u>	<u>52,666</u>
<b>Creditors: amounts falling due within one year</b>	17	<u>(37,616)</u>	<u>(37,545)</u>
<b>Net current assets</b>		<u>14,986</u>	<u>15,121</u>
<b>Net assets</b>		<u>15,336</u>	<u>42,229</u>
<b>Capital and reserves</b>			
Called-up share capital		4,985	4,985
Share premium reserve		15,904	15,904
Profit and loss account		<u>(5,553)</u>	<u>21,340</u>
<b>Total shareholders' funds</b>		<u>15,336</u>	<u>42,229</u>

The loss for the financial year dealt with in the financial statements of the parent company was £26,893,000 (2017: £5,456,000 profit).

The financial statements of OfficeTeam Group Limited, registered number 05063899, were approved and authorised for issue by the Board of Directors on 26 June 2019 and signed on its behalf by:



A Mobbs

Director

The notes on pages 17 to 43 form part of these financial statements.



**OFFICETEAM GROUP LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	<b>Called-up share capital £ 000</b>	<b>Share premium £ 000</b>	<b>Capital contribution £ 000</b>	<b>Profit and loss account £ 000</b>	<b>Total £ 000</b>
At 1 January 2018	4,985	15,904	96	199	21,184
Loss for the year	-	-	-	(2,009)	(2,009)
Other comprehensive expense	-	-	-	(638)	(638)
Total comprehensive income	-	-	-	(2,647)	(2,647)
At 31 December 2018	4,985	15,904	96	(2,448)	18,537

	<b>Called-up share capital £ 000</b>	<b>Share premium £ 000</b>	<b>Capital contribution £ 000</b>	<b>Profit and loss account £ 000</b>	<b>Total £ 000</b>
At 1 January 2017	4,985	15,904	96	(1,537)	19,448
Profit for the year	-	-	-	1,078	1,078
Other comprehensive income	-	-	-	658	658
Total comprehensive income	-	-	-	1,736	1,736
At 31 December 2017	4,985	15,904	96	199	21,184

The notes on pages 17 to 43 form part of these financial statements.

**OFFICETEAM GROUP LIMITED**  
**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called-up share capital £ 000	Share premium reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2018	4,985	15,904	21,340	42,229
Loss for the year	-	-	(26,893)	(26,893)
Total comprehensive expense	-	-	(26,893)	(26,893)
At 31 December 2018	4,985	15,904	(5,553)	15,336

	Called-up share capital £ 000	Share premium reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2017	4,985	15,904	15,884	36,773
Profit for the year	-	-	5,456	5,456
Total comprehensive income	-	-	5,456	5,456
At 31 December 2017	4,985	15,904	21,340	42,229

The notes on pages 17 to 43 form part of these financial statements.

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

**1 ACCOUNTING POLICIES**

The principal accounting policies, all of which have been applied consistently throughout the year and the preceeding period, are summarised below.

**General information**

The company is incorporated in England under the Companies Act. The address of the registered office is shown on page 1. The nature of the company's operations and its principal activities are set out in the Director's report on pages 3 to 4.

These financial statements were prepared in accordance with Financial Reporting Standard 102 (FRS 102) 'The Financial Reporting Standard' applicable in the UK.

**Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with FRS 102 issued by the Financial Reporting Council.

The functional currency of the company is considered to be pounds sterling, because that is the currency of the primary economic environment in which the company operates.

**Basis of consolidation**

The group financial statements consolidate the financial statements of OfficeTeam Group Limited and all its subsidiary undertakings drawn up to 31 December 2018. The results of subsidiaries acquired are consolidated from the date on which control passed.

No profit and loss account is presented for OfficeTeam Group Limited as permitted by section 408 of the Companies Act 2006.

**OFFICETEAM GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**1 ACCOUNTING POLICIES (CONTINUED)**

**Basis of consolidation (continued)**

For the year ended 31 December 2018, the following Subsidiaries of the company were entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies.

<b>Subsidiary undertaking</b>	<b>Companies House Registration Number</b>
C&M Registrars Limited	02608595
Lynch McQueen Limited	SC148590
OfficeTeam Logistics Limited	0574598
OfficeTeam Sales Limited	06659345
OfficeTeam Trustees Limited	03021867
OfficeZone Limited	02848787
OfficeZone Business Solutions Limited	04128473
OT Office Supplies Limited (formerly OyezStraker Office Supplies Limited)	65882
PADS Printing & Commercial Stationery Limited	03670811
Stat Plus Limited	02595313
Stat Plus Group Limited	01071698
Tewkesbury Limited	05740177
Whitegrove Group Limited	04679550

**Financial reporting standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the applicable parts of Section 11 Basic Financial Instruments;
- the requirements of Section 12 Other Financial Instruments; and
- the requirements of Section 33 Related Party Disclosures.

This information is included in the consolidated financial statements of parent company. Details of the parent company are contained in note 26.

**OFFICETEAM GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**1 ACCOUNTING POLICIES (CONTINUED)**

**Going concern**

The current bank facilities are with Lloyds Bank PLC and are committed until January 2020 providing certain limited financial covenants are complied with.

In negotiating these facilities the Directors have prepared monthly profit and loss, balance sheet and cashflow projections for the twelve months after the date the balance sheet was signed. Additionally, to accompany the projections the Directors have carried out some modelling of the financial covenants associated with the facilities and the revised debt position of the group. The facilities are considered sufficient to provide the group with adequate resources to continue trading for the foreseeable future.

The principal risks identified in preparing company and group projections are the level of sales and margin pressure from clients. The Directors use the key performance indicators of sales per day and gross margin percentage to monitor these risks and manage the business.

Having prepared these projections, and considered the future prospects of the business and the banking facilities in place, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue operating for the foreseeable future. Accordingly, the Directors have prepared the financial statements on a going concern basis.

**Turnover**

Turnover is recognised to the extent that the group obtains the right to consideration in exchange for its performance. Turnover is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

**Customer rebates**

Customer rebates are recognised at the point of sale when risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Customer rebates are netted off of turnover within the financial statements.

**Supplier rebates**

Supplier rebates are recognised at the point of purchase when risks and rewards of ownership of the goods have passed to the company, usually on receipt of the goods. Supplier rebates are netted off of cost of sales within the financial statements.

**Intangible assets - goodwill**

Goodwill arising on acquisitions, representing the excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off to the profit and loss account on a straight line basis over a useful economic life of not more than 10 years. Provision is made for any impairment.

**Intangible assets - customer relationships and brands**

On the acquisition of a business the intangible assets acquired are identified and the fair value of the goodwill relating to customer relationships and brands are separately identified and capitalised. These are written off to the profit and loss account on a straight line basis over a useful economic life of not more than 10 years. Provision is made for any impairment.

**OFFICETEAM GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**1 ACCOUNTING POLICIES (CONTINUED)**

**Intangible assets - product and web development**

Product and web development is stated at cost, net of amortisation and provision for any impairment. Costs are capitalised at the point the Directors are satisfied as to the technical commercial viability of the product. Amortisation is provided on a straight line basis over either a 3 or 5 year period starting from the date of use of the product.

**Tangible fixed assets**

Tangible fixed assets are stated at cost, net of depreciation and provision for any impairment. Depreciation is provided on all tangible fixed assets except freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset, on a straight line basis over its expected useful life, as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Freehold buildings	2-4%
Plant and machinery	10 -33.3%
Motor vehicles	25%
Fixtures and fittings	20%

**Investments**

In the company financial statements fixed asset investments are shown at cost less provision for any impairment. The underlying performance and forecasted performance of the underlying investment is reviewed in determining if any impairment is required. Any impairment that is required is written off within the profit and loss account.

**Stock**

Stocks are stated at the lower of cost, calculated on a first-in, first-out basis, and net realisable value. Net realisable value is based on estimated net selling price. Provision is made for obsolete, slow moving or defective items where appropriate.

**Bad debt provision**

A bad debt provision is made for any debt that is identified as being irrecoverable or doubtful of being paid at the balance sheet date.

**Bank borrowings**

Interest-bearing bank loans are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for an accrual basis in the profit and loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

**OFFICETEAM GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**1 ACCOUNTING POLICIES (CONTINUED)**

**Taxation**

Current tax comprises UK corporation tax and is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**Pensions**

The group operates both defined benefit and defined contribution schemes.

The defined benefit schemes are accounted for in accordance with the full provisions of FRS 102. The service cost of pension provision relating to the period, together with gains and losses on settlements and curtailments and the cost of any benefits relating to past service are charged to the profit and loss account. A charge equal to the increase in the present value of the scheme liabilities (because the benefits are closer to settlement) and a credit equivalent to the group's long term expected return on assets (based on the market value of the scheme assets at the start of the period) are included in the profit and loss account as a net amount under interest payable/receivable.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

The difference between the market value of the assets of the scheme and the present value of accrued pension liabilities is shown as an asset or liability on the balance sheet net of deferred tax. Any difference between the expected return on assets and that actually achieved is recognised in the Statement of Total Recognised Gains and Losses along with differences which arise from experience or assumption changes.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

**Leases**

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

**OFFICETEAM GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**1 ACCOUNTING POLICIES (CONTINUED)**

**Financial instruments**

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

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

**(i) Financial assets and liabilities**

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).



**OFFICETEAM GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**1 ACCOUNTING POLICIES (CONTINUED)**

**Financial instruments (continued)**

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss. Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

**(ii) Investments**

In the Company balance sheet, investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

**OFFICETEAM GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the group and company's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future years if the revision affects both current and future years.

In the course of preparing the financial statements, the Directors have had to make the following judgements:

- Provision for stock - determine whether the valuation of stock is accurate and if there are any indications that the stock is not valued at recoverable cost. Factors taken into account in determining if a provision against a stock line is required are the sales demand and the degradation of the stock line;
- Impairment of investments and intangible assets - determine whether there are any indications of impairment of the Company's investments and intangible assets. Factors taken into consideration are the underlying performance and forecasted performance of the underlying investment and intangible asset;
- Recoverability of trade and intercompany debtors - determine whether there are any indications that the trade and intercompany debtors are not fully recoverable. Factors taken into consideration are the trading history of the debtor, market and economic conditions; and
- Fair value of pension assets - determine whether the pension assets have been valued at fair value and using the appropriate assumptions. Factors taken into consideration are the current market conditions and advice from third party advisors.

**3 TURNOVER**

The analysis of the group's turnover, all derived in the UK from the principal activity of the group, for the year from continuing operations is as follows:

	<b>2018</b>	<b>2017</b>
	<b>£ 000</b>	<b>£ 000</b>
Sale of goods	<u>146,430</u>	<u>142,636</u>

**4 ADMINISTRATIVE EXPENSES**

The analysis of the group's other gains and losses for the year is as follows:

	<b>2018</b>
	<b>£ 000</b>
GMP Equalisation - pension past service cost	<u>754</u>

**5 INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>2018</b>	<b>2017</b>
	<b>£ 000</b>	<b>£ 000</b>
Other interest	<u>14</u>	<u>13</u>

**OFFICETEAM GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**6 INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2018</b> <b>£ 000</b>	<b>2017</b> <b>£ 000</b>
Bank loans and overdraft	374	246
Other pension scheme finance costs	17	60
	<u>391</u>	<u>306</u>

**7 LOSS BEFORE TAXATION**

This is stated after charging/ (crediting):

	<b>2018</b> <b>£ 000</b>	<b>2017</b> <b>£ 000</b>
Depreciation tangible fixed assets - owned assets	573	512
Amortisation of intangible assets	5,830	5,360
Operating lease expense - plant and machinery	222	169
Operating lease expense - land and buildings	2,984	3,113
Cost of stock expensed	91,226	88,878
(Profit)/loss on disposal of tangible fixed assets	<u>(31)</u>	<u>12</u>

The analysis of the auditor remuneration is as follows:

	<b>2018</b> <b>£ 000</b>	<b>2017</b> <b>£ 000</b>
Fees payable to the company's auditor for the audit of the company's annual financial statements	25	18
The audit of the company's subsidiaries	86	52
Total audit fees	<u>111</u>	<u>70</u>
<b>Fees payable to parties other than the auditor related to the audit of the financial statements</b>		
- Taxation services - compliance	<u>24</u>	<u>22</u>
Total non-audit fees	<u>24</u>	<u>22</u>

**OFFICETEAM GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**8 STAFF COSTS**

**Group**

The average number of employees (including executive directors) was:

	<b>2018</b> <b>Number</b>	<b>2017</b> <b>Number</b>
Production	35	34
Selling and distribution	608	559
Administration	296	293
	<u>939</u>	<u>886</u>

Their aggregate remuneration (including directors' remuneration) was:

	<b>2018</b> <b>£ 000</b>	<b>2017</b> <b>£ 000</b>
Wages and salaries	24,841	25,548
Social security costs	2,686	2,670
Other pension costs	567	454
Pension costs, defined benefit scheme	754	-
	<u>28,848</u>	<u>28,672</u>

Pension costs include £nil (2017: £8,000) of current service cost and £754,000 (2017: £nil) of past service cost associated with Guaranteed Minimum Pension (GMP) equalisation of the three defined benefit schemes, measured in accordance with FRS 102, but excludes finance costs and amounts recognised in the Statement of Comprehensive Income.

**9 DIRECTORS' REMUNERATION**

The remuneration of the directors was as follows:

	<b>2018</b> <b>£ 000</b>	<b>2017</b> <b>£ 000</b>
Remuneration	976	1,029
Company contributions paid to money purchase pension schemes	36	39
	<u>1,012</u>	<u>1,068</u>

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

	<b>2018</b> <b>No.</b>	<b>2017</b> <b>No.</b>
Accruing benefits under defined benefit pension scheme	2	2
Accruing benefits under money purchase pension scheme	3	3

**OFFICETEAM GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**9 DIRECTORS' REMUNERATION (CONTINUED)**

In respect of the highest paid director:

	2018 £ 000	2017 £ 000
Remuneration	389	465
Company contributions paid to money purchase pension schemes	<u>10</u>	<u>8</u>

**10 TAX ON PROFIT ON ORDINARY ACTIVITIES**

**Group:**

Analysis of the tax charged/ (credited) on ordinary activities

	2018 £ 000	2017 £ 000
<b>Current taxation</b>		
United Kingdom corporation tax at 19.0% (2017: 19.25%)	662	1,023
Adjustment in respect of prior year	<u>(134)</u>	<u>(313)</u>
	<u>528</u>	<u>710</u>
<b>Deferred taxation</b>		
Timing differences, origination and reversal	35	203
Effect of changes in tax rate	(8)	(24)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	<u>60</u>	<u>(161)</u>
Total deferred taxation	<u>87</u>	<u>18</u>
Tax charge in the profit and loss account	<u><u>615</u></u>	<u><u>728</u></u>

The current tax charge for the year is higher than the standard rate of corporation tax in the UK (2017: higher than the standard rate of corporation tax in the UK) of 19% (2017: 19.25%) as explained below:

	2018 £ 000	2017 £ 000
(Loss)/profit before tax	<u>(1,394)</u>	<u>1,806</u>
Corporation tax at standard rate	(265)	348
Effect of expense not deductible in determining taxable profit	80	53
Effect of consolidated goodwill	1,015	987
Deferred tax credit relating to changes in tax rates or laws	(8)	(24)
Deferred tax charge/ (credit) from unrecognised temporary difference from a prior period	60	(161)
Decrease in UK and foreign current tax from adjustment for prior periods	(134)	(313)
Tax decrease from transfer pricing adjustments	<u>(133)</u>	<u>(162)</u>
Tax charge in the profit and loss account	<u><u>615</u></u>	<u><u>728</u></u>

**OFFICETEAM GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**11 INTANGIBLE ASSETS**

**Group**

	<b>Product development £ 000</b>	<b>Licenses £ 000</b>	<b>Customer relationships £ 000</b>	<b>Goodwill £ 000</b>	<b>Brand £ 000</b>	<b>Total £ 000</b>
<b>Cost</b>						
At 1 January 2018	1,460	125	500	93,374	-	95,459
Additions	573	-	-	-	-	573
Acquired through business combinations (note 13)	39	-	1,132	377	2,549	4,097
At 31 December 2018	<u>2,072</u>	<u>125</u>	<u>1,632</u>	<u>93,751</u>	<u>2,549</u>	<u>100,129</u>
<b>Amortisation and impairment</b>						
At 1 January 2018	303	125	317	68,149	-	68,894
Amortisation charge	304	-	185	5,150	191	5,830
At 31 December 2018	<u>607</u>	<u>125</u>	<u>502</u>	<u>73,299</u>	<u>191</u>	<u>74,724</u>
<b>Net book value</b>						
At 31 December 2018	<u>1,465</u>	<u>-</u>	<u>1,130</u>	<u>20,452</u>	<u>2,358</u>	<u>25,405</u>
At 31 December 2017	<u>1,157</u>	<u>-</u>	<u>183</u>	<u>25,225</u>	<u>-</u>	<u>26,565</u>

Product development costs have been capitalised in accordance with FRS102 s18 and are therefore not treated as a realised loss.

**OFFICETEAM GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**11 INTANGIBLE ASSETS (CONTINUED)**

**Company**

On 31 December 2009 the company acquired the right to future rebate income received from suppliers through group purchasing arrangements, from OyezStraker Group Limited.

	<b>Goodwill £ 000</b>
<b>Cost</b>	
At 1 January 2018 and 31 December 2018	44,596
<b>Amortisation</b>	
At 1 January 2018	17,838
Amortisation charge	2,230
Impairment	<u>24,528</u>
At 31 December 2018	<u>44,596</u>
<b>Net book value</b>	
At 31 December 2018	<u>-</u>
At 31 December 2017	<u>26,758</u>

An impairment in the intangible asset has been recognised following a review of the underlying performance and forecasted performance of the company's right to future rebate income.

**OFFICETEAM GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**12 TANGIBLE FIXED ASSETS**

**Group**

	Freehold land and buildings £ 000	Plant and machinery £ 000	Motor vehicles £ 000	Fixtures and fittings £ 000	Total £ 000
<b>Cost</b>					
At 1 January 2018	1,136	481	172	10,049	11,838
Additions	27	3	4	288	322
Acquired through business combinations (note 13)	1,791	1	-	37	1,829
Disposals	(81)	(26)	(57)	(495)	(659)
At 31 December 2018	<u>2,873</u>	<u>459</u>	<u>119</u>	<u>9,879</u>	<u>13,330</u>
<b>Depreciation</b>					
At 1 January 2018	814	449	139	8,897	10,299
Charge for the year	117	18	15	423	573
Disposals	(81)	(25)	(57)	(352)	(515)
At 31 December 2018	<u>850</u>	<u>442</u>	<u>97</u>	<u>8,968</u>	<u>10,357</u>
<b>Net book value</b>					
At 31 December 2018	<u>2,023</u>	<u>17</u>	<u>22</u>	<u>911</u>	<u>2,973</u>
At 31 December 2017	<u>322</u>	<u>32</u>	<u>33</u>	<u>1,152</u>	<u>1,539</u>

Included within the net book value of land and buildings above is land of £nil (2017: £nil) that is not depreciated.



**OFFICETEAM GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**13 INVESTMENTS**

**Group**

**Trade  
investments  
£000**

**Cost**

At 1 January 2017 and 31 December 2017 300

**Provision for impairment**

At 1 January 2017 and 31 December 2017 299

**Net book value**

31 December 2018 1

31 December 2017 1

**Company**

**Shares in  
subsidiary  
undertaking**

**£ 000**

**Cost**

At 31 December 2017 and 2018 350

**OFFICETEAM GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**13 INVESTMENTS (CONTINUED)**

**Details of subsidiaries**

The subsidiary undertakings are listed below. All subsidiaries are incorporated in England and 100% of the Ordinary share capital is owned.

<b>Subsidiary undertaking</b>	<b>Principal activity</b>
OfficeTeam Limited *	Stationery, furniture and commercial printing
Oyez Professional Services Limited	Legal forms production, professional services
Waterlow Business Supplies Limited	Personnel forms
Zenoffice Limited	Stationery, furniture and commercial printing
Buro Business Supplies Limited	Dormant
C&M Registrars Limited	Dormant
Lynch McQueen Limited	Dormant
OfficeTeam Logistics Limited	Dormant
OfficeTeam Sales Limited	Dormant
OfficeTeam Trustees Limited	Dormant
OfficeZone Limited	Dormant
OfficeZone Business Solutions Limited	Dormant
OfficeTeam 2 Group Limited (formerly OyezStraker Group Limited)	Holding company
OT Office Supplies Limited (formerly OyezStraker Office Supplies Limited)	Dormant
PADS Printing & Commercial Stationery Limited	Dormant
Stat Company Limited	Holding company
Stat Plus Limited	Dormant
Stat Plus Group Limited	Dormant
Tewkesbury Limited	Dormant
Whitegrove Group Limited	Dormant

\* Only OfficeTeam Limited is directly owned by the company.

The registered office of all of the subsidiary companies, with the exception of Lynch McQueen Limited, is Unit 4, 500 Purley Way, Croydon, Surrey, CR0 4NZ.

The registered office of Lynch McQueen Limited is 1 Fullarton Drive, Glasgow East Investment Park, Glasgow, Scotland G32 8FD.

**OFFICETEAM GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**14 BUSINESS COMBINATIONS**

On 11 April 2018, OfficeTeam Limited (a subsidiary company of OfficeTeam Group Limited) acquired 100% of the issued share capital of Stat Company Limited and its subsidiary company Zenoffice Limited, obtaining total control of both companies.

Stat Company Limited and Zenoffice Limited contributed £10,374,000 of revenue and £278,000 to the Group's profit for the period between the date of acquisition and the balance sheet date.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	Assets acquired £000	Fair value adjustments £000	Total £000
<b>Assets and liabilities acquired</b>			
Financial assets	3,938	-	3,938
Stocks	164	-	164
Intangible assets - product development	39	-	39
Tangible assets	1,542	288	1,830
Cash acquired	(253)	-	(253)
Financial liabilities	(5,154)	-	(5,154)
Total identifiable assets	276	288	564
Intangibles			4,058
Total consideration			4,622
<b>Satisfied by:</b>			
Cash			2,648
Contingent consideration			1,974
<b>Total consideration transferred</b>			4,622
			<b>Total</b>
			<b>£000</b>
<b>Analysis of intangibles acquired:</b>			
Customer relationships			1,132
Brand			2,549
Goodwill			377
			4,058

The Directors consider the useful life of the intangibles (customer relationships, brand and goodwill) is 10 years.

**OFFICETEAM GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**15 STOCKS**

	<b>Group</b>
	<b>2018 £ 000</b>
Finished goods	<u>7,355</u>
	<u>2017 £ 000</u>
	<u>7,865</u>

**16 DEBTORS**

Amounts falling due within one year:

	<b>Group</b>	<b>Company</b>
	<b>2018 £ 000</b>	<b>2017 £ 000</b>
Trade debtors	27,059	29,582
Deferred tax asset	739	739
Other debtors	954	823
Prepayments	1,381	1,778
Corporation tax recoverable	159	916
Amounts owed by related parties	-	-
	<u>30,292</u>	<u>33,838</u>
	<u>2018 £ 000</u>	<u>2017 £ 000</u>
	<u>52,548</u>	<u>52,358</u>
	<u>52,552</u>	<u>52,610</u>

Analysis of deferred tax asset:

	<b>Depreciation in excess of capital allowances</b>	<b>Short term timing differences</b>	<b>Re-investment Relief</b>	<b>Tax losses</b>	<b>Total</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£000</b>	<b>£000</b>	<b>£ 000</b>
31 December 2017	298	82	(67)	145	458
Prior year adjustment debit to profit and loss account	(10)	(13)	-	(37)	(60)
Acquired with subsidiary	(65)	-	-	-	(65)
Credit/ (charge) to profit and loss account	35	(5)	6	(62)	(26)
31 December 2018	<u>258</u>	<u>64</u>	<u>(61)</u>	<u>46</u>	<u>307</u>
Deferred tax on defined benefit pension scheme liability					432
					<u>739</u>

**OFFICETEAM GROUP LIMITED**  
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**16 DEBTORS (CONTINUED)**

The movement on the deferred tax asset in relation to pensions is £151,000 (2017: £228,000), of which £24,000 (2017: £110,000) is charged to the profit and loss account.

Of the deferred tax asset of £306,000 (2017: £355,000), £12,000 (2017: £42,000) is expected to reverse within the next twelve months.

On 15 September 2016 the UK Government enacted a further reduction in the main tax rate down to 17% effective from 1 April 2020. This rate reduction has been reflected in the calculation of deferred tax at the balance sheet date which has been calculated at 17%.

**17 CREDITORS**

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
<b>Due within one year</b>				
Bank overdrafts	-	491	-	-
Bank loans	33	-	-	-
Trade creditors	9,776	8,386	-	-
Corporation tax	-	-	71	-
Other taxes and social security	2,393	2,470	-	-
Other creditors	142	101	-	-
Accruals and deferred income	3,208	3,137	-	-
Other current financial liabilities	1,974	-	-	-
Amounts due to other group companies	13,684	20,996	37,545	37,545
	<u>31,210</u>	<u>35,581</u>	<u>37,616</u>	<u>37,545</u>
<b>Due after one year</b>				
Bank loans	<u>13,557</u>	<u>10,920</u>	<u>-</u>	<u>-</u>

**18 LOANS AND BORROWINGS**

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>£ 000</b>	<b>£ 000</b>
Bank loans	<u>13,557</u>	<u>10,920</u>

**OFFICETEAM GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**18 LOANS AND BORROWINGS (CONTINUED)**

Interest rates on the term loans are based on LIBOR plus additional margins as follows:

	31 December 2018		31 December 2017	
	Amount	Interest	Amount	Interest
	£000		£000	
Loan A	13,032	2.0%	10,920	2.0%
Loan B	558	5.67%	-	-

Loan A is a fluctuating facility, dependent on the level of trade debtors, up to a maximum of £60,000,000 across The Spicers-OfficeTeam Group Limited. It is committed until January 2020. Since the balance sheet date the Group's bank facilities have been extended until July 2022.

Loan B comprises a loan of £558,000. The Group's bankers have a first legal mortgage over the freehold property held by Zenoffice Limited dated 25 February 2011. The Group's bankers also have an unlimited debenture over Zenoffice Limited dated 26 November 2010.

**Group**

**Maturity profile - 31 December 2018**

	<b>Bank loans</b>
	<b>£000</b>
Less than one year	33
More than one year but not more than two years	13,066
Between two and five years	116
Over five years	375
	<u>13,590</u>

**Group**

**Maturity profile - 31 December 2017**

	<b>Bank loans</b>
	<b>£000</b>
More than two years but not more than five years	10,920
	<u>10,920</u>

The Lloyds Bank facilities of The Spicers-OfficeTeam Group Limited are secured by ownership of certain trade debts, first legal charges over properties owned by all companies within the group and by debentures over all assets and undertakings. The current facilities are committed until January 2020. Stock of £6,000,000 has been pledged as security against the facility at the year end.

**OFFICETEAM GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**19 PROVISIONS FOR LIABILITIES**

**Group**

	Property £ 000
At 1 January 2018	847
Increase in existing provisions	947
Provisions utilised	(445)
At 31 December 2018	<u>1,349</u>

The provision reflects the estimated future lease payments on properties no longer utilised and for which alternative tenants are being sought and the dilapidations likely to be paid on these and other properties accrued according to the Group's policy.

**20 SHARE CAPITAL**

**Group and company**

**Called-up, issued and fully paid shares**

	2018		2017	
	Number 000	£ 000	Number 000	£ 000
Ordinary shares of £1 each	<u>4,985</u>	<u>4,985</u>	<u>4,985</u>	<u>4,985</u>

The total authorised share capital of the company is £5,000,000 (2017: £5,000,000).

**21 FINANCIAL COMMITMENTS**

**Group**

**Operating leases**

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2018		
	Other leases £000	Other leases £000	Total £000
<b>Group</b>			
Leases expiring:			
- within one year	1,499	665	2,164
- between one and five years	3,644	669	4,313
- after five years	2,189	-	2,189
	<u>7,332</u>	<u>1,334</u>	<u>8,666</u>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**21 FINANCIAL COMMITMENTS (CONTINUED)**

	2017		
	Land and buildings	Other leases	Total
	£000	£000	£000
<b>Group</b>			
Leases expiring:			
- within one year	1,459	684	2,143
- between one and five years	4,132	651	4,783
- after five years	2,043	-	2,043
	<u>7,634</u>	<u>1,335</u>	<u>8,969</u>

**22 CONTINGENT LIABILITIES**

The Lloyds Bank PLC facilities of The Spicers-OfficeTeam Group Limited are secured by first legal charges over properties owned by all companies within that group, and by debentures over all assets and undertakings of that group. The total amount outstanding at 31 December 2018 was £37,758,000 (2017: £37,182,000).

**23 PENSION COMMITMENTS**

**Defined benefit pension schemes**

**Group defined benefit pension schemes**

The group operates various company pension schemes with all scheme assets held separately from those of the group in trustee administered funds. The Solicitors' Law Stationery Society Limited Pension Scheme (SLSS scheme), the Stat Plus Group Limited Pension and Assurance Scheme (Stat Plus scheme) and the Graham Tennant Limited Retirement Benefit Scheme (Graham Tennant scheme) are defined benefit schemes. All three defined benefit schemes are closed to future service accruals. The remainder are defined contribution schemes.

Scheme	Last valuation	Assets at valuation	Coverage of liabilities	Pension increase	Inflation	Investment return
		£'000				
SLSS	6 April 2016	11,100	85%	3.5%	3.0%	3.4%
Stat Plus	1 January 2017	16,965	78%	5.0%	2.6%	9.58%
Graham Tennant	1 February 2018	2,641	126%	3.0%	3.0%	11.0%

The full actuarial valuations of the three defined benefit schemes operated by the group, detailed above, have been updated to 31 December 2018 by qualified independent actuaries.



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

**23 PENSION COMMITMENTS (CONTINUED)**

**Principal actuarial assumptions**

The principal actuarial assumptions at the balance sheet date are as follows:

	<b>2018</b>	<b>2017</b>
	<b>%</b>	<b>%</b>
Discount rate	2.80	2.40
Rate of increase in pensions in payment	2.20	2.50
Inflation assumption	<u>3.30</u>	<u>3.20</u>

The mortality tables used for the valuations were 100% of the S2NMA and S2NFA with allowance for future improvements in mortality in accordance with the CMI projection model CMI 2017 with long term rates of improvements of 1% for males and 0.75% for females.

In addition to this, for certain deferred members, it has been determined that inflation will be based upon the Consumer Price Index ("CPI") rather than the Retail Price Index ("RPI"). This results in an inflation rate 1.1% lower than RPI for those members.

**Post retirement mortality assumptions**

	<b>2018</b>	<b>2017</b>
	<b>Years</b>	<b>Years</b>
Current UK pensioners at retirement age - male	22.00	22.00
Current UK pensioners at retirement age - female	24.00	24.00
Future UK pensioners at retirement age - male	23.00	23.00
Future UK pensioners at retirement age - female	<u>25.00</u>	<u>25.00</u>

**Amounts recognised in the profit and loss account in respect of the defined benefit schemes are as follows:**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Current service cost	-	(7)
Past service cost	(754)	
Net interest cost	(17)	(60)
	<u>(771)</u>	<u>(67)</u>
Recognised in other comprehensive income	(765)	776
Deferred tax credit/ (charge) attributable to actuarial gain/ (loss) from pension fund	145	(149)
Tax (charge)/ credit arising from changes in tax rate	(18)	31
Total (cost)/ income recognised in other comprehensive income	<u>(638)</u>	<u>658</u>
Total (cost)/ income relating to defined benefit scheme	<u>(1,409)</u>	<u>591</u>

**OFFICETEAM GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**23 PENSION COMMITMENTS (CONTINUED)**

**Reconciliation of scheme assets and liabilities to assets and liabilities recognised**

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit schemes is as follows:

	2018 £ 000	2017 £ 000
Fair value of scheme assets	32,048	34,146
Present value of defined benefit obligation	<u>(33,844)</u>	<u>(35,195)</u>
	(1,796)	(1,049)
Restriction in distribution of assets	(745)	(603)
Related deferred tax asset	<u>432</u>	<u>281</u>
Defined benefit pension scheme deficit	<u><u>(2,109)</u></u>	<u><u>(1,371)</u></u>

**Defined benefit obligation**

Movements in the present value of defined benefit obligation were as follows:

	2018 £ 000
Present value at start of year	35,195
Past service cost	754
Interest cost	824
Actuarial gains and losses	(1,625)
Benefits paid	<u>(1,304)</u>
Present value at end of year	<u><u>33,844</u></u>

**Fair value of scheme assets**

Movements in the fair value of scheme assets were as follows:

	2018 £ 000
Fair value at start of year	34,146
Interest income	807
Actuarial gains and losses	(2,174)
Employer contributions	573
Benefits paid	<u>(1,304)</u>
Fair value at end of year	<u><u>32,048</u></u>

**OFFICETEAM GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**23 PENSION COMMITMENTS (CONTINUED)**

**Analysis of assets**

The analysis of the scheme assets at the balance sheet date was as follows:

	2018 £ 000	2017 £ 000
Equity instruments	13,948	15,591
With profits (AXA)	991	1,184
Insured pension policies	3,099	3,273
Bonds	3,324	3,369
Gilts	8,374	8,547
Property	1,849	1,860
Cash and cash equivalents	463	322
	<u>32,048</u>	<u>34,146</u>

**Return on scheme assets**

	2018 £ 000	2017 £ 000
Return on scheme assets	<u>(1,344)</u>	<u>2,904</u>

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

**Defined contribution pension scheme**

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £567,000 (2017: £454,000).

**OFFICETEAM GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**24 RESERVES**

**Group**

**Share premium reserve**

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

**Capital contribution reserve**

The capital contribution reserve represents the amount written back on an amount owed to a previous parent company.

**Company**

**Share premium reserve**

The share premium reserve contains the premium arising on issue of equity share, net of issue expenses.

**25 RELATED PARTY TRANSACTIONS**

In accordance with exemptions available to wholly owned subsidiaries, the company has taken advantage of FRS 102, Section 33 not to disclose transactions with other group undertakings.

During the year, sales were made to the following companies who are considered to be related by virtue of common ownership: Jaeger Limited £nil (2017: £6,000) (of which £nil (2017: £nil) was outstanding at the year end), Gardner Aerospace Holdings Limited £nil (2017: £32,000) (of which £nil (2017: £19,000) was outstanding at the year end) and Everest Limited £179,000 (2017: £nil) (of which £44,000 (2017: £nil) was outstanding at the year end.

**26 NON ADJUSTING EVENTS AFTER THE FINANCIAL PERIOD**

On 29 March 2019, the entire share capital of Waterlow Business Supplies Limited together with its subsidiary company Oyez Professional Services Limited was sold. Waterlow Business Supplies Limited and Oyez Professional Services Limited contributed combined sales of £4,932,000 (2017: £4,817,000) and operating profit of £1,668,000 (2017: £1,668,000) to the consolidated results of OfficeTeam Group Limited.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**27 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The company is incorporated and domiciles in England.

Project Oliver Holdco Limited is the immediate parent company.

The ultimate controlling party and ultimate parent undertaking is BECAP12 Fund LP. This company is considered by the Directors to be the direct controlling party of the group.

The parent of the smallest and largest group into which the company is consolidated is The Spicers-OfficeTeam Group Limited. The group financial statements are available from the Company Secretary, Unit 4, 500 Purley Way, Croydon, Surrey, United Kingdom, CR0 4NZ.