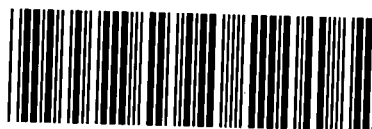


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**Achilles Subholdings Limited**

**Report and financial Statements**

**30 April 2018**

**Registered number 06551778**

# **Achilles Subholdings Limited**

## **Company information**

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### **Company registration number**

06551778

### **Directors**

J Katzen (appointed 9 November 2017)

M Brockman

D Lomas (resigned 30 September 2017)

N Luckock

### **Secretary**

J O'Donnell

### **Auditors**

KPMG LLP

66 Queen Square

Bristol

BS1 4BE

### **Bankers**

Lloyds Bank Plc

City Office

Gillingham

Kent

ME8 0LS

### **Registered Office**

30 Western Avenue

Milton Park

Abingdon

Oxfordshire

OX14 4SH

# Achilles Subholdings Limited

## Strategic report

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The Directors present their strategic report for the year ended 30 April 2018.

### Principal activities and review of the business

The Company's principal activity during the year continues to be that of an intermediate Holding Company.

The Company is managed as part of the overall activities of the Achilles group of companies. The Group wide key performance indicators are reported within Achilles Group Holdings Limited's financial statements.

The Company issues loans and uses the funds borrowed to lend to other companies in the Achilles Group. All loans to investors, other than those to current or former employees, are listed on the Channel Islands Stock Exchange.

The Company's loss for the year after taxation was £11,140,000 (30 April 2017 loss of £1,734,000). The main driver of the increase in loss was interest expenses, and impairment of the £9,328,000 investment within the year. Interest income and expenses are accrued but have not been paid. Accrued interest is the principal driver of the increase at 30 April 2018, as compared to the prior year, in Trade and other receivables and Financial liabilities.

### Principal risks and uncertainties

The Directors have considered and reviewed business risks relating to Achilles Subholdings Limited. The principal risks and uncertainties facing the Company are the same as those facing the Achilles Group as a whole. Accordingly, the risks and their management are set out in the financial statements of Achilles Group Holdings Limited. The risk stated below is the main risk arising from this Company's financial instruments and its credit risk. The risk has remained unchanged from the prior year.

### Funding risk

The listed and unlisted loan notes attract interest at a fixed rate of 10% per annum. The interest charge is compounded on a half yearly basis. These amounts were repayable in full on a sale of Achilles Group Holdings Limited or, if earlier, July 2018. Post year end 30 April 2018 following a resolution of the loan noteholders the Shareholder loan notes were extended to mature in July 2021.

The listed loan notes are issued via the Channel Islands Stock Exchange.

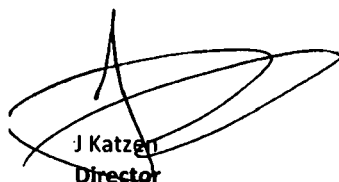
### Credit risk

All potential areas of financial risk are regularly monitored and reviewed by the Director. Preventative or corrective measures are taken as necessary. The credit risk of this company is dependent on the recoverability of debts from the other Group Companies. The Directors do not consider there to be a risk of default occurring.

### Future developments

The Company's activities will remain unchanged from that of an intermediate holding Company.

By order of the Board



J Katzen  
Director

29 November 2018

# Achilles Subholdings Limited

## Directors' report

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The Directors present their report and financial statements for the year ended 30 April 2018.

### Results and dividends

The loss for the year, after taxation, is £11,140,000 (2017: £1,734,000). No payment of a dividend to ordinary shareholders (2017: £nil) is proposed.

### Principal activities and review of the business

Please see the Strategic Report for a review of the business and future developments.

### Financial Instruments

The Company finances its activities with a combination of listed loan notes, unlisted loan notes and intercompany borrowings. These liabilities are then loaned on to fellow Group Companies.

The main risk arising from the Company's financial instruments is credit risk as set in the Strategic Report.

### Directors of the Company

The Directors who served during the period were:

J Katzen (appointed 9 November 2017)

M Brockman

D Lomas (resigned 30 September 2017)

N Luckock

### Directors' liabilities

The Company has granted an indemnity to its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity remains in force as at the date of approving the Directors' report.

### Going concern

Please see the accounting policies for a review of going concern.

### Disclosure of information to the Auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Company's auditor, each Director has taken all the steps that he/she is obliged to take as a Director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board



J. Katzen  
Director  
29 November 2018

## **Achilles Subholdings Limited**

### **Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements**

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The Directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## Independent auditor's report to the members of Achilles Subholdings Limited

### 1. Our opinion is unmodified

We have audited the financial statements of Achilles Subholdings Limited ("the Company") for the year ended 30 April 2018 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, and the related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of Company's affairs as at 30 April 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### 2. Material uncertainty related to going concern

We draw your attention to note 2 to the financial statements which indicates that the continued availability of sufficient funding when a subsidiary's bank debt facility matures in December 2019, together with the other matters explained below and in note 1, constitute a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

<b>The Risk</b>	<b>Our Response</b>
<p><b>Accounting basis and disclosure quality</b></p> <p>An uncertainty exists over the ability of the Company to continue as a going concern as its subsidiary's outstanding external bank debt facility matures in December 2019.</p> <p>As this assessment involves a consideration of future events, there is a risk that the judgment is inappropriate. Furthermore, clear and full disclosure of the facts and the Directors' rationale for the use of the going concern basis of preparation, including that there is a material uncertainty, is a key financial statement disclosure. Auditing standards require such matters to be reported as a key audit matter.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"><li>• Obtaining the group forecasts and assessing the ability of the group to operate within the existing debt facilities and continued availability of the group funding, this included:<ul style="list-style-type: none"><li>○ <b>Challenge of Group's forecasts:</b> critically reviewing the forecasts and the assumptions in relation to key inputs into the forecasts such as revenue growth and cost savings to historic performance</li><li>○ <b>Re-calculation of covenants:</b> Assessing whether the covenants are calculated in accordance with the funding agreements</li><li>○ <b>Sensitivity analysis:</b> performing sensitivity analysis on the assumptions noted above</li><li>○ <b>Enquiry of management:</b> as to the status of renewal negotiations with the bank.</li></ul></li><li>• <b>Inspecting agreements:</b> Inspecting funding agreements for the existence of any guarantees or security provided by this company to the group.</li><li>• <b>Assessing transparency:</b> Assessing whether the disclosures about management assessment of going concern reflect the material uncertainties identified.</li></ul>

## Independent auditor's report to the members of Achilles Subholdings Limited (continued)

### 3. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. Going concern is a significant key audit matter and is described in section 2 above. We summarise below the other key audit matter. All of the key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows (unchanged from 2017):

#### ***Recoverability of intercompany receivables***

(£153 million; 2017: £141 million)

Refer to note 2 (accounting policy) and notes 8 and 9 (financial disclosures).

<b><i>The risk</i></b>	<b><i>Our response</i></b>
<b>Forecast-based valuation:</b> The carrying amount of the company's intercompany receivables represents 97.5% (2017: 92.7%) of the company's total assets. The estimated recoverable amount of these balances is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows of the wider Achilles group and its underlying performance.	Our procedures included assessing the adequacy of the cash flow forecasts of the wider Achilles group, including sensitivity analysis over Management's forecasts and the ability of the group to continue as a going concern (as set out in section 2 above).

### **Our application of materiality and an overview of the scope of our audit**

Materiality for the financial statements as a whole was set at £200,000 (2017: £200,000), determined with reference to a benchmark of total assets, of which it represents 0.1% (2017: 0.1%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £30,000 (2017: £30,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the company was undertaken to the materiality level specified above.

### **We have nothing to report on the other information in the Annual Report**

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

#### ***Strategic report and directors' report***

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

## Independent auditor's report to the members of Achilles Subholdings Limited (continued)

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**We have nothing to report on the other matters on which we are required to report by exception**

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

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- 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.

We have nothing to report in these respects.

### **Respective responsibilities**

#### ***Directors' responsibilities***

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### ***Auditor's responsibilities***

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities)

### **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

*Kate Teal*

**Kate Teal (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
66 Queen Square  
Bristol  
BS1 4BE  
29 November 2018



## Achilles Subholdings Limited

### Statement of comprehensive income for the year ended 30 April 2018

	Notes	2018 £'000	2017 £'000
Administration expenses		(19)	3
Investment Impairment	14,16	(9,238)	-
<b>Operating loss</b>	<b>3</b>	<b>(9,257)</b>	<b>3</b>
Finance income	5	14,268	13,001
Finance expense	5	(16,151)	(14,738)
<b>Loss before taxation</b>		<b>(11,140)</b>	<b>(1,734)</b>
Taxation	6	-	-
<b>Total comprehensive expense</b>		<b>(11,140)</b>	<b>(1,734)</b>

All amounts relate to continuing operations.

The accompanying notes are an integral part of these financial statements

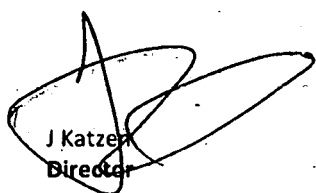
# Achilles Subholdings Limited

## Statement of financial position at 30 April 2018

	Notes	2018 £'000	2017 £'000
<b>Non-current assets</b>			
Trade and other receivables	8	153,135	141,186
Investments in subsidiaries	7	1,813	1,813
Other investments	14,16	-	9,238
		<u>154,948</u>	<u>152,237</u>
<b>Current assets</b>			
Trade and other receivables	9	2,092	37
Cash at bank		-	-
		<u>2,092</u>	<u>37</u>
<b>Current liabilities</b>			
Trade and other payables	10	(3,015)	(721)
Loans and other borrowings	11	(177,777)	-
		<u>(180,792)</u>	<u>(721)</u>
<b>Net current liabilities</b>		<u>(178,700)</u>	<u>(684)</u>
<b>Total assets less current liabilities</b>		<u>(23,752)</u>	<u>151,553</u>
<b>Non-current liabilities</b>			
Loans and other borrowings	11	-	(164,165)
<b>Net liabilities</b>		<u>(23,752)</u>	<u>(12,612)</u>
<b>Capital and reserves</b>			
Called up share capital	13	906	906
Retained earnings		<u>(24,658)</u>	<u>(13,518)</u>
<b>Total shareholders' deficit</b>		<u>(23,752)</u>	<u>(12,612)</u>

The financial statements on pages 8 to 21 were authorised for issue by the Board of Directors on 29 November 2018 and were signed on its behalf by:

The accompanying notes are an integral part of these financial statements

  
J Katzer  
Director

Company registered number 06551778

The notes on pages 11 to 21 form a part of these financial statements

# Achilles Subholdings Limited

## Statement of changes in equity at 30 April 2018

	Called-up share capital £'000	Retained Earnings £'000	Total £'000
<b>Balance as at 1 May 2016</b>	906	(11,784)	(10,878)
Loss for the year	-	(1,734)	(1,734)
Total comprehensive expense	-	(1,734)	(1,734)
<b>Balance as at 30 April 2017</b>	<u>906</u>	<u>(13,518)</u>	<u>(12,612)</u>
<b>Balance as at 1 May 2017</b>	906	(13,518)	(12,612)
Loss for the year	-	(11,140)	(11,140)
Total comprehensive income	-	(11,140)	(11,140)
<b>Balance as at 30 April 2018</b>	<u>906</u>	<u>(24,658)</u>	<u>(23,752)</u>