

REGISTERED NUMBER: 03045607 (England and Wales)

**Complete Business Solutions Group
Limited**

Strategic Report, Report of the Directors and

Financial Statements

for the Year Ended 28 December 2017

Jolliffe Cork LLP
Chartered Accountants & Statutory Auditor
33 George Street
Wakefield
West Yorkshire
WF1 1LX

**Complete Business Solutions Group
Limited (Registered number: 03045607)**

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for the year ended 28 December 2017**

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**Complete Business Solutions Group
Limited**

**Company Information
for the year ended 28 December 2017**

DIRECTORS:	Mr R Coulson Miss S M Bennett Mr C Newman Mr P A Sibson Mr L A Everington Mr C S Waters Mr D Roc
SECRETARY:	Miss S M Bennett
REGISTERED OFFICE:	Daughters Court Silkwood Park Wakefield West Yorkshire WF5 9TQ
REGISTERED NUMBER:	03045607 (England and Wales)
AUDITORS:	Jolliffe Cork LLP Chartered Accountants & Statutory Auditor 33 George Street Wakefield West Yorkshire WF1 1LX
BANKERS:	HSBC Bank PLC 66 Westgate Wakefield WF1 1XB

Complete Business Solutions Group Limited (Registered number: 03045607)

Strategic Report for the year ended 28 December 2017

The directors present their strategic report for the year ended 28 December 2017.

REVIEW OF BUSINESS

Results and Performance

We are delighted to be able to report that the group continued to develop during 2017.

Our EBITDA (earnings before interest, tax, depreciation and amortisation and pre-exceptional items) has increased from £2,049,611 for the period ended 28 December 2016 to £2,565,687 for the 12 month period ended 28 December 2017.

During this financial period, the group continued to trade in line with normal practice and principle activities. Our unique portfolio of services and products continues to enable our transition into the Business Services Sector and the additional strategic acquisitions concluded during 2016 were again in line with our strategy to become a UK wide service provider.

We have made great progress over the last few years. We have expanded into a multisite, national Business Services company and at the same time we have strengthened our functions, our management team, our proposition and our portfolio of products and services.

We paused our acquisition programme in 2017 and focused instead on the integration and consolidation of the six companies we acquired in 2016. Despite the temporary cessation of our acquisition programme in 2017, the group made significant progress in ensuring that the foundations are in place to deliver the group's strategic plan. As part of this, in December 2017 40% of the ordinary share capital of Complete Business Holdings Limited (i.e. the group's ultimate parent undertaking) was acquired by Abercross II LP. Abercross II LP are committed to provide sufficient capital for the group to continue with strategic acquisitions during 2018 and beyond.

Challenges in this financial period

Gross margin continued to be below expectations due to cost price increases not being fully accepted by the end-user, reflecting the competitive environment in which the group continues to operate in. The group however has a number of initiatives in place to improve gross margin, some of which benefited in 2017 however most of which is anticipated to benefit 2018.

Key Performance Indicators

The most significant KPIs used by the group are financial. Management monitor the performance of the business against forecast and prior year results.

The key operating KPIs are revenue, margin, gross profit, overheads, and EBITDA. Management also monitor performance by customer account and product category. Management receive timely performance reports that include both financial and non-financial measures. The key non-financial KPIs are the order book and a variety of statistics on our ability to serve our customers needs and demands.

The company's key financial performance indicators during the period were as follows:

	Year Ended 28.12.17	Period Ended 28.12.16
Turnover	£73,689,505	£58,212,335
Gross profit margin	37.94%	35.69%
EBITDA	£2,565,687	£2,049,611

Strategy

The company will continue to progress in line with its strategic plan and will concentrate its efforts on achieving maximum growth in its existing market sectors both organically and by further acquisition.

**Strategic Report
for the year ended 28 December 2017**

Outlook and Future Developments

The commercial environment is expected to remain challenging in 2018 and we are proceeding on the basis that economic conditions in the markets we operate in will not improve. We also expect the BREXIT negotiations to generate uncertainty and further volatility in the £/Euro/\$ which will contribute to ongoing price volatility. However, we have put strategies in place to help reduce the impact of any further purchasing price volatility.

Looking ahead to 2018, the company is once again expecting to grow sales and profits year on year, reflecting our confidence in achieving further organic growth. We will continue to strive continuously to meet any challenges we face head on in order to achieve our goals and targets and build the company we want to build. The Board is determined to continue with the 'buy and build' strategy and understands the risks and challenges associated with this process.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors have considered the principal risks and uncertainties that may impact upon their operational capacity and trading activities as well as their strategies for mitigating loss, and list these as follows -

Cash flow and liquidity risk - The cash flow and liquidity risks of the company are addressed by focusing on profit growth and improvements in working capital. We maintain relevant control over working capital with key elements reviewed by the Management on a daily basis. The company meets its day to day working capital requirements by use of a bank facility. The directors have prepared forecasts for the company for the twelve months after the balance sheet was signed for the purposes of the going concern review and these forecasts show the company's current level of debt facilities held provide adequate funding headroom to cover the group's cashflow and liquidity risk. The company is currently in the process of refinancing its current debt facilities, which expire in January 2019.

Customer loss or bad debt - the company has a broad spread of debtors and therefore the impact of an individual customer loss or failure is not likely to have a material impact on the business.

Supplier failure or non supply - the company has links direct with the product manufacturers and also with key industry wholesalers providing alternative sources of supply for every product at comparable prices and service levels.

Withdrawal of financial credit facilities - with improving financial results the directors are confident of retaining their facilities. Improved financial results provide the company with more opportunities to improve the facilities should the need arise.

Non- performance of acquisitions - this is a key risk for a buy and build business. This risk is managed for each acquisition where deferred consideration is typically paid over two or three years and is contingent upon actual performance with ratchets to protect the company should the target business fail to perform at the agreed levels.

GOING CONCERN

The group has prepared and maintains a forecast that shows that it is capable of operating within the level of its current facilities for a period of at least twelve months from the date of signature of these financial statements. In addition, there are no repayment obligations under our £5m RCF during 2018 as a result of the three-year financing contract that was signed in January 2016. The Board is confident the £5m RCF facility, which runs to January 2019, will be refinanced in H2 2018.

ON BEHALF OF THE BOARD:

Mr R Coulson - Director

**Complete Business Solutions Group
Limited (Registered number: 03045607)**

**Strategic Report
for the year ended 28 December 2017**

19 October 2018

**Complete Business Solutions Group
Limited (Registered number: 03045607)**

**Report of the Directors
for the year ended 28 December 2017**

The directors present their report with the financial statements of the company for the year ended 28 December 2017.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of distributors of commercial stationery and office supplies.

DIVIDENDS

No dividends will be distributed for the year ended 28 December 2017.

DIRECTORS

The directors shown below have held office during the whole of the period from 29 December 2016 to the date of this report.

Mr R Coulson
Miss S M Bennett
Mr C Newman
Mr P A Sibson
Mr L A Everington
Mr C S Waters

Other changes in directors holding office are as follows:

Mr A M Hunt - resigned 2 August 2017

Mr D Roe was appointed as a director after 28 December 2017 but prior to the date of this report.

Mr S B Benev ceased to be a director after 28 December 2017 but prior to the date of this report.

EMPLOYEES

Employment of Disabled Persons

The policy in respect of employment persons is as follows:

- To give full and fair consideration for all type of vacancies. Applications for employment by disabled persons are always fully considered, bearing in mind their respective abilities
- To retain newly disabled employees, wherever possible for rehabilitating and training and every effort is made to ensure their employment with the Group continues, and
- 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 job positions

Employee Involvement

- Consultations with employees has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to have an effect on their interests.
- The group is committed to the principle in achieving equal opportunities in employment. Policies are designed to provide such equality irrespective of race, sex or religion.
- Sufficient emphasis is placed on employee involvement and communications through variety of methods.

**Complete Business Solutions Group
Limited (Registered number: 03045607)**

**Report of the Directors
for the year ended 28 December 2017**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

Mr R Coulson - Director

19 October 2018

Report of the Independent Auditors to the Members of Complete Business Solutions Group Limited

Opinion

We have audited the financial statements of Complete Business Solutions Group Limited (the 'company') for the year ended 28 December 2017 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the 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 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 in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Report of the Independent Auditors to the Members of Complete Business Solutions Group Limited

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page six, 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 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 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 company or to cease operations, or have no realistic alternative but to do so.

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

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

Use of our report

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 a Report of the Auditors 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.

Adam Perkin FCA (Senior Statutory Auditor)
for and on behalf of Jolliffe Cork LLP
Chartered Accountants & Statutory Auditor
33 George Street
Wakefield
West Yorkshire
WF1 1LX

19 October 2018

**Complete Business Solutions Group
Limited (Registered number: 03045607)**

**Income Statement
for the year ended 28 December 2017**

		Year ended 28.12.17 £	Period 30.12.15 to 28.12.16 £
	Notes		
TURNOVER	3	73,689,505	58,212,335
Cost of sales		45,728,074	37,431,163
GROSS PROFIT		27,961,431	20,781,172
Administrative expenses		26,349,116	19,321,462
		1,612,315	1,459,710
Other operating income		178,682	5,600
OPERATING PROFIT	6	1,790,997	1,465,310
Exceptional items	7	591,887	987,844
		1,199,110	477,466
Interest receivable and similar income		53,021	-
		1,252,131	477,466
Interest payable and similar expenses	8	553,790	436,066
PROFIT BEFORE TAXATION		698,341	41,400
Tax on profit	9	184,201	(80,654)
PROFIT FOR THE FINANCIAL YEAR		514,140	122,054

The notes form part of these financial statements

**Complete Business Solutions Group
Limited (Registered number: 03045607)**

**Other Comprehensive Income
for the year ended 28 December 2017**

		Year ended 28.12.17 £	Period 30.12.15 to 28.12.16 £
	Notes		
PROFIT FOR THE YEAR		514,140	122,054
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>514,140</u>	<u>122,054</u>

The notes form part of these financial statements

**Complete Business Solutions Group
Limited (Registered number: 03045607)**

**Balance Sheet
28 December 2017**

	Notes	2017 £	£	2016 £	£
FIXED ASSETS					
Intangible assets	11		1,836,612		2,220,432
Tangible assets	12		1,460,746		1,351,267
Investments	13		1,275		1,275
			3,298,633		3,572,974
CURRENT ASSETS					
Stocks	14	3,145,471		2,632,607	
Debtors	15	23,772,393		21,930,568	
Cash at bank and in hand		878,261		414,267	
		27,796,125		24,977,442	
CREDITORS					
Amounts falling due within one year	16	23,388,124		21,997,036	
NET CURRENT ASSETS			4,408,001		2,980,406
TOTAL ASSETS LESS CURRENT LIABILITIES			7,706,634		6,553,380
CREDITORS					
Amounts falling due after more than one year	17		(4,337,860)		(4,218,232)
PROVISIONS FOR LIABILITIES	21		(539,757)		(20,271)
NET ASSETS			2,829,017		2,314,877

The notes form part of these financial statements

**Complete Business Solutions Group
Limited (Registered number: 03045607)**

**Balance Sheet - continued
28 December 2017**

	Notes	2017 £	£	2016 £	£
CAPITAL AND RESERVES					
Called up share capital	22		10,000		10,000
Share premium	23		263,144		263,144
Retained earnings	23		2,555,873		2,041,733
SHAREHOLDERS' FUNDS			<u>2,829,017</u>		<u>2,314,877</u>

The financial statements were approved by the Board of Directors on 19 October 2018 and were signed on its behalf by:

Mr R Coulson - Director

The notes form part of these financial statements

**Complete Business Solutions Group
Limited (Registered number: 03045607)**

**Statement of Changes in Equity
for the year ended 28 December 2017**

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 30 December 2015	10,000	1,919,679	263,144	2,192,823
Changes in equity				
Total comprehensive income	-	122,054	-	122,054
Balance at 28 December 2016	10,000	2,041,733	263,144	2,314,877
Changes in equity				
Total comprehensive income	-	514,140	-	514,140
Balance at 28 December 2017	10,000	2,555,873	263,144	2,829,017

The notes form part of these financial statements

**Notes to the Financial Statements
for the year ended 28 December 2017**

1. STATUTORY INFORMATION

Complete Business Solutions Group Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The company's functional and presentation currency is the pound sterling £. All financial information presented has been rounded to the nearest £, unless otherwise stated.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Going concern

The directors have considered the financial position of the company and maintain a forecast that shows that it is capable of operating within the level of its current facilities for a period of at least twelve months from the date of signature of these financial statements. In addition, there are no repayment obligations under our £5m RCF during 2018 as a result of the three-year financing contract that was signed in January 2016. The Board is confident the £5m RCF facility, which runs to January 2019, will be refinanced in H2 2018. The directors have no doubts over their ability to operate a profitable cash generating business and believe it is appropriate for the financial statements to be prepared on a going concern basis.

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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

**Notes to the Financial Statements - continued
for the year ended 28 December 2017**

2. ACCOUNTING POLICIES - continued

Significant judgements and estimates

In the application of the company's accounting policies, 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 and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

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 periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities in the next financial year are:

Estimated useful lives of intangible and tangible fixed assets

The annual amortisation and depreciation charges for intangible and tangible fixed assets is sensitive to changes in the estimated useful lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Stock provisions

When calculating the stock provisions or write offs, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability.

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

The company recognises turnover when: (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the company retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably and (d) it is probable that future economic benefits will flow to the company.

**Notes to the Financial Statements - continued
for the year ended 28 December 2017**

2. ACCOUNTING POLICIES - continued

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the company in exchange for control of the acquiree plus costs directly attributable to the business combination. Any excess of the cost of the business combination over the company's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill.

Intangible assets

Intangible assets are recognised at cost less accumulated amortisation and any accumulated impairment losses. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement.

Software development costs are recognised when the company can demonstrate that there is the intention and ability to complete and use the software, how the software will generate probable future economic benefits and the ability to measure reliably the expenditure attributable to the software during its development.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. Intangible assets are amortised over the following useful economic lives:

Goodwill	- 10 years
Software development costs	- 33% on reducing balance

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations. During the period ended 28 December 2016, an amount of £337,542 included in goodwill additions was considered by the directors to have an estimated useful life of 3 years and the amortisation charge has been revised accordingly in this respect. This amount relates solely to acquiring the business of MWS Office Supplies Limited, a company in liquidation.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Short leasehold	- Over the term of the lease
Fixtures, plant & equipment	- 15% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 33% on reducing balance

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes the original purchase price and costs directly attributable to bring the asset to its working condition for its intended use.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Notes to the Financial Statements - continued
for the year ended 28 December 2017**

2. ACCOUNTING POLICIES - continued

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing agreements

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Where the company retains substantially all the risks and rewards of ownership of the asset subject to the lease, as lessor, the asset is shown within tangible fixed assets. The tangible asset is depreciated over its useful life. Rental income from these operating leases is recognised on a straight line basis over the period of the lease. Operating lease incentives offered by the company are accounted for as a reduction of the rental income and are allocated over the shorter of the lease term and the period to the first rent review where market rentals will be receivable.

Where the company does not retain the risks and rewards of ownership of the asset subject to the lease, the applicable rentals paid under these operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Fixed asset investments

Fixed asset investments are valued at cost less any provision for impairment.

**Notes to the Financial Statements - continued
for the year ended 28 December 2017**

2. ACCOUNTING POLICIES - continued

Employee rewards scheme

The company has agreed to provide awards to key personnel in respect of the year ended 28 December 2017, by way of an unfunded index linked defined benefit pension arrangement. The provision represents the directors' best estimate of the present value of the cost to the company due to the obligation in the financial period.

In accordance with the guidance in FRS 102 (previously in UITF 32 on "intermediate payment arrangements") the company does not include the assets and liabilities of the scheme on its balance sheet to the extent that it considers that it will not retain any future economic benefit from the assets of the scheme and will not have the control of the rights or other access to those future economic benefits.

Exceptional items

The company classifies certain one-off charges or credits that have a material impact on the company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the company.

Provisions and contingent liabilities

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount of the obligation can be estimated reliably. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation, taking into account the risks and uncertainties surrounding the obligation.

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Financial instruments

Basic financial assets, including trade and other receivables, cash and bank balances and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

**Complete Business Solutions Group
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**Notes to the Financial Statements - continued
for the year ended 28 December 2017**

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	Year ended 28.12.17 £	Period 30.12.15 to 28.12.16 £
United Kingdom	73,689,505	58,212,335
	73,689,505	58,212,335

4. EMPLOYEES AND DIRECTORS

	Year ended 28.12.17 £	Period 30.12.15 to 28.12.16 £
Wages and salaries	15,629,722	10,993,974
Social security costs	1,512,566	1,068,837
Other pension costs	646,332	711,606
	17,788,620	12,774,417

The average number of employees during the year was as follows:

	Year ended 28.12.17	Period 30.12.15 to 28.12.16
Administrative staff	629	582

5. DIRECTORS' EMOLUMENTS

	Year ended 28.12.17 £	Period 30.12.15 to 28.12.16 £
Directors' remuneration	462,291	443,901
Directors' pension contributions to money purchase schemes	489,502	14,813

**Complete Business Solutions Group
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**Notes to the Financial Statements - continued
for the year ended 28 December 2017**

5. DIRECTORS' EMOLUMENTS - continued

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>6</u>	<u>9</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows:

	Year ended 28.12.17	Period 30.12.15 to 28.12.16
	£	£
Emoluments etc	126,000	125,000
Pension contributions to money purchase schemes	<u>1,250</u>	<u>1,250</u>

6. OPERATING PROFIT

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

	Year ended 28.12.17	Period 30.12.15 to 28.12.16
	£	£
Other operating leases	7,060	14,370
Depreciation - owned assets	208,075	161,283
Depreciation - assets on hire purchase contracts and finance leases	157,214	145,313
Loss/(profit) on disposal of fixed assets	25,582	(3,074)
Goodwill amortisation	310,957	280,779
Development costs amortisation	72,863	-
Auditors' remuneration	39,130	23,000
Foreign exchange differences	152	3,522
Auditors remuneration - taxation	<u>15,540</u>	<u>8,000</u>

**Notes to the Financial Statements - continued
for the year ended 28 December 2017**

7. EXCEPTIONAL ITEMS

	28.12.17	28.12.16
	£	£
Reorganisation costs	295,656	468,209
Finance costs	47,410	-
Onerous contracts	173,626	-
PAYE & NI assessment on employee rewards schemes	<u>75,195</u>	<u>519,635</u>
	<u>591,887</u>	<u>987,844</u>

The reorganisation costs relate to the cost of redundancies following a restructuring of the business, including the write-off of part of the loan balance by a former director, Mr A Hunt (see also note 25).

Finance costs relate to costs incurred following the investment made in the business by Abercross II LP and also costs incurred relating to changes made to the group's RCF banking facility.

Exceptional costs were also incurred on a number of onerous contracts in the year which are non-recurring.

The PAYE & NI assessment on employee rewards schemes relates to accelerated payment and settlement notices issued to the company to date by HM Revenue & Customs in respect of historic contributions to these schemes.

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year ended 28.12.17	Period 30.12.15 to 28.12.16
	£	£
Bank loan interest	200,202	117,674
Factoring charges	301,977	262,271
Other similar charges	27,219	25,992
Hire purchase	<u>24,392</u>	<u>30,129</u>
	<u>553,790</u>	<u>436,066</u>

**Notes to the Financial Statements - continued
for the year ended 28 December 2017**

9. TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit for the year was as follows:

	Year ended 28.12.17 £	Period 30.12.15 to 28.12.16 £
Current tax:		
UK corporation tax	180,715	883
CT under/(over) provision in prior years	-	3,109
Total current tax	<u>180,715</u>	<u>3,992</u>
Deferred tax	3,486	(84,646)
Tax on profit	<u>184,201</u>	<u>(80,654)</u>

Reconciliation of total tax charge/(credit) included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	Year ended 28.12.17 £	Period 30.12.15 to 28.12.16 £
Profit before tax	<u>698,341</u>	<u>41,400</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2016 - 20%)	132,685	8,280
Effects of:		
Expenses not deductible for tax purposes	237,615	45,032
Depreciation in excess of capital allowances	7,437	10,115
Utilisation of tax losses	(151,536)	(64,541)
Adjustments to tax charge in respect of previous periods	-	3,109
Group relief	(37,874)	-
Deferred tax on acquisitions	-	(73,590)
Deferred tax opening balance adjustment	(5,793)	(9,059)
Change in the rate of tax	1,667	-
Total tax charge/(credit)	<u>184,201</u>	<u>(80,654)</u>

**Complete Business Solutions Group
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**Notes to the Financial Statements - continued
for the year ended 28 December 2017**

10. EMPLOYEE REWARDS SCHEME

The company has, in order to motivate and incentivise its officers and employees, established an employee rewards scheme for the benefit of the company's officers and employees. The scheme contributions provided during the period amounted to £516,000 (2016: £525,000). In respect of the year ended 28 December 2017, the company has agreed to provide awards to key individuals by way of an unfunded index linked defined benefit pension arrangement.

11. INTANGIBLE FIXED ASSETS

	Goodwill	Development	Totals
	£	costs	£
	£	£	£
COST			
At 29 December 2016			
and 28 December 2017	<u>2,326,971</u>	<u>218,610</u>	<u>2,545,581</u>
AMORTISATION			
At 29 December 2016	325,149	-	325,149
Amortisation for year	<u>310,957</u>	<u>72,863</u>	<u>383,820</u>
At 28 December 2017	<u>636,106</u>	<u>72,863</u>	<u>708,969</u>
NET BOOK VALUE			
At 28 December 2017	<u>1,690,865</u>	<u>145,747</u>	<u>1,836,612</u>
At 28 December 2016	<u>2,001,822</u>	<u>218,610</u>	<u>2,220,432</u>

**Complete Business Solutions Group
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**Notes to the Financial Statements - continued
for the year ended 28 December 2017**

12. TANGIBLE FIXED ASSETS

	Short leasehold £	Fixtures, plant & equipment £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 29 December 2016	530,943	346,281	1,304,672	290,219	2,472,115
Additions	91,783	141,980	264,920	89,724	588,407
Disposals	-	(51)	(266,837)	(1,052)	(267,940)
At 28 December 2017	622,726	488,210	1,302,755	378,891	2,792,582
DEPRECIATION					
At 29 December 2016	277,980	67,680	530,915	244,273	1,120,848
Charge for year	58,021	53,310	222,159	31,799	365,289
Eliminated on disposal	-	(6)	(154,006)	(289)	(154,301)
At 28 December 2017	336,001	120,984	599,068	275,783	1,331,836
NET BOOK VALUE					
At 28 December 2017	286,725	367,226	703,687	103,108	1,460,746
At 28 December 2016	252,963	278,601	773,757	45,946	1,351,267

Fixed assets, included in the above, which are held under hire purchase contracts and finance leases are as follows:

	Fixtures, plant & equipment £	Motor vehicles £	Totals £
COST			
At 29 December 2016	-	930,762	930,762
Additions	54,980	264,920	319,900
Transfer to ownership	-	(493,905)	(493,905)
At 28 December 2017	54,980	701,777	756,757
DEPRECIATION			
At 29 December 2016	-	444,868	444,868
Charge for year	4,597	152,617	157,214
Transfer to ownership	-	(326,266)	(326,266)
At 28 December 2017	4,597	271,219	275,816
NET BOOK VALUE			
At 28 December 2017	50,383	430,558	480,941
At 28 December 2016	-	485,894	485,894

**Complete Business Solutions Group
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**Notes to the Financial Statements - continued
for the year ended 28 December 2017**

13. FIXED ASSET INVESTMENTS

	Unlisted investments £
COST	
At 29 December 2016 and 28 December 2017	<u>1,275</u>
NET BOOK VALUE	
At 28 December 2017	<u>1,275</u>
At 28 December 2016	<u>1,275</u>

The investments represents shares in Sheffield United Football Club.

14. STOCKS

	2017 £	2016 £
Stocks	<u>3,145,471</u>	<u>2,632,607</u>

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade debtors	12,989,025	11,503,417
Amounts owed by group undertakings	9,365,743	9,444,493
Other debtors	153,212	88,936
S455 Recoverable	90,541	35,546
Directors' current accounts	426,187	202,177
Prepayments and accrued income	747,685	655,999
	<u>23,772,393</u>	<u>21,930,568</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**Complete Business Solutions Group
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**Notes to the Financial Statements - continued
for the year ended 28 December 2017**

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Bank loans and overdrafts (see note 18)	814	763,669
Other loans (see note 18)	550,000	178,758
Hire purchase contracts and finance leases (see note 19)	129,315	152,123
Trade creditors	8,225,751	8,457,791
Sales ledger financing	9,426,748	8,626,855
Tax	139,701	164,531
Corporation tax (acquisitions)	-	249,317
Social security and other taxes	435,348	388,156
VAT	1,448,563	1,264,648
Other creditors	1,379,842	381,889
Directors' current accounts	-	145,326
Accruals and deferred income	1,652,042	1,223,973
	<u>23,388,124</u>	<u>21,997,036</u>

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2017	2016
	£	£
Bank loans (see note 18)	4,102,169	4,127,182
Hire purchase contracts and finance leases (see note 19)	235,691	91,050
	<u>4,337,860</u>	<u>4,218,232</u>

18. LOANS

An analysis of the maturity of loans is given below:

	2017	2016
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	-	742,616
Bank loans	814	21,053
Other loans	550,000	178,758
	<u>550,814</u>	<u>942,427</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>4,102,169</u>	<u>20,239</u>

**Complete Business Solutions Group
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**Notes to the Financial Statements - continued
for the year ended 28 December 2017**

18. LOANS - continued

	2017	2016
	£	£
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>-</u>	<u>4,106,943</u>

Bank loans

The company's banking facility also includes a revolving credit facility of £5,000,000 to cover working capital and liquidity commitments. Interest is charged at LIBOR plus 2.5%.

19. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts		Finance leases	
	2017	2016	2017	2016
	£	£	£	£
Net obligations repayable:				
Within one year	128,970	150,051	345	2,072
Between one and five years	<u>235,691</u>	<u>90,705</u>	<u>-</u>	<u>345</u>
	<u>364,661</u>	<u>240,756</u>	<u>345</u>	<u>2,417</u>
			Non-cancellable operating leases	
			2017	2016
			£	£
Within one year			1,126,274	975,430
Between one and five years			2,735,097	2,036,185
In more than five years			<u>4,699,233</u>	<u>2,357,625</u>
			<u>8,560,604</u>	<u>5,369,240</u>

**Complete Business Solutions Group
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**Notes to the Financial Statements - continued
for the year ended 28 December 2017**

20. SECURED DEBTS

The following secured debts are included within creditors:

	2017	2016
	£	£
Bank overdrafts	-	742,616
Bank loans	4,102,983	4,148,235
Hire purchase contracts and finance leases	365,006	243,173
Sales ledger financing	9,426,748	8,626,855
	<u>13,894,737</u>	<u>13,760,879</u>

The bank overdraft and bank loans are secured by a debenture dated 29 January 2016 over all of the assets of the company. The sales ledger financing is secured by a floating charge dated 7 January 2016 with HSBC Bank Plc also over all of the assets of the company.

Hire purchase contracts and finance leases are secured on the assets to which they relate.

21. PROVISIONS FOR LIABILITIES

	2017	2016
	£	£
Deferred tax	23,757	20,271
Provision for unfunded employee pension reward	516,000	-
	<u>539,757</u>	<u>20,271</u>
	Deferred tax	Unfunded employee pension
	£	£
Balance at 29 December 2016	20,271	-
Provided during year	-	516,000
Charge to Income Statement during year	3,486	-
Balance at 28 December 2017	<u>23,757</u>	<u>516,000</u>

The company has agreed to provide awards to key individuals in respect of the year ended 28 December 2017, by way of index-linked unfunded defined benefit pension arrangements totalling £516,000.

The provision represents the directors' best estimate of the present value of the cost to the company due to the obligation in the financial period.

**Complete Business Solutions Group
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**Notes to the Financial Statements - continued
for the year ended 28 December 2017**

22. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value: £1	2017 £ <u>10,000</u>	2016 £ <u>10,000</u>
10,000	Ordinary			

23. RESERVES

	Retained earnings £	Share premium £	Totals £
At 29 December 2016	2,041,733	263,144	2,304,877
Profit for the year	<u>514,140</u>		<u>514,140</u>
At 28 December 2017	<u>2,555,873</u>	<u>263,144</u>	<u>2,819,017</u>

**Complete Business Solutions Group
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**Notes to the Financial Statements - continued
for the year ended 28 December 2017**

24. CONTINGENT LIABILITIES

As noted in last year's financial statements, in June 2017, a potential claim was lodged against the group by the liquidator of MWS Office Supplies Limited in connection with the value attributed to the business and assets at the point it was taken over by Complete Business Solutions Group Limited. In late 2017 an offer was made to settle the dispute, but the group still awaits a decision. The group has been advised that it is possible, but not probable, that any further action taken will succeed; accordingly no provision for any liability has been made in these financial statements.

During the year ended 28 December 2018 a further potential claim has been raised against Complete Business Solutions Group Limited by a customer for substantial damages arising from a contractual dispute surrounding the provision of IT services and the subsequent mutual termination of the contract. The group refute these claims and have raised a potential and significant counter claim against the customer. The group has been advised it has a strong defence/ chance of success on the counter claim and should it develop into a full claim it will be rigorously contested; accordingly, no provision for any liability has been made in these financial statements.

Complete Business Solutions Group Limited is party to an Intercreditor Deed dated 17 June 2016 (and as amended and restated on 20 December 2017) between HSBC Bank PLC, HSBC Invoice Finance (UK) Limited and the following group undertakings and related parties:

Group undertakings

Complete Business Solutions Group Holdings Limited
Discount Desks & Chairs (U.K.) Limited
Taalus Technical Solutions Limited
S.E.T. (Office Supplies) Ltd
S.E.T. (Swansea) Ltd
W & A Ross Limited
Corporate Safety Wear Limited
Martin Luck Group Limited

Related parties

S.E.T group deferred creditors
Mr R Coulson
Abercross II LP

25. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to directors subsisted during the year ended 28 December 2017 and the period ended 28 December 2016:

	2017 £	2016 £
Mr A M Hunt		
Balance outstanding at start of year	185,211	186,211
Amounts advanced	77,000	84,000
Amounts repaid	-	(85,000)
Amounts written off	(185,211)	-
Amounts waived	-	-
Balance outstanding at end of year	<u>77,000</u>	<u>185,211</u>

**Complete Business Solutions Group
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**Notes to the Financial Statements - continued
for the year ended 28 December 2017**

25. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES - continued

Mr R Coulson

Balance outstanding at start of year	-	13,174
Amounts advanced	1,317,224	239,500
Amounts repaid	(1,000,000)	(252,674)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>317,224</u>	<u>-</u>

Miss S M Bennett

Balance outstanding at start of year	622	-
Amounts advanced	4,000	622
Amounts repaid	(622)	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>4,000</u>	<u>622</u>

Mr P A Sibson

Balance outstanding at start of year	8,118	10,022
Amounts advanced	158,095	78,096
Amounts repaid	(80,000)	(80,000)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>86,213</u>	<u>8,118</u>

Mr C S Waters

Balance outstanding at start of year	6,580	-
Amounts advanced	4,000	6,580
Amounts repaid	(580)	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>10,000</u>	<u>6,580</u>

Mr C Newman

Balance outstanding at start of year	631	-
Amounts advanced	6,217	631
Amounts repaid	(2,848)	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>4,000</u>	<u>631</u>

**Complete Business Solutions Group
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**Notes to the Financial Statements - continued
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25. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES - continued

Mr S B Benev

Balance outstanding at start of year	580	-
Amounts advanced	750	580
Amounts repaid	(580)	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>750</u>	<u>580</u>

Mr L A Everington

Balance outstanding at start of year	435	-
Amounts advanced	4,000	435
Amounts repaid	(435)	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>4,000</u>	<u>435</u>

Mr A M Hunt resigned as director on 2 August 2017 and at that point he owed the company £262,211. In August 2018, the company formally agreed to write off an historical amount of £185,211 which has been provided for in these financial statements, leaving a balance owing to the company of £77,000 as at 28 December 2017. The remaining balance is included within 'Other debtors'.

26. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

The company is a wholly owned subsidiary of Complete Business Solutions Group Holdings Limited. The largest group in which the results of the company are consolidated is that headed by Complete Business Solutions Group Holdings Limited, whose registered office is:

Daughters Court
Silkwood Park
Wakefield
West Yorkshire
WF5 9TQ

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.