Complete Business Solutions Group Limited

Annual Report and Financial Statements

Year Ended

31 December 2018

Company Number 03045607

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COMPANIES HOUSE

Complete Business Solutions Group Limited

Company Information

Directors	R Coulson S M Bennett C Newman P A Sibson C S Waters D Roe
Company secretary	S M Bennett
Registered number	03045607
Registered office	Daughters Court Silkwood Park Wakefield West Yorkshire WF5 9TQ
Independent auditors	BDO LLP Central Square 29 Wellington Street Leeds LS1 4DL
Bankers	HSBC Bank PLC 66 Westgate Wakefield WF1 1XB

Complete Business Solutions Group Limited

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Complete Business Solutions Group Limited

Strategic Report
For the Year Ended 31 December 2018

The Directors present their Strategic Report for the period 30 December 2017 to 31 December 2018.

Review of business

Results and Performance

We are delighted to be able to report that the group continued to develop during 2018.

Our underlying EBITDA (earnings before interest, tax, depreciation and amortisation and pre-exceptional items) is broadly in line with prior year at £2,544,586 for the 12 month period ending 31 December 2018 (2017: £2,540,106). During this financial period, the group continued to trade in line with normal practice and principle activities, with our unique portfolio of services and products continuing to enable our transition into the Business Services Sector.

In 2018, the Group completed four acquisitions for a total consideration of £19.3m, adding annualised sales of approximately £44m. By increasing the Group's national footprint and also strengthening our wide range of products and services, these acquisitions will facilitate organic sales growth in the company going forward.

During 2018, in order to support the expansion of the Group, we have continued to invest in the development of the company. We have expanded into a multisite, national Business Services company and in 2018 further strengthened our core functions, management team, proposition and our portfolio of products and services.

In Q1 2019, the Group completed an internal restructuring whereby a new ultimate parent undertaking of the Group was put in place. The new ultimate parent undertaking, Complete Business Solutions Group Holdings Limited (formerly Complete Business Solutions Investments Limited), acquired Complete Business Solutions Investments Limited (formerly Complete Business Solutions Group Holdings Limited) in a share for share exchange and therefore, the beneficial share ownership of the CBS group of companies remained unchanged.

Complete Business Solutions Investments Limited's holding in Complete Business Solutions Group Limited, and its subsidiaries, was then transferred to the new ultimate parent company, Complete Business Solutions Group Holdings Limited.

Key performance indicators

The most significant KPI's used by the Group are financial. Management monitor the performance of the business against forecast and prior year results.

The key operating KPI's 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 KPI's are the order book and a variety of statistics on our ability to serve our customers' needs and demands.

Key performance indicators (continued)

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

	31 December 2018	31 December 2017
Turnover	**£70,821,477**	**£73,689,505**
Gross profit margin	**39.1%**	**37.9%**
EBITDA (see below)	**£2,544,586**	**£2,565,687**
(Loss)/profit after tax	**£(1,056,969)**	**£514,140**
Interest	**£583,829**	**£500,769**
Tax	**£(64,707)**	**£184,201**
Depreciation	**£400,111**	**£365,289**
Amortisation	**£247,246**	**£383,820**
Exceptional items	**£2,435,076**	**£591,887**
EBITDA	**£2,544,586**	**£2,540,106**

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.

Outlook and future developments

The board remain confident of improving both trading and profit performance during 2019 and thereafter, despite the challenging economic and commercial environment during 2019. We are proceeding on the basis that economic conditions in the markets we operate in will not improve until after the uncertainty of BREXIT has cleared. We have put strategies in place to help minimise any negative impact arising from BREXIT.

Looking ahead to 2019, the Group is projecting to deliver continued EBITDA growth, reflecting our confidence in achieving further organic growth and also the benefit of acquisitions completed in 2018 and 2019. We will continue to meet any challenges we face in order to achieve our goals and targets and build a market leading Business Services Group

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. In March 2019, the Group refinanced its loan facility over a four-year term. 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.

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.

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. See note 2.2 for further details surrounding going concern.

This report was approved by the board on 26 SEPTEMBER 2019 and signed on its behalf.

R Coulson
Director

Complete Business Solutions Group Limited

Directors' Report
For the Year Ended 31 December 2018

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

Principal activity

The principal activity of the Company in the year under review was that of a distributor of commercial stationery and office supplies.

Results and dividends

The loss for the period, after taxation, amounted to £1,056,969 (2017 - profit £514,140).

No dividends will be distributed for the year ended 31 December 2018 (2017 - £Nil).

Directors

The Directors who served during the period were:

R Coulson
S M Bennett
C Newman
P A Sibson
C S Waters
D Roe (appointed 16 April 2018)
S B Benev (resigned 28 March 2018)
L A Everington (resigned 31 October 2018)

Employment of Disabled Persons

The policy in respect of employment of disabled 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 a variety of methods.

Matters covered in the strategic report

Disclosures required under S416(4) of the Companies Act 2006 are commented upon in the Strategic Report as the directors consider them to be of strategic importance to the Company.

Disclosure of information to auditors

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

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

Since 31 December 2018, the Group has made a further three acquisitions. Two acquisitions represented trade and asset deals and were purchased by Complete Business Solutions Group Limited, with the third acquisition being a share purchase acquisition, with the acquiring entity being Complete Business Solutions Investments Limited (formerly Complete Business Solutions Group Holdings Limited).

The annualised turnover of the three acquisitions totalled c.£24m with total consideration (including deferred consideration) amounting to c.£7m.

Auditors

BDO LLP were appointed as auditors during the year and have expressed their willingness to continue in office. A resolution to re-appoint them will be proposed at the annual general meeting.

This report was approved by the board on 26 SEPTEMBER 2019 and signed on its behalf.



R Coulson
Director

Complete Business Solutions Group Limited

Directors' Responsibilities Statement
For the Year Ended 31 December 2018

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 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 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 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.

Complete Business Solutions Group Limited

Independent Auditors' Report 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 31 December 2018 which comprise the Statement of Comprehensive Income, the Balance Sheet, the 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 31 December 2018 and of its 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 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.

Independent Auditors' Report to the members of Complete Business Solutions Group Limited (continued)

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Independent Auditors' Report to the members of Complete Business Solutions Group Limited (continued)

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the 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.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the 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.

BDO LLP

Mark Langford (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Leeds
United Kingdom
27 SEPTEMBER 2019

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

Complete Business Solutions Group Limited

Statement of Comprehensive Income
For the Year Ended 31 December 2018

	Note	2018 £	2017 £
Turnover	4	**70,821,477**	73,689,505
Cost of sales		**(43,130,050)**	(45,728,074)
Gross profit		**27,691,427**	27,961,431
Exceptional items	8	**(2,435,076)**	(591,887)
Administrative expenses		**(25,921,989)**	(26,349,116)
Other operating income		**127,791**	178,682
Operating (loss)/profit		**(537,847)**	1,199,110
Interest receivable and similar income	9	**-**	53,021
Interest payable and expenses	10	**(583,829)**	(553,790)
(Loss)/profit before taxation		**(1,121,676)**	698,341
Tax on (loss)/profit	11	**64,707**	(184,201)
(Loss)/profit for the financial period		**(1,056,969)**	514,140

The Company's underlying EBITDA for the period was £2,544,586 (2017 - £2,540,106).

Underlying EBITDA comprises earnings before tax, interest, depreciation, amortisation and exceptional items.

There was no other comprehensive income for 2018 (2017:£NIL).

The notes on pages 13 to 34 form part of these financial statements.

Complete Business Solutions Group Limited

Registered number: 03045607

Balance Sheet
As at 31 December 2018

	Note		31 December 2018 £		28 December 2017 £
Fixed assets					
Intangible assets	13		**1,675,819**		1,836,612
Tangible assets	14		**1,450,153**		1,460,746
Investments	15		**1,275**		1,275
			3,127,247		3,298,633
Current assets					
Stocks	16	**3,665,479**		3,145,471	
Debtors	17	**27,321,528**		23,772,393	
Cash at bank and in hand		**120,603**		878,261	
		31,107,610		27,796,125	
Creditors: amounts falling due within one year	18	**(30,536,796)**		(23,388,124)	
Net current assets			**570,814**		4,408,001
Total assets less current liabilities			**3,698,061**		7,706,634
Creditors: amounts falling due after more than one year	19		**(398,609)**		(4,337,860)
Provisions for liabilities					
Deferred tax	22	-		(23,757)	
Provisions	23	**(1,527,404)**		(516,000)	
			(1,527,404)		(539,757)
Net assets			**1,772,048**		2,829,017
Capital and reserves					
Called up share capital	24		**10,000**		10,000
Share premium	25		**263,144**		263,144
Retained earnings	25		**1,498,904**		2,555,873
Total equity			**1,772,048**		2,829,017

The financial statements were approved by the Board of Directors on 26 SEPTEMBER 2019 and were signed on its behalf by:

R Coulson
Director

The notes on pages 13 to 34 form part of these financial statements.

Complete Business Solutions Group Limited

Statement of Changes in Equity
For the Year Ended 31 December 2018

	Called up share capital	Share premium	Retained earnings	Total equity
	£	£	£	£
At 29 December 2017	**10,000**	**263,144**	**2,555,873**	**2,829,017**
Comprehensive income for the period				
Loss for the financial year	**-**	**-**	**(1,056,969)**	**(1,056,969)**
Total comprehensive income for the period	**-**	**-**	**(1,056,969)**	**(1,056,969)**
At 31 December 2018	**10,000**	**263,144**	**1,498,904**	**1,772,048**

Statement of Changes in Equity
For the Year Ended 28 December 2017

	Called up share capital	Share premium	Retained earnings	Total equity
	£	£	£	£
At 29 December 2016	**10,000**	**263,144**	**2,041,733**	**2,314,877**
Comprehensive income for the year				
Profit for the financial year	**-**	**-**	**514,140**	**514,140**
Total comprehensive income for the year	**-**	**-**	**514,140**	**514,140**
At 28 December 2017	**10,000**	**263,144**	**2,555,873**	**2,829,017**

The notes on pages 13 to 34 form part of these financial statements.

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

1. General information

Complete Business Solutions Group Limited is a private Company, limited by shares, registered in England and Wales under the Companies Act 2006. 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

2.1 Basis of preparation of 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.

The accounting reference date is 28 December 2018. As permitted under the Companies Act, the directors have made up accounts to 31 December 2018.

2.2 Going concern

The Company has made a loss of £1,056,969 during the year. 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.

2.3 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 and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Complete Business Solutions Investments Limited (formerly Complete Business Solutions Group Holdings Limited) as at 31 December 2018 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

2. Accounting policies (continued)

2.4 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.

These conditions are considered to bet met upon delivery of the goods to the customer.

2.5 Finance costs

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

2.6 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 statement of comprehensive income.

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.

2.7 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.

2. Accounting policies (continued)

2.8 Stocks

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

2.9 Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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.

2.10 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 the Statement of Comprehensive Income 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 Statement of Comprehensive Income on a straight line basis over the period of the lease.

2. Accounting policies (continued)

2.11 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 the Statement of Comprehensive Income in the period to which they relate.

2.12 Fixed asset investments

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

2.13 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.

2.14 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.

2.15 Financial instruments

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

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

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

2. Accounting policies (continued)

2.15 Financial instruments (continued)

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

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

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

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

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, 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.

Going concern
The directors have reviewed trading and cash flow forecasts and after making enquiries, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to prepare the financial statements on a going concern basis. The financial statements do not contain any adjustments that may be required should the Company be unable to continue as a going concern.

Provisions
Provisions are calculated based on management's best estimate of the expected future liabilility based on information available at the year end. This includes management judgement and the certainty of the liability being paid.

4. Turnover

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

All turnover arose within the United Kingdom in the current and prior financial years.

5. Employees

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

	2018 £	2017 £
Wages and salaries	**13,996,771**	15,629,722
Social security costs	**1,270,193**	1,512,566
Other pension costs	**324,262**	646,332
	15,591,226	17,788,620

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

	2018 No.	2017 No.
Administrative staff	**575**	629

6. Directors' remuneration

	2018 £	2017 £
Directors' remuneration	**525,159**	462,291
Directors' pension contributions to money purchase schemes	**11,600**	489,502
	536,759	951,793

During the period retirement benefits were accruing to 8 Directors (2017 - 6) in respect of money purchase schemes.

The highest paid Director received remuneration of £137,739 (2017 - £127,250).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £1,771 (2017 - £700).

The total accrued pension provision of the highest paid Director at 31 December 2018 amounted to £NIL (2017 - £NIL).

7. Operating (loss)/profit

The operating loss is stated after charging:

	2018 £	2017 £
Other operating leases	**10**	7,060
Depreciation on tangible fixed assets	**400,111**	365,289
Loss on disposal of fixed assets	**12,813**	25,582
Goodwill amortisation	**242,623**	310,957
Development costs amortisation	**4,623**	72,863
Auditors' remuneration	**32,000**	39,130
Foreign exchange differences	**2,195**	152
Auditors remuneration - taxation	**18,700**	15,540

8. Exceptional items

	31 December 2018 £	28 December 2017 £
Reorganisation costs	**243,556**	295,656
Finance costs	**29,758**	47,410
Onerous contracts and customer claim settlements	**1,661,762**	173,626
PAYE & NI assessment on employee rewards schemes	**-**	75,195
Other provisions	**500,000**	-
	2,435,076	591,887

The reorganisation costs relate to the cost of redundancies following a restructuring of the business.

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, including customer claim settlements.

The PAYE & NI assessment on employee rewards schemes in the prior year 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.

Other provisions relate to other historic ongoing matters which are currently being reviewed.

9. Interest receivable and similar income

	2018 £	2017 £
Other interest receivable	-	53,021

10. Interest payable and similar expenses

	2018 £	2017 £
Bank loan interest	**178,508**	200,202
Factoring charges	**311,189**	301,977
Other similar charges	**72,809**	27,219
Hire purchase	**21,323**	24,392
	583,829	553,790

11. Taxation

	2018 £	2017 £
Current tax		
UK corporation tax	-	180,715
Adjustments in respect of previous periods	**(3,098)**	-
Total current tax	**(3,098)**	180,715
Deferred tax		
Timing differences	**(59,108)**	3,486
Changes to tax rates	**(2,501)**	-
Total deferred tax	**(61,609)**	3,486
Taxation on profit	**(64,707)**	184,201

11. Taxation (continued)

Factors affecting tax charge for the period/year

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

	2018 £	2017 £
Profit before tax	**(1,121,676)**	698,341
Profit multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19%)	**(213,118)**	132,685
Effects of:		
Expenses not deductible for tax purposes	**137,019**	237,615
Depreciation in excess of capital allowances	**42,677**	7,437
Utilisation of tax losses	**-**	(151,536)
Group relief surrendered/(claimed)	**69,136**	(37,874)
Deferred tax opening balance adjustment	**-**	(5,793)
Change in the rate of tax	**-**	1,667
Income not taxable for tax purposes	**(98,040)**	-
Adjustments to tax charge in respect of previous periods	**(3,098)**	-
Adjustment of deferred tax to average rate	**6,252**	-
Deferred tax not recognised	**(5,824)**	-
Other differences leading to an increas in the tax charge	**289**	-
Total tax charge for the period/year	**(64,707)**	184,201

Factors that may affect future tax charges

Reductions in UK Corporation tax rate from 20% to 17% (19% effective from 1 April 2017 and 17% effective from 1 April 2020) have been substantively enacted. This will impact the Company's future tax charge accordingly.

12. Employee rewards scheme

In previous years, 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 year amounted to £Nil (2017: £516,000). No such arrangements existed during the current year.

13. Intangible assets

	Development expenditure £	Goodwill £	Total £
Cost			
At 29 December 2017	**218,610**	**2,326,971**	**2,545,581**
Additions	**86,453**	**-**	**86,453**
At 31 December 2018	**305,063**	**2,326,971**	**2,632,034**
Amortisation			
At 29 December 2017	**72,863**	**636,106**	**708,969**
Charge for the year	**4,623**	**242,623**	**247,246**
At 31 December 2018	**77,486**	**878,729**	**956,215**
Net book value			
At 31 December 2018	**227,577**	**1,448,242**	**1,675,819**
At 28 December 2017	145,747	1,690,865	1,836,612

14. Tangible fixed assets

	Short leasehold £	Fixtures, plant & equipment £	Motor vehicles £	Computer equipment £	Total £
Cost					
At 29 December 2017	**622,726**	**488,210**	**1,302,755**	**378,891**	**2,792,582**
Additions	**-**	**36,070**	**485,799**	**5,576**	**527,445**
Disposals	**-**	**-**	**(351,132)**	**-**	**(351,132)**
At 31 December 2018	**622,726**	**524,280**	**1,437,422**	**384,467**	**2,968,895**
Depreciation					
At 29 December 2017	**336,001**	**120,984**	**599,068**	**275,783**	**1,331,836**
Charge for the year	**62,688**	**59,414**	**247,428**	**30,581**	**400,111**
Disposals	**-**	**-**	**(213,205)**	**-**	**(213,205)**
At 31 December 2018	**398,689**	**180,398**	**633,291**	**306,364**	**1,518,742**
Net book value					
At 31 December 2018	**224,037**	**343,882**	**804,131**	**78,103**	**1,450,153**
At 28 December 2017	286,725	367,226	703,687	103,108	1,460,746

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	31 December 2018 £	28 December 2017 £
Motor vehicles	**672,677**	430,558
Furniture, fittings and equipment	**42,825**	50,383
	715,502	480,941

15. Fixed asset investments

	Unlisted investments £
Cost	
At 29 December 2017	**1,275**
At 31 December 2018	**1,275**

The investment represents shares held in Sheffield United Football Club.

16. Stocks

	31 December 2018 £	28 December 2017 £
Stocks	**3,665,479**	3,145,471

The difference between purchase price or production cost of stocks and their replacement cost is not material.

17. Debtors

	31 December 2018 £	28 December 2017 £
Trade debtors	**13,332,797**	12,989,025
Amounts owed by group undertakings	**12,284,411**	9,365,743
Other debtors	**363,295**	153,212
Corporation tax	**155,092**	-
S455 Recoverable	**35,546**	90,541
Directors' current accounts	**-**	426,187
Prepayments and accrued income	**1,112,535**	747,685
Deferred taxation	**37,852**	-
	27,321,528	23,772,393

17. Debtors (continued)

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

An impairment loss of £46,811 (2017 - £58,412) was recognised in administrative expenses against trade debtors during the financial year.

18. Creditors: Amounts falling due within one year

	31 December 2018 £	28 December 2017 £
Bank overdrafts	**678,352**	-
Bank loans (see note 20)	**4,102,169**	814
Other loans (see note 20)	**-**	550,000
Hire purchase contracts and finance leases (see note 22)	**235,367**	129,315
Trade creditors	**8,215,139**	8,225,751
Amounts owed to group undertakings	**2,716,801**	-
Sales ledger financing	**10,811,776**	9,426,748
Tax	**-**	139,701
Social security and other taxes	**382,173**	435,348
VAT	**604,196**	1,448,563
Other creditors	**1,197,190**	1,379,842
Directors' current accounts	**298,476**	-
Accruals and deferred income	**1,295,157**	1,652,042
	30,536,796	23,388,124

19. Creditors: Amounts falling due after more than one year

	31 December 2018 £	28 December 2017 £
Bank loans (see note 20)	**-**	4,102,169
Hire purchase contracts and finance leases (see note 22)	**398,609**	235,691
	398,609	4,337,860

20. Loans

Analysis of the maturity of loans is given below:

	31 December 2018 £	28 December 2017 £
Amounts falling due within one year or on demand:		
Bank loans	**4,102,169**	814
Other loans	**-**	550,000
	4,102,169	550,814
Amounts falling due between one and two years:		
Bank loans - 1-2 years	**-**	4,102,169

21. Secured debts

The following secured debts are included within creditors:

	31 December 2018 £	28 December 2017 £
Bank loans and overdrafts	**4,780,521**	4,102,983
Hire purchase contracts and finance leases	**633,976**	365,006
Sales ledger financing	**10,811,776**	9,426,748
	16,226,273	13,894,737

The bank overdraft and bank loans are secured by a debenture dated 13 March 2019 over all of the assets of the Company at the Balance Sheet date. The sales ledger financing is secured by a charge dated 7 January 2016 with HSBC Bank Plc also over all of the assets of the Company.

All banking facilities were renewed in January 2019 for a further 4 years under the same terms.

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

22. Deferred taxation

	2018 £	2017 £
At beginning of year	**23,757**	20,271
(Credited)/charged to profit or loss	**(61,609)**	3,486
At end of year	**(37,852)**	23,757

The deferred taxation balance is made up as follows:

	31 December 2018 £	28 December 2017 £
Accelerated capital allowances	**25,677**	23,757
Short term timing differences	**(3,602)**	-
Losses and other deductions	**(59,927)**	-
	(37,852)	23,757

23. Provisions

	Unfunded employee pension £	Other liabilities £	Customer claims £	Total £
At 29 December 2017	516,000	-	-	516,000
Charged to profit or loss	-	500,000	1,027,404	1,527,404
Utilised in period	(516,000)	-	-	(516,000)
At 31 December 2018	**-**	**500,000**	**1,027,404**	**1,527,404**

The Company has agreed to provide awards to key individuals by way of an unfunded index linked defined benefit pension arrangement (see Note 12). This obligation established in 2017 to provide employee awards was satisfied in 2018.

Customer claim settlements relate to the total costs and estimated provisions for known liabilities relating to customer claims ongoing at the year end and final settlement figures are included in these amounts.

Other provisions relate to ongoing historic matters currently being reviewed.

The provisions represent the Directors' best estimate of the present value of the cost to the company due to the obligation in the financial year.

24. Share capital

	31 December 2018 £	28 December 2017 £
Allotted, called up and fully paid		
10,000 (2017 - 10,000) Ordinary shares of £1 each	**10,000**	10,000

The shares have attached to them full voting, dividend and capital distribution rights.

25. Reserves

The company's reserves are as follows:

Share Capital

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

Share premium account

Amount subscribed for share capital in excess of nominal value.

Profit and loss account

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

26. Contingent liabilities

Complete Business Solutions Group Limited is party to an Intercreditor Deed dated 13 March 2019 (renewed under the same terms as the old agreement) between HSBC Bank PLC, HSBC Invoice Finance (UK) Limited and the following group undertakings and related parties:

Group undertakings
Complete Business Solutions Investments Limited
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
Office Gold Limited
RAM Print Limited
The Irongate Group Limited

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

27. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £321,034 (2017 - £646,332) . Contributions totalling £Nil (2017 - £Nil) were payable to the fund at the balance sheet date and are included in creditors.

28. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments as follows:

	31 December 2018 £	28 December 2017 £
Not later than 1 year	**1,277,117**	1,126,274
Later than 1 year and not later than 5 years	**3,020,694**	2,735,097
Later than 5 years	**5,055,675**	4,699,233
	9,353,486	8,560,604

	31 December 2018 £	28 December 2017 £
Hire purchase contracts		
Not later than 1 year	**259,702**	128,970
Later than 1 year and not later than 5 years	**374,274**	235,691
	633,976	364,661

	31 December 2018 £	28 December 2017 £
Finance leases		
Not later than one year	**-**	345
	-	345

29. Transactions with Directors

The following advances and credits to Directors subsisted during the year ended 28 December 2017 and the year ended 28 December 2018:

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

	31 December 2018 £	28 December 2017 £
A M Hunt		
Balance outstanding at start of year	**77,000**	185,211
Amounts advanced	**-**	77,000
Amounts repaid	**(77,000)**	-
Amounts written off	**-**	(185,211)
Balance outstanding at end of year	**-**	77,000

	31 December 2018 £	28 December 2017 £
R Coulson		
Balance outstanding at start of year	**197,224**	(120,000)
Amounts advanced	**2,460,080**	1,317,224
Amounts repaid	**(3,050,000)**	(1,000,000)
Amounts written off	**-**	-
Amounts waived	**-**	-
Balance outstanding at end of year	**(392,696)**	197,224

	31 December 2018 £	28 December 2017 £
S M Bennet		
Balance outstanding at start of year	**4,000**	622
Amounts advanced	**3,000**	4,000
Amounts repaid	**(4,000)**	(622)
Amounts written off	**-**	-
Amounts waived	**-**	-
Balance outstanding at end of year	**3,000**	4,000

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

	31 December 2018 £	28 December 2017 £
P A Sibson		
Balance outstanding at start of year	**86,213**	8,118
Amounts advanced	**78,846**	158,095
Amounts repaid	**(86,999)**	(80,000)
Amounts written off	**-**	-
Amounts waived	**-**	-
Balance outstanding at end of year	**78,060**	86,213

	31 December 2018 £	28 December 2017 £
C S Waters		
Balance outstanding at start of year	**10,000**	6,580
Amounts advanced	**1,160**	4,000
Amounts repaid	**(4,000)**	(580)
Amounts written off	**-**	-
Amounts waived	**-**	-
Balance outstanding at end of year	**7,160**	10,000

	31 December 2018 £	28 December 2017 £
C Newman		
Balance outstanding at start of year	**4,000**	631
Amounts advanced	**3,000**	6,217
Amounts repaid	**(4,000)**	(2,848)
Amounts written off	**-**	-
Amounts waived	**-**	-
Balance outstanding at end of year	**3,000**	4,000

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

	31 December 2018 £	28 December 2017 £
S B Benev		
Balance outstanding at start of year	**750**	580
Amounts advanced	**-**	750
Amounts repaid	**(750)**	(580)
Amounts written off	**-**	-
Amounts waived	**-**	-
Balance outstanding at end of year	**-**	750

	31 December 2018 £	28 December 2017 £
L A Everington		
Balance outstanding at start of year	**4,000**	435
Amounts advanced	**-**	4,000
Amounts repaid	**(4,000)**	(435)
Amounts written off	**-**	-
Amounts waived	**-**	-
Balance outstanding at end of year	**-**	4,000

	31 December 2018 £	28 December 2017 £
D Roe		
Balance outstanding at start of year	**-**	-
Amounts advanced	**3,000**	-
Amounts repaid	**-**	-
Amounts written off	**-**	-
Amounts waived	**-**	-
Balance outstanding at end of year	**3,000**	-

30. Related party transactions

At the year end the Company was a wholly owned subsidiary of Complete Business Solutions Investments (formerly Complete Business Solutions Group Holdings Limited) and has taken advantage of the available exemption conferred by section 33.1A of FRS 102 not to disclose transactions with group members due to consolidated accounts being publicly available.

31. Controlling party

The Company's immediate and ultimate parent company is Complete Business Solutions Group Holdings Limited.

As at 31 December 2018, the largest and smallest group in which the results are consolidated is that headed by Complete Business Solutions Investments Limited (formerly Complete Business Solutions Group Holdings Limited). The consolidated accounts of the Company are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. No other group accounts include the results of the Company.

In Q1 2019, the Group completed an internal restructuring whereby a new ultimate parent undertaking of the Group was put in place. The new ultimate parent undertaking, Complete Business Solutions Group Holdings Limited (formerly Complete Business Solutions Investments Limited), acquired Complete Business Solutions Investments Limited (formerly Complete Business Solutions Group Holdings Limited) in a share for share exchange and therefore, the beneficial share ownership of the CBS group of companies remained unchanged.

Complete Business Solutions Investments Limited's holding in Complete Business Solutions Group Limited, and its subsidiaries, was then transferred to the new ultimate parent company, Complete Business Solutions Group Holdings Limited.

32. Post balance sheet events

Since 31 December 2018, the Group has made a further three acquisitions. Two acquisitions represented trade and asset deals and were purchased by Complete Business Solutions Group Limited, with the third acquisition being a share purchase acquisition, with the acquiring entity being Complete Business Solutions Investments Limited (formerly Complete Business Solutions Group Holdings Limited).

The annualised turnover of the three acquisitions totalled c.£24m with total consideration (including deferred consideration) amounting to c.£7m.