

EAGLE 25 LIMITED
ANNUAL REPORT AND FINANCIAL
STATEMENTS
FOR THE YEAR ENDED 31 MAY 2017



EAGLE 25 LIMITED

COMPANY INFORMATION

Directors	M W Antliff A J Walker D A Cumming
Company number	SC501913
Registered office	19 Law Place Nerston Industrial Estate EAST KILBRIDE G74 4QL
Auditor	Johnston Carmichael LLP 227 West George Street GLASGOW G2 2ND

EAGLE 25 LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2
Directors' responsibilities statement	3
Independent auditor's report	4 - 5
Statement of total comprehensive income	6
Group balance sheet	7
Company balance sheet	8
Group statement of changes in equity	9
Company statement of changes in equity	10
Consolidated statement of cash flows	11
Notes to the financial statements	12 - 28

EAGLE 25 LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MAY 2017

The directors present the strategic report for the year ended 31 May 2017.

Fair review of the business

The company's principal activity during the year continued to be the distribution and resale of consumer electronics and IT equipment.

The Key financial and other performance indicators during the year were as follows:

	2017 £'000	2016 £'000	Change %
Turnover	17,788	16,412	+8%
Gross Profit	2,207	1,713	+29%
Gross Margin	12.4%	10.4%	+2%
Operating Profit	437	110	+297%
Operating Margin	2.5%	0.7%	+1.8%
Profit before Tax	495	165	+200%
PBT Margin	2.8%	1.0%	+1.8%
Current assets as % of current liabilities ('quick ratio')	165%	160%	+5%
Average number of employees	34	32	+6%

Revenue growth remained strong this year in a highly competitive environment with turnover increasing by 8% to £17.788m (2016 - £16.412m). Our strategy was to create a more diverse offering across the group business. Gross Profit is up 29% 2.207m (2016 - £1.713m) with Gross Margin increasing 2%, the increase in gross margin reflects the success in creating a more diverse supplier & customer base.

The growth in the financial strength of the company continues with an increased balance sheet value this year at £2.385m (2016 - £1,937).

Principal risks and uncertainties

The company operates within a very competitive environment where pricing continues to be a significant risk. These risks are well compensated by having a highly competent and experienced management team in place.

On behalf of the board

M W Antliff

Director

8.12.18

EAGLE 25 LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MAY 2017

The directors present their annual report and their financial statements for the year ended 31 May 2017. The company was incorporated on 30 March 2015.

Principal activities

The group's principal activity was the distribution and resale of consumer electronics and IT equipment.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

M W Antliff
A J Walker
D A Cumming

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were declared in the year. The directors do not recommend the payment of a final dividend.

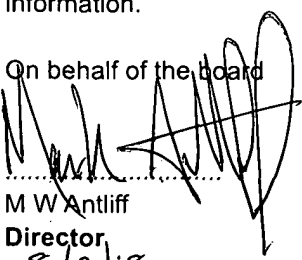
Auditor

Johnston Carmichael LLP were appointed auditor in accordance with section 485 of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company and group is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company and group is aware of that information.

On behalf of the board


M W Antliff

Director

8.12.18

EAGLE 25 LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MAY 2017

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

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

- select suitable accounting policies 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

EAGLE 25 LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EAGLE 25 LIMITED

We have audited the financial statements of Eagle 25 Limited for the year ended 31 May 2017 which comprise the Group Statement of Comprehensive Income, the Group Balance Sheet, the Company Balance Sheet, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 May 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

EAGLE 25 LIMITED

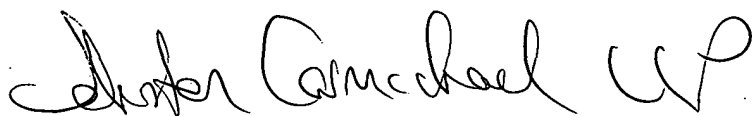
INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF EAGLE 25 LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent 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 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; or
- the company is entitled to claim exemption in preparing a strategic report due to it being a member of an ineligible group.



Gavin Young (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP

Chartered Accountants
Statutory Auditor

13/2/18

227 West George Street
GLASGOW
G2 2ND

EAGLE 25 LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MAY 2017

	Notes	2017 £	2016 £
Turnover (including share of joint venture)		17,787,532	16,411,985
Less share of joint venturer's turnover		(104,662)	(104,662)
Group turnover	3	17,682,870	16,307,323
Cost of sales		(15,476,318)	(14,594,492)
Gross profit		2,206,552	1,712,831
Distribution costs		(382,322)	(337,916)
Administrative expenses		(1,396,793)	(1,275,148)
Other operating income		9,900	10,586
Operating profit	4	437,337	110,353
Share of operating profit in joint venture	8	78,898	75,727
Interest payable and similar expenses	9	(21,048)	(21,453)
Profit before taxation		495,187	164,627
Taxation	10	(47,729)	6,333
Profit for the financial year	24	447,458	170,960
Total comprehensive income for the year		447,458	170,960

Total comprehensive income for the year is all attributable to the owners of the parent company.

The profit and loss account has been prepared on the basis that all operations are continuing operations.

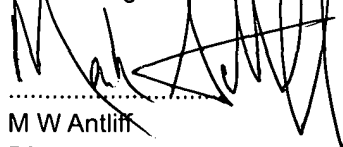
EAGLE 25 LIMITED

GROUP BALANCE SHEET

AS AT 31 MAY 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Intangible assets	12	181,951		246,214	
Tangible assets	13	84,086		100,668	
Investments	14	234,456		171,458	
		<u>500,493</u>		<u>518,340</u>	
Current assets					
Stocks	17	928,558		693,375	
Debtors	18	2,566,935		1,815,782	
Cash at bank and in hand		1,351,434		1,354,859	
		<u>4,846,927</u>		<u>3,864,016</u>	
Creditors: amounts falling due within one year	19	<u>(2,934,051)</u>		<u>(2,409,172)</u>	
Net current assets		<u>1,912,876</u>		<u>1,454,844</u>	
Total assets less current liabilities		<u>2,413,369</u>		<u>1,973,184</u>	
Provisions for liabilities	21	<u>(28,756)</u>		<u>(36,029)</u>	
Net assets		<u><u>2,384,613</u></u>		<u><u>1,937,155</u></u>	
Capital and reserves					
Called up share capital	23	866		866	
Merger reserve	24	143		143	
Profit and loss reserves	24	2,383,604		1,936,146	
Equity attributable to owners of the parent company		<u><u>2,384,613</u></u>		<u><u>1,937,155</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 8/2/18 and are signed on its behalf by:


M W Antliff
Director

Company Registration No. SC501913

EAGLE 25 LIMITED

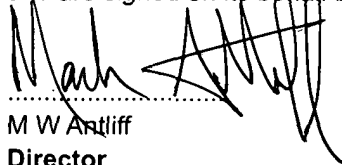
COMPANY BALANCE SHEET

AS AT 31 MAY 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Investments	14		866		866
Current assets					
Debtors	18	10,007		100,003	
Creditors: amounts falling due within one year	19	(30)		(90,026)	
Net current assets			9,977		9,977
Total assets less current liabilities			<u>10,843</u>		<u>10,843</u>
Capital and reserves					
Called up share capital	23		866		866
Profit and loss reserves	24		9,977		9,977
Total equity			<u>10,843</u>		<u>10,843</u>

As permitted by s408 Companies Act 2006, the Company has not presented its own profit and loss account and related notes. The Company's profit for the period was £0.

The financial statements were approved by the board of directors and authorised for issue on 28/2/18.....
and are signed on its behalf by:


M W Antliff
Director

Company Registration No. SC501913

EAGLE 25 LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2017

	Notes	Share capital £	Merger reserve £	Profit and loss reserves £	Total £
Period ended 1 June 2015:		866	143	1,855,212	1,856,221
Period ended 31 May 2016:					
Profit and total comprehensive income for the year		-	-	170,960	170,960
Dividends	11	-	-	(90,026)	(90,026)
Balance at 31 May 2016		866	143	1,936,146	1,937,155
Period ended 31 May 2017:					
Profit and total comprehensive income for the year		-	-	447,458	447,458
Balance at 31 May 2017		866	143	2,383,604	2,384,613

EAGLE 25 LIMITED

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

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 30 March 2015		-	-	-
Period ended 31 May 2016:				
Profit and total comprehensive income for the year		-	100,003	100,003
Issue of share capital	23	866	-	866
Dividends	11	-	(90,026)	(90,026)
Balance at 31 May 2016		866	9,977	10,843
Year ended 31 May 2017:				
Profit and total comprehensive income for the year		-	-	-
Balance at 31 May 2017		866	9,977	10,843

EAGLE 25 LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MAY 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash generated from operations	28	19,223		26,889	
Interest paid		(5,232)		(1,713)	
Income taxes paid		(53,909)		(15,812)	
Net cash (outflow)/inflow from operating activities		(39,918)		9,364	
Investing activities					
Purchase of intangible assets		(29,036)		(53,719)	
Purchase of tangible fixed assets		(10,934)		(12,172)	
Net cash used in investing activities		(39,970)		(65,891)	
Financing activities					
Repayment of borrowings		50,000		(29,775)	
Net cash generated from/(used in) financing activities		50,000		(29,775)	
Net decrease in cash and cash equivalents		(29,888)		(86,302)	
Cash and cash equivalents at beginning of year		1,354,859		1,441,161	
Cash and cash equivalents at end of year		1,324,971		1,354,859	
Relating to:					
Cash at bank and in hand		1,351,434		1,354,859	
Bank overdrafts included in creditors payable within one year		(26,463)		-	

EAGLE 25 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2017

1 Accounting policies

Company information

Eagle 25 Limited ("the company") is a private limited company domiciled and incorporated in Scotland. The registered office is 19 Law Place, Nerston Industrial Estate, EAST KILBRIDE, G74 4QL.

The group consists of Eagle 25 Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

As permitted by s408 Companies Act 2006, the Company has not presented its own profit and loss account and related notes. The Company's profit for the period was £0.

1.2 Basis of consolidation

The consolidated financial statements incorporate those of Eagle 25 Limited and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 31 May 2017.

All intra-group transactions and balances between group companies are eliminated on consolidation.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

EAGLE 25 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2017

1 Accounting policies

(Continued)

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover represents amounts receivable for goods and services and is stated net of VAT and trade discounts.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the provision of services is derived from retainer fees and recognised when the service has been performed.

1.5 Intangible fixed assets other than goodwill

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software development costs	6 years straight line
----------------------------	-----------------------

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	10 years straight line
Computer equipment	5 years straight line
Software	5 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.7 Impairment of fixed assets

At each reporting end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset.

EAGLE 25 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2017

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit and loss account.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost consists of purchase invoice price plus transport and handling costs less trade discounts where applicable.

Stock is valued based on the average cost price of each item multiplied by the number of items held.

At each reporting date, stocks are reviewed for slow-moving items and an appropriate provision is made against those. The provision is recognised as a loss in the profit and loss account. Such items are identified by reviewing the last date of purchase and the percentage of items sold in relation to the number of units held at the reporting date.

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and cash balances held under invoice finance facilities.

1.10 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

EAGLE 25 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2017

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit and loss account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the profit and loss account.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities, including trade and other creditors, are initially recognised at transaction price.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

EAGLE 25 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2017

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of intangible fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Judgements and key sources of estimation uncertainty

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

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

EAGLE 25 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2017

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Provision for stock obsolescence

As described in note 1.8 to the financial statements, stocks are reviewed at each reporting date for slow-moving items and an appropriate provision is made against those. Such items are identified by reviewing the last date of purchase, known customer ordering patterns and the percentage of items sold in relation to the number of units held at the reporting date.

Recoverability of debtors

Debtors are stated in the accounts at their transaction price less any appropriate provision for irrecoverable amounts. In determining if a provision is required, the directors exercise judgement considering both the overall economic environment and how this impacts each debtor as well as considering any specific indicators that the recoverability of the balance may be in doubt.

Useful life of intangible assets

The estimated useful lives of tangible assets are outline in note 1.5. Useful lives have been assessed based on historical experience and the periods over which management believe economic benefits to be derived.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2017 £	2016 £
Turnover		
Sale of goods and services	17,682,870	16,307,323
	<u> </u>	<u> </u>
Other significant revenue		
Share of operating profit in joint venture	63,082	75,727
	<u> </u>	<u> </u>
Turnover analysed by geographical market		
	2017 £	2016 £
UK	17,398,520	16,182,231
Non-UK	284,350	125,092
	<u> </u>	<u> </u>
	17,682,870	16,307,323
	<u> </u>	<u> </u>

EAGLE 25 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2017

4 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	5,111	(20,113)
Depreciation of owned tangible fixed assets	27,516	22,201
Amortisation of intangible assets	93,299	130,908
Cost of stocks recognised as an expense	15,376,881	14,566,494
Operating lease charges	105,662	104,662
	<u>105,662</u>	<u>104,662</u>

5 Auditor's remuneration

	2017 £	2016 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	1,000	1,000
Audit of the financial statements of the company's subsidiaries	18,000	18,900
	<u>19,000</u>	<u>19,900</u>

6 Employees

The company had no employee during the year. The average monthly number of persons (including directors) employed by the group during the year was:

	2017 Number	2016 Number
Administration	29	20
Selling and distribution	12	12
	<u>41</u>	<u>32</u>

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	938,971	766,355
Social security costs	66,700	77,929
Pension costs	2,456	-
	<u>1,008,127</u>	<u>844,284</u>

EAGLE 25 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2017

7	Directors' remuneration	2017	2016
		£	£
	Remuneration for qualifying services	47,461	37,648
		<u> </u>	<u> </u>
8	Interest receivable and similar income	2017	2016
		£	£
	Interest income		
	Share of operating profit in joint venture	78,898	75,727
		<u> </u>	<u> </u>
9	Interest payable and similar expenses	2017	2016
		£	£
	Interest on financial liabilities measured at amortised cost:		
	Share of joint venture interest payable	15,816	19,740
	Other interest	5,232	1,713
		<u> </u>	<u> </u>
		21,048	21,453
		<u> </u>	<u> </u>
10	Taxation	2017	2016
		£	£
	Current tax		
	UK corporation tax on profits for the current period	70,063	52,493
	Adjustments in respect of prior periods	(15,061)	(33,046)
		<u> </u>	<u> </u>
	Total current tax	55,002	19,447
		<u> </u>	<u> </u>
	Deferred tax		
	Origination and reversal of timing differences	(8,446)	(19,599)
	Changes in tax rates	(2,188)	(6,181)
	Adjustments in respect of prior periods	3,361	-
		<u> </u>	<u> </u>
	Total deferred tax	(7,273)	(25,780)
		<u> </u>	<u> </u>
	Total tax charge/(credit)	47,729	(6,333)
		<u> </u>	<u> </u>

EAGLE 25 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2017

10 Taxation

(Continued)

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2017 £	2016 £
Profit before taxation	495,187	164,627
Expected tax charge based on the standard rate of corporation tax in the UK of 19.83% (2016: 20.00%)	98,196	32,925
Tax effect of expenses that are not deductible in determining taxable profit	633	547
Adjustments in respect of prior years	(15,045)	(33,046)
Effect of change in corporation tax rate	(768)	(4,003)
Research and development tax credit	(23,717)	-
Other permanent differences	-	2,756
Deferred tax adjustments in respect of prior years	9,656	-
Other adjustments	-	(5,512)
Deferred tax not recognised	(21,226)	-
Taxation charge/(credit) for the year	47,729	(6,333)

11 Dividends

	2017 £	2016 £
Dividends declared	-	90,026
	-	90,026

EAGLE 25 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2017

12 Intangible fixed assets

Group	Software development costs
	£
Cost	
At 1 June 2016	789,623
Additions - internally developed	29,036
At 31 May 2017	818,659
Amortisation and impairment	
At 1 June 2016	543,409
Amortisation charged for the year	93,299
At 31 May 2017	636,708
Carrying amount	
At 31 May 2017	181,951
At 31 May 2016	246,214

The company had no intangible fixed assets at 31 May 2017.

13 Tangible fixed assets

Group	Fixtures and fittings £	Computer equipment £	Software £	Total £
Cost				
At 1 June 2016	162,409	194,917	105,037	462,363
Additions	-	10,934	-	10,934
At 31 May 2017	162,409	205,851	105,037	473,297
Depreciation and impairment				
At 1 June 2016	97,789	174,339	89,567	361,695
Depreciation charged in the year	11,914	10,373	5,229	27,516
At 31 May 2017	109,703	184,712	94,796	389,211
Carrying amount				
At 31 May 2017	52,706	21,139	10,241	84,086
At 31 May 2016	64,620	20,578	15,470	100,668

The company had no tangible fixed assets at 31 May 2017.

EAGLE 25 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2017

14 Fixed asset investments

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Investments in subsidiaries	15	-	-	866	866
Unlisted investments		234,456	171,458	-	-
		<u>234,456</u>	<u>171,458</u>	<u>866</u>	<u>866</u>

Movements in fixed asset investments Group

	Investments other than loans £
Cost or valuation	
At 1 June 2016	171,458
Share of profits	62,998
At 31 May 2017	<u>234,456</u>
Carrying amount	
At 31 May 2017	<u>234,456</u>
At 31 May 2016	<u>171,458</u>

Movements in fixed asset investments Company

	Shares in group undertakings £
Cost or valuation	
At 1 June 2016 and 31 May 2017	866
Carrying amount	
At 31 May 2017	<u>866</u>
At 31 May 2016	<u>866</u>

EAGLE 25 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2017

15 Subsidiaries

Details of the company's subsidiaries at 31 May 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Enterprise Zing (Scotland) Limited	Scotland	Value added software reseller	Ordinary		100.00
Enterprise Zing Limited	Scotland	Dormant	Ordinary		100.00
EuPC Limited	Scotland	Dormant	Ordinary		100.00
Euopc Limited	Scotland	Mobile IT devices reseller	Ordinary		100.00
Maxiim Limited	Scotland	Consumer electronic devices distributor	Ordinary		100.00
Skuvue Limited	Scotland	Software services	Ordinary		100.00
The Works Factory Limited	Scotland	Holding company	Ordinary	100.00	

In addition, the company is a joint venture party in Red Rock Estates LLP, which has a principal activity of property investment.

16 Financial instruments

	Group 2017 £	2016 £	Company 2017 £	2016 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	3,680,858	2,985,883	10,007	100,003
Equity instruments measured at cost less impairment	234,456	171,458	866	866
	<u>234,456</u>	<u>171,458</u>	<u>866</u>	<u>866</u>
Carrying amount of financial liabilities				
Measured at amortised cost	2,658,662	2,174,645	30	90,026
	<u>2,658,662</u>	<u>2,174,645</u>	<u>30</u>	<u>90,026</u>

17 Stocks

	Group 2017 £	2016 £	Company 2017 £	2016 £
Finished goods and goods for resale	928,558	693,375	-	-
	<u>928,558</u>	<u>693,375</u>	<u>-</u>	<u>-</u>

EAGLE 25 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2017

18 Debtors

	Group 2017 £	2016 £	Company 2017 £	2016 £
Amounts falling due within one year:				
Trade debtors	1,655,871	549,139	-	-
Amounts due from group undertakings	-	-	10,007	100,003
Other debtors	700,016	1,081,953	-	-
Prepayments and accrued income	211,048	184,690	-	-
	<u>2,566,935</u>	<u>1,815,782</u>	<u>10,007</u>	<u>100,003</u>

19 Creditors: amounts falling due within one year

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Loans and invoice finance	20	26,463	-	-	-
Other borrowings	20	50,000	-	-	-
Trade creditors		2,460,312	1,896,344	-	-
Corporation tax payable		53,586	52,493	-	-
Other taxation and social security		144,317	148,018	-	-
Dividends payable		30	90,026	30	90,026
Other creditors		121,857	188,275	-	-
Accruals and deferred income		77,486	34,016	-	-
		<u>2,934,051</u>	<u>2,409,172</u>	<u>30</u>	<u>90,026</u>

Invoice financing is secured over the debtors to which it relates.

20 Loans and invoice finance

	Group 2017 £	2016 £	Company 2017 £	2016 £
Invoice finance	26,463	-	-	-
Other loans	50,000	-	-	-
	<u>76,463</u>	<u>-</u>	<u>-</u>	<u>-</u>
Payable within one year	<u>76,463</u>	<u>-</u>	<u>-</u>	<u>-</u>

Loans are unsecured.

EAGLE 25 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2017

21 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2017 £	Liabilities 2016 £
Group		
Accelerated capital allowances	28,756	36,029
	<u>28,756</u>	<u>36,029</u>

The company has no deferred tax assets or liabilities.

	Group 2017 £	Company 2017 £
Movements in the year:		
Liability at 1 June 2016	36,029	-
Credit to profit and loss	(7,273)	-
	<u>28,756</u>	<u>-</u>
Liability at 31 May 2017	28,756	-
	<u>28,756</u>	<u>-</u>

The deferred tax liability set out above is expected to reverse in future years and relates to accelerated capital allowances that are expected to mature.

22 Retirement benefit schemes

	2017 £	2016 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	2,456	-
	<u>2,456</u>	<u>-</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

23 Share capital

	Group and company 2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
86,600 Ordinary shares of 1p each	866	866
	<u>866</u>	<u>866</u>

24 Reserves

Profit and loss reserves

Profit and loss reserves represent accumulated comprehensive income or expenditure for the year and prior periods less dividends paid.

EAGLE 25 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2017

25 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2017 £	2016 £	Company 2017 £	2016 £
Within one year	104,662	104,662	-	-
Between two and five years	218,046	322,708	-	-
	<u>322,708</u>	<u>427,370</u>	<u>-</u>	<u>-</u>

26 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2017 £	2016 £
Aggregate compensation	<u>364,358</u>	<u>312,216</u>

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Sale of goods 2017 £	2016 £
Group		
Other related parties	<u>82,130</u>	<u>81,267</u>

EAGLE 25 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2017

26 Related party transactions

(Continued)

	Costs recharged		Services received	
	2017	2016	2017	2016
	£	£	£	£
Group				
Entities over which the entity has control, joint control or significant influence	28,744	23,673	104,662	104,662
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Loan transactions		Allocation of profits	
	2017	2016	2017	2016
Company				
Entities over which the entity has control, joint control or significant influence	75,935	70,337	62,998	55,987
Key management personnel	-	(30,000)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties		Amounts owed by related parties	
	2017		2016	
	Balance	Net	Balance	Net
	£	£	£	£
Group				
Entities over which the group has control, joint control or significant influence	168,310	168,310	147,252	147,252
Other related parties	6,111	6,111	9,725	9,725
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Company				
Entities over which the company has control, joint control or significant influence	734,166	734,166	658,231	658,231
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The company has taken advantage of the exemption available in FRS 102 Section 33 "Related Party Disclosures" whereby it has not disclosed transactions with any wholly owned subsidiary undertaking of the group.

27 Controlling party

The ultimate controlling party is M W Antliff.

EAGLE 25 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2017

28	Cash generated from operations	2017 £	2016 £
	Profit for the year after tax	447,458	170,960
	Adjustments for:		
	Taxation charged/(credited)	47,729	(6,333)
	Finance costs	21,048	21,453
	Investment income	(78,898)	(75,727)
	Amortisation and impairment of intangible assets	93,299	130,908
	Depreciation and impairment of tangible fixed assets	27,516	22,201
	Movements in working capital:		
	(Increase) in stocks	(235,183)	(347,674)
	(Increase) in debtors	(751,152)	(143,555)
	Increase in creditors	447,406	254,656
	Cash generated from operations	<u>19,223</u>	<u>26,889</u>
