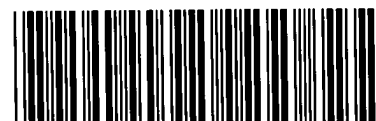


CB HOLDINGS LTD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2017

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COMPANIES HOUSE

THE A9 PARTNERSHIP LIMITED
Chartered Accountants
Abercorn School
Newton
West Lothian
EH52 6PZ

CB HOLDINGS LTD

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CB HOLDINGS LTD

COMPANY INFORMATION

Directors	Mr C Brown Mr M I Cairns	(Appointed 29 March 2016) (Appointed 1 November 2017)
Company number	SC530813	
Registered office	Axwel House East Mains Industrial Estate Broxburn West Lothian EH52 5AU	
Auditor	The A9 Partnership Limited Abercorn School Newton West Lothian EH52 6PZ	

CB HOLDINGS LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2017

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

Fair review of the business

The group's primary activity since formation has been as a recruitment consultancy and employment intermediary to the construction industry in the UK. This activity is undertaken by the main trading subsidiary, Venesky-Brown Recruitment Limited. The other companies in the group do not trade.

The director is satisfied with the overall performance of the group since formation and the year end financial position reported in the Balance Sheet. There are more than adequate resources to support the future development and growth of the group going forward. The director believes there are excellent future growth opportunities for the group and that they are well placed to exploit market opportunities as they become available using their: existing reputation, experienced staff and contacts in the construction industry.

Principal risks and uncertainties

As with many businesses of our size, the industry in which we operate continues to be challenging. The recruitment market is highly competitive and margins can be limited.

With these risks in mind, we continue to look for opportunities to diversify our customer base and increase our turnover.

Development and performance

The group was formed during the year with the acquisition of Venesky-Brown Recruitment Ltd, a successful recruitment consultancy along with 6 other non trading companies.

The underlying performance of Venesky-Brown Recruitment Ltd, has shown good growth during the year and new opportunities are constantly being reviewed to see if they can add value to the company.

Key performance indicators

The group's profit and loss account will always be the principal indicator of performance.

Overall the group has reported a post tax loss due to the amortisation of goodwill on the acquisition of subsidiaries and tax charges from previous years that were underprovided for.

Other performance indicators

There are no other key performance indicators.

On behalf of the board



Mr M I Cairns

Director

6 November 2017

CB HOLDINGS LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present their annual report and financial statements for the year ended 31 March 2017.

Principal activities

The principal activity of the company and group was that of recruitment consultants and employment intermediaries.

Directors

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

Mr C Brown	(Appointed 29 March 2016)
Mr M I Cairns	(Appointed 1 November 2017)

Results and dividends

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

Ordinary dividends were paid amounting to £17,000. The directors do not recommend payment of a further dividend.

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Auditor

The A9 Partnership Ltd, were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities

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.

CB HOLDINGS LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

Disclosure of information in the Strategic Report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

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



Mr M I Cairns

Director

6 November 2017

CB HOLDINGS LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CB HOLDINGS LTD

We have audited the financial statements of CB Holdings Ltd for the year ended 31 March 2017 which comprise the Group Profit And Loss Account, 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 March 2017 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, 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, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

CB HOLDINGS LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF CB HOLDINGS LTD

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



Mr Richard Baird (Senior Statutory Auditor)
for and on behalf of The A9 Partnership Limited

6 November 2017

Chartered Accountants
Statutory Auditor

Abercorn School
Newton
West Lothian
EH52 6PZ

CB HOLDINGS LTD

GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £
Turnover	3	15,127,462
Cost of sales		(12,622,270)
Gross profit		<u>2,505,192</u>
Administrative expenses		(2,582,841)
Other operating income		206,319
Operating profit	4	<u>128,670</u>
Interest receivable and similar income	8	541
Interest payable and similar expenses	9	(174,014)
Loss before taxation		<u>(44,803)</u>
Taxation	10	(413,196)
Loss for the financial year	23	<u><u>(457,999)</u></u>

(Loss)/profit for the financial 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.

CB HOLDINGS LTD

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	2017 £
Loss for the year	(457,999)
Other comprehensive income	-
Total comprehensive income for the year	<u>(457,999)</u>

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

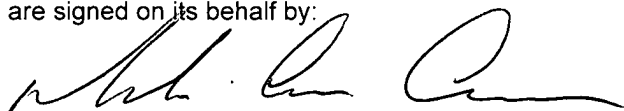
CB HOLDINGS LTD

GROUP BALANCE SHEET

AS AT 31 MARCH 2017

	Notes	2017 £	£
Fixed assets			
Goodwill	12		4,219,849
Tangible assets	13		48,996
			<u>4,268,845</u>
Current assets			
Debtors	17	3,051,372	
Cash at bank and in hand		1,425,931	
		<u>4,477,303</u>	
Creditors: amounts falling due within one year	18	<u>(4,739,731)</u>	
Net current liabilities			<u>(262,428)</u>
Total assets less current liabilities			<u>4,006,417</u>
Creditors: amounts falling due after more than one year	19		(1,161,555)
Provisions for liabilities			<u>(4,911)</u>
Net assets			<u><u>2,839,951</u></u>
Capital and reserves			
Called up share capital	22		3,314,949
Profit and loss reserves	23		<u>(474,998)</u>
Total equity			<u><u>2,839,951</u></u>

The financial statements were approved by the board of directors and authorised for issue on 6 November 2017 and are signed on its behalf by:



Mr M I Cairns
Director

CB HOLDINGS LTD

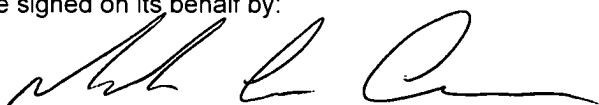
COMPANY BALANCE SHEET

AS AT 31 MARCH 2017

	Notes	2017 £	£
Fixed assets			
Investments	14		6,423,797
Current assets			
Cash at bank and in hand		57	
Creditors: amounts falling due within one year	18	(1,282,127)	
Net current liabilities			(1,282,070)
Total assets less current liabilities			5,141,727
Creditors: amounts falling due after more than one year	19		(1,161,555)
Net assets			3,980,172
Capital and reserves			
Called up share capital	22		3,314,949
Profit and loss reserves	23		665,223
Total equity			3,980,172

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 year was £682,223.

The financial statements were approved by the board of directors and authorised for issue on 6 November 2017 and are signed on its behalf by:



Mr M I Cairns
Director

Company Registration No. SC530813

CB HOLDINGS LTD

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

	Notes	Share capital £	Profit and loss reserves £	Total £
Year ended 31 March 2017:				
Loss and total comprehensive income for the year		-	(457,999)	(457,999)
Issue of share capital	22	3,314,949	-	3,314,949
Dividends	11	-	(17,000)	(17,000)
Balance at 31 March 2017		3,314,949	(474,998)	2,839,951

CB HOLDINGS LTD

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

	Notes	Share capital £	Profit and loss reserves £	Total £
Year ended 31 March 2017:				
Profit and total comprehensive income for the year		-	682,223	682,223
Issue of share capital	22	3,314,949	-	3,314,949
Dividends	11	-	(17,000)	(17,000)
Balance at 31 March 2017		3,314,949	665,223	3,980,172

CB HOLDINGS LTD

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £	£
Cash flows from operating activities			
Cash generated from/(absorbed by) operations	28	1,677,490	
Interest paid		(174,014)	
Income taxes paid		(357,338)	
Net cash inflow/(outflow) from operating activities			<u>1,146,138</u>
Investing activities			
Purchase of tangible fixed assets		(30,562)	
Purchase of subsidiaries		(6,423,797)	
Interest received		541	
Net cash used in investing activities			<u>(6,453,818)</u>
Financing activities			
Proceeds from issue of shares		3,314,949	
Cash acquired through business combinations		830,966	
Proceeds from borrowings		2,604,696	
Dividends paid to equity shareholders		(17,000)	
Net cash generated from/(used in) financing activities			<u>6,733,611</u>
Net increase in cash and cash equivalents			<u>1,425,931</u>
Cash and cash equivalents at beginning of year			<u>-</u>
Cash and cash equivalents at end of year			<u><u>1,425,931</u></u>

CB HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

Company information

CB Holdings Ltd ("the company") is a private limited company domiciled and incorporated in Scotland. The registered office is Axwel House, Westerton Road, East Mains Industrial Estate, Broxburn, West Lothian, EH52 5AW.

The group consists of CB Holdings Ltd 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.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

CB HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

The consolidated financial statements incorporate those of CB Holdings Ltd and all of its subsidiaries (ie 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 March 2017. 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.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Venesky-Brown Recruitment Limited and VB Civils Limited have been included in the group financial statements using the purchase method of accounting. Accordingly, the group profit and loss account and statement of cash flows include the results and cash flows of these companies for the 10.5 month period from their acquisition on 18th May 2016. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates. In the group financial statements, associates are accounted for using the equity method.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

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 is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. Revenue is recognised weekly in arrears based on weekly approved workers' timesheets. Year end adjustments are recorded for opening and closing accrued income.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

CB HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.6 Tangible fixed assets

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

Depreciation 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:

Leasehold land and buildings	Term of lease
Office equipment	3 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 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

CB HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.8 Impairment of fixed assets

At each reporting period 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. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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 profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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 profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

CB HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

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 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 unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, 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 profit or loss.

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 profit or loss.

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.

CB HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

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 creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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. Amounts payable 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.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

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.

CB HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 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.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. 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, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. 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 stock or 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.

CB HOLDINGS LTD

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

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.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Consideration of Impairment

Tangible and intangible assets are reviewed annually for any indications of impairment. Various external and internal sources of information are considered when undertaking such a review e.g. an assets market value, significant changes in the market place, technologic factors and expected cash flows from the asset under review. If there any indications of impairment, a full impairment review would be undertaken.

3 Turnover and other revenue

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

	2017 £
Turnover	
Recruitment consultancy	15,127,462
	<u> </u>
Other significant revenue	
Interest income	541
	<u> </u>

4 Operating profit

	2017 £
Operating profit for the year is stated after charging/(crediting):	
Depreciation of owned tangible fixed assets	22,640
Amortisation of intangible assets	425,856
Operating lease charges	62,323
	<u> </u>

CB HOLDINGS LTD

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

5 Auditor's remuneration

	2017 £
Fees payable to the company's auditor and associates:	
For audit services	
Audit of the financial statements of the group and company	4,200
Audit of the financial statements of the company's subsidiaries	4,169
	<u>8,369</u>

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2017 Number	Company 2017 Number
Production staff	182	-
Administrative staff	14	-
Director	1	1
	<u>197</u>	<u>1</u>

Their aggregate remuneration comprised:

	Group 2017 £	Company 2017 £
Wages and salaries	6,575,134	-
Social security costs	690,569	-
Pension costs	153,820	-
	<u>7,419,523</u>	<u>-</u>

7 Directors' remuneration

	2017 £
Remuneration for qualifying services	20,323
Company pension contributions to defined contribution schemes	140,000
Sums paid to third parties for directors' services	661,156
	<u>821,479</u>

CB HOLDINGS LTD

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

8 Interest receivable and similar income

2017
£

Interest income

Interest on bank deposits

541

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss

541

9 Interest payable and similar expenses

2017
£

Interest on financial liabilities measured at amortised cost:

Other interest on financial liabilities

55,340

10 Taxation

2017
£

Current tax

UK corporation tax on profits for the current period

209,755

Adjustments in respect of prior periods

199,753

Total current tax

409,508

Deferred tax

Origination and reversal of timing differences

3,688

Total tax charge

413,196

CB HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

10 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2017 £
Loss before taxation	(44,803)
Expected tax credit based on the standard rate of corporation tax in the UK of 20.00%	(8,961)
Tax effect of expenses that are not deductible in determining taxable profit	121,163
Unutilised tax losses carried forward	12,955
Permanent capital allowances in excess of depreciation	(574)
Amortisation on assets not qualifying for tax allowances	85,171
Under/(over) provided in prior years	199,753
Deferred tax on timing differences	3,689
Taxation charge for the year	413,196
Taxation charge in the financial statements	413,196

11 Dividends

	2017 £
Final paid	17,000

12 Intangible fixed assets

Group	Goodwill £
Cost	
At 29 March 2016	-
Additions - business combinations	4,645,705
At 31 March 2017	4,645,705
Amortisation and impairment	
At 29 March 2016	-
Amortisation charged for the year	425,856
At 31 March 2017	425,856

CB HOLDINGS LTD

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

12 Intangible fixed assets (Continued)

Carrying amount	
At 31 March 2017	4,219,849

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

13 Tangible fixed assets

Group	Leasehold land and buildings £	Office equipment £	Total £
Cost			
At 29 March 2016	-	-	-
Additions	-	30,563	30,563
Business combinations	33,841	7,232	41,073
At 31 March 2017	33,841	37,795	71,636
Depreciation and impairment			
At 29 March 2016	-	-	-
Depreciation charged in the year	14,359	8,281	22,640
At 31 March 2017	14,359	8,281	22,640
Carrying amount			
At 31 March 2017	19,482	29,514	48,996

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

14 Fixed asset investments

	Notes	Group 2017 £	Company 2017 £
Investments in subsidiaries	15	-	6,423,797

CB HOLDINGS LTD

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

14 Fixed asset investments (Continued)

Movements in fixed asset investments Company

Cost or valuation

At 29 March 2016

Additions

At 31 March 2017

Carrying amount

At 31 March 2017

Shares in
group
undertakings
£

6,423,797

6,423,797

6,423,797

15 Subsidiaries

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

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Venesky-Brown Recruitment Ltd.	Scotland	Recruitment consultancy	Ordinary	100.00	
VB Civils Ltd.	Scotland	Non-trading	Ordinary	100.00	
Venesky-Brown Energy Ltd.	Scotland	Dormant	Ordinary	100.00	
Venesky-Brown Construction Ltd.	Scotland	Dormant	Ordinary	100.00	
UK Formwork Ltd.	Scotland	Dormant	Ordinary	100.00	
Tell Me (Scotland) Ltd.	Scotland	Dormant	Ordinary	100.00	
Venesky-Brown Holdings Ltd.	Scotland	Dormant	Ordinary	100.00	

The aggregate capital and reserves and the profit for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss)	Capital and Reserves
	£	£
Venesky-Brown Recruitment Ltd.	766,870	1,000,151
VB Civils Ltd.	(5,976)	63,576
Venesky-Brown Energy Ltd.	-	2
Venesky-Brown Construction Ltd.	-	2
UK Formwork Ltd.	-	2
Tell Me (Scotland) Ltd.	-	100
Venesky-Brown Holdings Ltd.	-	2

CB HOLDINGS LTD

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

16 Financial instruments

	Group 2017 £	Company 2017 £
Carrying amount of financial liabilities		
Measured at amortised cost	1,289,957	1,289,957

17 Debtors

	Group 2017 £	Company 2017 £
Amounts falling due within one year:		
Trade debtors	2,696,685	-
Other debtors	323,336	-
Prepayments and accrued income	31,351	-
	<u>3,051,372</u>	<u>-</u>

18 Creditors: amounts falling due within one year

	Notes	Group 2017 £	Company 2017 £
Advances from debt factor	20	2,371,470	-
Other borrowings	20	128,402	128,402
Trade creditors		498,506	-
Amounts due to group undertakings		-	842,901
Corporation tax payable		261,516	-
Other taxation and social security		595,968	-
Other creditors		130,494	6,624
Accruals and deferred income		753,375	304,200
		<u>4,739,731</u>	<u>1,282,127</u>

19 Creditors: amounts falling due after more than one year

	Notes	Group 2017 £	Company 2017 £
Other borrowings	20	<u>1,161,555</u>	<u>1,161,555</u>

CB HOLDINGS LTD

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

20 Loans and overdrafts

	Group 2017 £	Company 2017 £
Advances from debt factor	2,371,470	-
Other loans	1,289,957	1,289,957
	<u>3,661,427</u>	<u>1,289,957</u>
Payable within one year	2,499,872	128,402
Payable after one year	<u>1,161,555</u>	<u>1,161,555</u>

The advances from the debt factor Lloyds TSB are secured by a floating charge over Venesky-Brown Recruitment Ltd.

As part of the acquisition of subsidiaries a loan of £1.7m was granted to the vendor. This loan is unsecured and interest free. It is repaid in accordance with the loan agreement. A discount rate of 4% was used for the accounting for this loan.

21 Retirement benefit schemes

	2017 £
Defined contribution schemes	
Charge to profit or loss in respect of defined contribution schemes	<u>153,820</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.

22 Share capital

	Group and company 2017 £
Ordinary share capital	
Issued and fully paid	
3,314,949 Ordinary shares of £1 each	<u>3,314,949</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All ordinary shares rank equally with regards to the company's residual assets.

CB HOLDINGS LTD

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

22 Share capital

(Continued)

Reconciliation of movements during the year:

	Number
At 29 March 2016	-
Issue of fully paid shares	3,314,949
At 31 March 2017	3,314,949

100 shares were issued at par value of £1 each for a total consideration of £100 on the incorporation of the company.

A further 3,314,849 shares were issued at par value of £1 each in May 2016 as consideration for the acquisition of a subsidiary company.

23 Reserves

Profit and loss reserves

This reserve records retained profits and accumulated losses.

24 Acquisitions

On 18 May 2016 the group acquired 100% percent of the issued capital of Venesky-Brown Recruitment Ltd. and VB Civils Ltd. and 5 other non-trading companies..

	Book Value £	Adjustments £	Fair Value £
Property, plant and equipment	41,074	-	41,074
Net current assets (excluding cash)	907,274	-	907,274
Cash and cash equivalents	830,966	-	830,966
Deferred tax	(1,222)	-	(1,222)
Total identifiable net assets	1,778,092	-	1,778,092
Goodwill			4,645,705
Total consideration			6,423,797

CB HOLDINGS LTD

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

24 Acquisitions (Continued)

The consideration was satisfied by:	£
Cash	1,614,849
Issue of shares	3,314,849
Issue of loans (net of discounting adjustments)	1,383,509
Professional fees	77,440
Stamp duty	33,150
	<u>6,423,797</u>

Contribution by the acquired business for the reporting period included in the consolidated statement of comprehensive income since acquisition: £

Turnover	15,127,465
Profit after tax	<u>402,397</u>

The goodwill arising on the acquisition of the business is attributable to anticipated profitability of the company's services in new markets and the future operating synergies from the combination.

25 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2017 £
Aggregate compensation	<u>821,479</u>

Transactions with related parties

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

	Management services and expenses 2017 £
Group	
Entities that provide key management personnel services	<u>840,631</u>

During the period as part of the acquisition of subsidiaries, a company director, satisfied part of the consideration due to the vendor by transferring his shares in Grosvenor Properties (Scotland) Ltd and 7 properties to the vendor. The valuation placed on these assets transferred amounted to £468,225. This amount was credited to the director's loan account. At the balance sheet date the group owed the director £110,386. No interest is charged on this balance and there are no fixed repayment terms.

CB HOLDINGS LTD

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

25 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties 2017 £
Group	
Entities that provide key management personnel services	407,867

The above amounts are payable within 30 days of invoice date.

26 Directors' transactions

Dividends totalling £17,000 were paid in the period in respect of shares held by a company director.

27 Controlling party

The company's ultimate controlling party is Mr Craig Brown.

28 Cash generated from group operations

	2017 £
Loss for the year after tax	(457,999)
Adjustments for:	
Taxation charged	413,196
Finance costs	174,014
Investment income	(541)
Amortisation and impairment of intangible assets	425,856
Depreciation and impairment of tangible fixed assets	22,640
Bad debts written off	374,776
Movements in working capital:	
Decrease in debtors	495,920
Increase in creditors	229,628
Cash generated from/(absorbed by) operations	1,677,490