

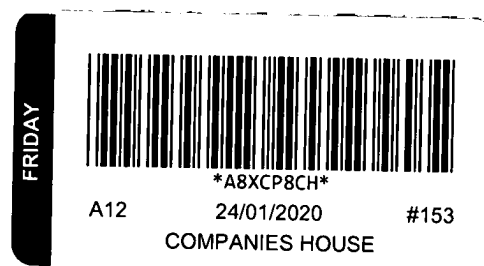
The Irongate Group Limited

Annual Report and Financial Statements

Period Ended

31 December 2018

Company Number 02566762



The Irongate Group Limited

Company Information

| | |
|-----------------------------|--|
| Directors | A J Noble S L Wilson R Coulson D Roe |
| Registered number | 02566762 |
| Registered office | Daughters Court Silkwood Park Wakefield West Yorkshire United Kingdom WF5 9TQ |
| Independent auditors | BDO LLP Central Square 29 Wellington Street Leeds LS1 4DL |

The Irongate Group Limited

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The Irongate Group Limited

Strategic Report For the Period Ended 31 December 2018

The directors present their strategic report of the company for the 9 period ended 31 December 2018.

The company was acquired during the period, and the year end has been amended to align with that of the ultimate parent company.

Review of business and financial performance

The Irongate Group Limited was acquired by Complete Business Solutions Investments Limited (formerly Complete Business Solutions Group Holdings Limited) in November 2018. The Irongate Group Limited has changed its financial year to end December 2018. The figures contained within therefore reflect a 9 month period.

The performance in 2018 continues to build on the progress of 2017/18 through development of the service categories of workwear, personal protective equipment, cleaning and breakroom supplies along with the core business of office supplies and print. Sales and GP in the group overall have remained consistent.

Optimisation of the previous investments in service categories and changes to sales structure has reduced operating costs and resulted in an increase in operating profit.

Additional investment has been made in the workwear category with the purchase of embroidery machinery and associated software and equipment. These purchases allow us to expand and develop our workwear offering and services to deliver the best service to our customers now and in the future.

Principal risks and uncertainties

The risks to the current strategy are from the company's ability to retain clients and to remain competitive and relevant in a constantly changing highly competitive market, crucial to this is the company's ability to retain and attract the best staff to deliver our unique range services.

Key performance indicators

Performance is measured by gross profit margins, product turnover, market requests and trends plus comparison with competitors. Performance is also measured through the review of the monthly management accounts. Gross profit, turnover and costs are reviewed on a monthly basis by the directors to consider the company's position. Monthly budgets are reviewed against actual for any unknown fluctuations in the figures.

Future outlook

2019 will see The Irongate Group Limited continue to develop it's proposition as a full business services provider, further enhancing its previous investments and further investments in the specialist categories.

The Irongate Group Ltd will further develop opportunities to existing and new customers through the additional services available through the acquisition by Complete Business Solutions Investments Limited (formerly Complete Business Solutions Group Holdings Limited).

The Irongate Group Ltd has assessed that Brexit may result in changes in the business due to ongoing uncertainty in the market. Whilst the company does very little trading directly into the EU, many of our suppliers rely on imports of products which may become subject to changes due to tariffs and exchange rate fluctuations.

There have been no significant events since the period end.

The Irongate Group Limited

Strategic Report (continued)
For the Period Ended 31 December 2018

Financial risk management objectives and policies

The business uses basic financial instruments, comprising liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to maintain finance for operations. The main risks arising from the financial instruments is liquidity risk. The business seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. The policy throughout the period has been to ensure continuity of funding and short term flexibility.

This report was approved by the board on **17 JANUARY 2020** and signed on its behalf.


A J Noble
Director

The Irongate Group Limited

Directors' Report For the Period Ended 31 December 2018

The directors present their report with the financial statements of the company for the period ended 31 December 2018.

Principal activity

The principal activity of the company in the period under review was that of office supplies, office interiors, print specialists and other product areas such as work wear and personal protective equipment.

Results and dividends

The profit for the period, after taxation, amounted to £476,127 (year ended 31 March 2018 - £362,021).

Interim dividends totalling £14.9 per share were paid during the period. The directors recommend that no final dividend will be paid.

The total distribution of dividends for the period ended 31 December 2018 will be £164,267 (year ended 31 March 2018 - £281,600).

Directors

The directors who served during the period were:

A J Noble
S L Wilson
R Coulson (appointed 1 November 2018)
D Roe (appointed 1 November 2018)
I H Thomson (resigned 1 November 2018)
J Thomson (resigned 1 November 2018)

Financial instruments and risk management

The company's financial assets and liabilities consist of trade debtors, trade creditors and cash balances.

The directors manage the company's exposure to financial risk by researching the credit worthiness of customers and by seeking advice from the company's providers of finance and its other external financial advisers.

The company does not trade in foreign currencies.

The company does not trade speculatively in derivatives or similar instruments.

Disclosure of information to auditors

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

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

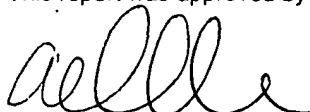
The Irongate Group Limited

Directors' Report (continued) For the Period Ended 31 December 2018

Auditors

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

This report was approved by the board on 17 JANUARY 2020 and signed on its behalf.



A J Noble
Director

The Irongate Group Limited

Directors' Responsibilities Statement For the Period Ended 31 December 2018

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

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The Irongate Group Limited

Independent Auditors' Report to the Members of The Irongate Group Limited

Opinion

We have audited the financial statements of The Irongate Group Limited (the "company") for the period ended 31 December 2018 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

The Irongate Group Limited

Independent Auditors' Report to the Members of The Irongate Group Limited (continued)

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

The Irongate Group Limited

Independent Auditors' Report to the Members of The Irongate Group Limited (continued)

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

BDO LLP

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

23 JANUARY 2020

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

The Irongate Group Limited

Statement of Comprehensive Income For the Period Ended 31 December 2018

| | Note | Period ended 31 December 2018 £ | Year ended 31 March 2018 £ |
|---|------|--|-------------------------------------|
| Turnover | 4 | 11,624,164 | 15,780,246 |
| Cost of sales | | (8,594,457) | (11,717,073) |
| Gross profit | | 3,029,707 | 4,063,173 |
| Administrative expenses | | (2,669,927) | (3,621,858) |
| Operating profit | | 359,780 | 441,315 |
| Interest receivable and similar income | 8 | 2,091 | 5,185 |
| Profit before taxation | | 361,871 | 446,500 |
| Tax on profit | 9 | 114,256 | (84,479) |
| Profit for the financial period/year | | 476,127 | 362,021 |
| Other comprehensive income | | - | - |
| Total comprehensive income for the period/year | | 476,127 | 362,021 |

The notes on pages 13 to 27 form part of these financial statements.

The Irongate Group Limited

Registered number: 02566762

Statement of Financial Position As at 31 December 2018

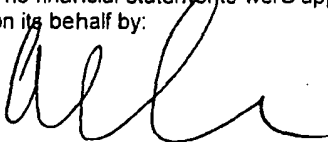
| | Note | 31 December 2018 £ | 31 March 2018 £ |
|---|------|-----------------------------|-------------------------|
| Fixed assets | | | |
| Intangible assets | 11 | 36,667 | 51,667 |
| Tangible assets | 12 | 202,495 | 277,298 |
| Investments | 13 | 2,010,472 | 2,010,472 |
| | | <u>2,249,634</u> | <u>2,339,437</u> |
| Current assets | | | |
| Stocks | 14 | 543,434 | 576,460 |
| Debtors: amounts falling due after more than one year | 15 | 72,714 | 72,714 |
| Debtors: amounts falling due within one year | 15 | 5,509,824 | 2,839,205 |
| Cash at bank | | 349,306 | 1,169,028 |
| | | <u>6,475,278</u> | <u>4,657,407</u> |
| Creditors: amounts falling due within one year | 16 | (4,335,086) | (2,902,275) |
| Net current assets | | <u>2,140,192</u> | <u>1,755,132</u> |
| Total assets less current liabilities | | <u>4,389,826</u> | <u>4,094,569</u> |
| Provisions for liabilities | | | |
| Deferred tax | 18 | - | (16,603) |
| | | <u>-</u> | <u>(16,603)</u> |
| Net assets | | <u><u>4,389,826</u></u> | <u><u>4,077,966</u></u> |

The Irongate Group Limited
Registered number: 02566762

Statement of Financial Position (continued)
As at 31 December 2018

| | | 31 December 2018 £ | 31 March 2018 £ |
|-----------------------------|-------|--------------------------|-----------------------|
| | Note | | |
| Capital and reserves | | | |
| Called up share capital | 19,20 | 11,000 | 11,000 |
| Share premium | 20 | 114,321 | 114,321 |
| Other reserves | 20 | - | 379,953 |
| Retained earnings | 20 | 4,191,791 | 3,572,692 |
| Total equity | | <u>4,317,112</u> | <u>4,077,966</u> |

The financial statements were approved by the Board of Directors on 17 January 2020 and were signed on its behalf by:


A J Noble
Director

The notes on pages 13 to 27 form part of these financial statements.

The Irongate Group Limited

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

| | Called up share capital £ | Share premium £ | Other reserves £ | Retained earnings £ | Total equity £ |
|--|---------------------------------|-----------------------|------------------------|---------------------------|-------------------|
| At 1 April 2018 | 11,000 | 114,321 | 379,953 | 3,572,692 | 4,077,966 |
| Comprehensive income for the period | | | | | |
| Profit for the financial period | - | - | - | 476,127 | 476,127 |
| Total comprehensive income for the period | - | - | - | 476,127 | 476,127 |
| Dividends | - | - | - | (164,267) | (164,267) |
| Total transactions with owners | - | - | - | (164,267) | (164,267) |
| At 31 December 2018 | 11,000 | 114,321 | 379,953 | 3,884,552 | 4,389,826 |

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

| | Called up share capital £ | Share premium £ | Other reserves £ | Retained earnings £ | Total equity £ |
|--|---------------------------------|-----------------------|------------------------|---------------------------|-------------------|
| At 1 April 2017 | 11,000 | 114,321 | 379,953 | 3,492,271 | 3,997,545 |
| Comprehensive income for the year | | | | | |
| Profit for the financial year | - | - | - | 362,021 | 362,021 |
| Total comprehensive income for the year | - | - | - | 362,021 | 362,021 |
| Dividends | - | - | - | (281,600) | (281,600) |
| Total transactions with owners | - | - | - | (281,600) | (281,600) |
| At 31 March 2018 | 11,000 | 114,321 | 379,953 | 3,572,692 | 4,077,966 |

The notes on pages 13 to 27 form part of these financial statements.

The Irongate Group Limited

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

1. General information

The Irongate Group Limited is a private company, limited by shares, registered in England and Wales under the Companies Act 2006. The company's registered number and registered office address can be found on the Company Information page.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The financial statements are prepared in GBP and rounded to the nearest £.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Complete Business Solutions Group Holdings Limited as at 31 December 2018 and these financial statements may be obtained from Daughters Court, Silkwood Park, Wakefield, United Kingdom, WF5 9TQ.

2.3 Turnover

Turnover represents the net invoiced sales of goods, excluding value added tax and is recognised on date of despatch. Turnover is recognised when the company has transferred the significant risks and rewards of ownership to the buyer and it is probable that the company will receive the agreed upon payment.

2.4 Goodwill

Goodwill arising on acquisition of a customer list is capitalised and amortised over a period of 5 years.

The Irongate Group Limited

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

2. Accounting policies (continued)

2.5 Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is provided on all fixed assets to write off the cost less the estimated residual value in annual instalments over their estimated useful lives as follows:-

| | |
|-----------------------|---|
| Technical equipment | - 33% on cost |
| Equipment | - 20% on cost and 25% on reducing balance |
| Fixtures and fittings | - 25% on reducing balance |
| Motor vehicles | - 25% on reducing balance |
| Computer equipment | - 33% on cost and 25% on reducing balance |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'administrative expenses' in the statement of comprehensive income.

2.6 Stocks

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

Cost represents the invoiced cost of materials on a first in first out basis.

Net realisable value is based on the estimated selling price less further costs expected to be incurred to completion and disposal.

At each reporting date, stock is assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the statement of comprehensive income.

2.7 Deferred tax

Deferred tax arises from timing differences between taxable total profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

A deferred tax asset is recognised only when it is more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences and losses can be deducted.

Provision is made at current rates for taxation deferred in respect of all material timing differences.

The Irongate Group Limited

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

2. Accounting policies (continued)

2.8 Pension costs and other post-retirement benefits

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations. The contributions are recognised as an expense when they fall due. Amounts not paid are shown in accruals in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

2.9 Fixed asset investments

Fixed asset investments are valued at cost less provisions for permanent diminution in valuations.

2.10 Leasing commitments

Rentals paid under operating leases are charged to the statement of comprehensive income as incurred.

2.11 Share based payments

The company issues equity-settled, share based options to certain directors which are measured at fair value and recognised as an expense in the statement of comprehensive income with a corresponding increase in the other reserves. The costs of associated national insurance contributions are borne by the directors.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. The fair values of these payments are measured at the dates of the grant and are recognised over the period during which the directors become unconditionally entitled to the award. At the statement of financial position date, the company revises its estimates of the number of options that are expected to vest and recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to the other reserves.

2.12 Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amounts being estimated where such indicators exist. Where the carrying value exceeds the recoverable amounts, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purpose of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

2.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

The Irongate Group Limited

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

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

In the application of the company's accounting policies the directors are required to make judgement estimates and assumptions about the carrying amounts of the company's assets and liabilities. These are based on historical experience and other factors that are considered relevant and are reviewed on a regular basis and recognised in the period in which the estimate is revised. Actual results may differ from these estimates.

The following are the critical judgements and where relevant the key sources of estimation uncertainty.

- Tangible fixed assets are depreciated over their useful economic lives taking into account their residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing the asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual values consider such things as future market conditions, the remaining life of the asset and projected disposal values.
- The recoverability of debtors is assessed on the likelihood and circumstances of the particular cost.
- The fair value of tangible and intangible assets acquired on acquisition of subsidiary undertakings involves the valuation and estimation of future cash flows to be generated over a number of years. The company also considers whether intangible assets and/or goodwill are impaired. Where an indication of impairment is identified, an estimation of the recoverable value of the cash generating units is required.
- The value of stock is assessed for impairment. In re-assessing the stock value, factors such as slow movement and obsolescence are taken into account.
- The value of the equity-settled, share based options and the number of options that are expected to vest are assessed annually as noted in the specific accounting policy.

4. Turnover

Analysis of turnover by country of destination:

| | Period ended 31 December 2018 £ | Year ended 31 March 2018 £ |
|----------------|--|-------------------------------------|
| United Kingdom | 11,624,164 | 15,780,246 |

The Irongate Group Limited

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

5. Operating profit

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

| | Period ended 31 December 2018 £ | Year ended 31 March 2018 £ |
|---|--|-------------------------------------|
| Depreciation of tangible fixed assets | 100,653 | 81,768 |
| (Profit)/loss on disposal of fixed assets | (1,995) | 4,250 |
| Goodwill amortisation | 15,000 | 15,000 |
| | <u>100,653</u> | <u>81,768</u> |

Audit remuneration is borne by a fellow group company.

6. Employees

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

| | Period ended 31 December 2018 £ | Year ended 31 March 2018 £ |
|-----------------------|--|-------------------------------------|
| Wages and salaries | 1,635,845 | 2,370,465 |
| Social security costs | 172,060 | 215,077 |
| Other pension costs | 26,879 | 33,913 |
| | <u>1,834,784</u> | <u>2,619,455</u> |

The average monthly number of employees, including the directors, during the period was as follows:

| | Period ended 31 December 2018 No. | Year ended 31 March 2018 No. |
|-----------|--|---|
| Employees | 69 | 73 |

The Irongate Group Limited

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

7. Directors' remuneration

| | Period ended 31 December 2018 £ | Year ended 31 March 2018 £ |
|--|--|-------------------------------------|
| Directors' remuneration | 152,553 | 250,831 |
| Directors' pension contributions to money purchase schemes | 5,562 | 7,200 |
| | <u>158,115</u> | <u>258,031</u> |

During the period retirement benefits were accruing to 2 directors (year ended 31 March 2018 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £199,696 (year ended 31 March 2018 - £229,022).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £16,524 (2018 - £Nil).

8. Interest receivable

| | Period ended 31 December 2018 £ | Year ended 31 March 2018 £ |
|--------------------------|--|-------------------------------------|
| Bank interest receivable | <u>2,091</u> | <u>5,185</u> |

The Irongate Group Limited

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

9. Taxation

| | Period ended 31 December 2018 £ | Year ended 31 March 2018 £ |
|---|--|-------------------------------------|
| Corporation tax | | |
| Current tax on profits for the year | - | 92,000 |
| Adjustments in respect of previous periods | (93,237) | 151 |
| Total current tax | (93,237) | 92,151 |
| Origination and reversal of timing differences | (19,272) | (7,672) |
| Changes to tax rates | (1,747) | - |
| Total deferred tax | (21,019) | (7,672) |
| Taxation on (loss)/profit on ordinary activities | (114,256) | 84,479 |

The Irongate Group Limited

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

9. Taxation (continued)

Factors affecting tax charge for the period/year

The tax assessed for the period/year is lower than (year ended 31 March 2018 - lower than) the standard rate of corporation tax in the UK of 19% (year ended 31 March 2018 - 19%). The differences are explained below:

| | Period ended 31 December 2018 £ | Year ended 31 March 2018 £ |
|--|--|-------------------------------------|
| Profit on ordinary activities before tax | 361,871 | 446,500 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%) | 68,755 | 84,835 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 1,924 | 817 |
| Capital allowances for period/year in excess of depreciation | 2,850 | - |
| Adjustments to tax charge in respect of prior periods | (93,237) | - |
| Losses carried back | 91,930 | - |
| Other permanent differences leading to a decrease in the tax charge | (208,988) | (1,173) |
| Group relief | 22,510 | - |
| Total tax charge for the period/year | (114,256) | 84,479 |

10. Dividends

| | 31 December 2018 £ | 31 March 2018 £ |
|---|-----------------------------|-----------------------|
| Interim dividend at £14.93 per share (31 March 2018 - £25.60 per share) | 164,267 | 281,600 |

The Irongate Group Limited

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

11. Intangible assets

| | Goodwill £ |
|-----------------------|-----------------------|
| Cost | |
| At 1 April 2018 | 100,000 |
| At 31 December 2018 | 100,000 |
| Amortisation | |
| At 1 April 2018 | 48,333 |
| Charge for the year | 15,000 |
| At 31 December 2018 | 63,333 |
| Net book value | |
| At 31 December 2018 | 36,667 |
| At 31 March 2018 | 51,667 |

The Irongate Group Limited

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

12. Tangible fixed assets

| | Fixtures and fittings £ | Motor Vehicles £ | Computer equipment £ | Total £ |
|-----------------------|-------------------------------|------------------------|----------------------------|----------------|
| Cost | | | | |
| At 1 April 2018 | 396,410 | 348,404 | 247,361 | 992,175 |
| Additions | 3,001 | - | 2,459 | 5,460 |
| Disposals | - | (104,194) | - | (104,194) |
| At 31 December 2018 | <u>399,411</u> | <u>244,210</u> | <u>249,820</u> | <u>893,441</u> |
| Depreciation | | | | |
| At 1 April 2018 | 284,748 | 211,802 | 218,327 | 714,877 |
| Charge for the period | 20,334 | 20,558 | 6,430 | 47,322 |
| Disposals | - | (71,253) | - | (71,253) |
| At 31 December 2018 | <u>305,082</u> | <u>161,107</u> | <u>224,757</u> | <u>690,946</u> |
| Net book value | | | | |
| At 31 December 2018 | <u>94,329</u> | <u>83,103</u> | <u>25,063</u> | <u>202,495</u> |
| At 31 March 2018 | <u>111,662</u> | <u>136,602</u> | <u>29,034</u> | <u>277,298</u> |

The Irongate Group Limited

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

13. Fixed asset investments

| | Unlisted investments £ |
|---------------------|------------------------------|
| Cost | |
| At 1 April 2018 | 2,010,472 |
| At 31 December 2018 | <u>2,010,472</u> |

Subsidiary undertakings

The following were subsidiary undertakings of the company:

| Name | Class of share | Nature of business |
|--------------------------------|----------------|---------------------------------------|
| Derby Stationary Store Limited | Ordinary | Dormant |
| Irongate Retail Limited | Ordinary | Dormant |
| Ram Print Limited | Ordinary | Digital printing and copying services |

14. Stocks

| | 31 December 2018 £ | 31 March 2018 £ |
|------------------|-----------------------------|-----------------------|
| Goods for resale | <u>543,434</u> | <u>576,460</u> |

The Irongate Group Limited

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

15. Debtors

| | 31 December 2018 £ | 31 March 2018 £ |
|-------------------------------------|-----------------------------|-----------------------|
| Due after more than one year | | |
| Short term timing differences | 72,714 | 72,714 |
| | <u>72,714</u> | <u>72,714</u> |
| Due within one year | | |
| Trade debtors | 2,779,039 | 2,737,006 |
| Amounts owed by group undertakings | 2,519,347 | - |
| Prepayments | 113,882 | 102,199 |
| Corporation tax | 93,140 | - |
| Deferred taxation | 4,416 | - |
| | <u>5,509,824</u> | <u>2,839,205</u> |

Amounts owed by group undertakings are interest free and repayable on demand.

16. Creditors: Amounts falling due within one year

| | 31 December 2018 £ | 31 March 2018 £ |
|------------------------------------|-----------------------------|-----------------------|
| Bank loans | 1,989,560 | - |
| Trade creditors | 1,895,668 | 2,420,000 |
| Amounts owed to group undertakings | 198,952 | 197 |
| Tax | - | 92,000 |
| Social security and other taxes | 190,153 | 232,337 |
| Other creditors | - | 111,010 |
| Accrued expenses | 60,753 | 46,731 |
| | <u>4,335,086</u> | <u>2,902,275</u> |

Amounts owed to group undertakings are interest free and repayable on demand.

The Irongate Group Limited

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

17. Leasing agreements

Minimum lease payments under non-cancellable operating leases fall due as follows:

| | 31 December 2018 £ | 31 March 2018 £ |
|----------------------------|-----------------------------|-----------------------|
| Within one year | 268,230 | 259,645 |
| Between one and five years | 809,579 | 583,426 |
| | <u>1,077,809</u> | <u>843,071</u> |

18. Deferred taxation

| | 2018 £ |
|----------------------------|-----------------------|
| At beginning of year | 16,603 |
| Credited to profit or loss | 21,019 |
| At end of period | <u>(4,416)</u> |

The deferred taxation balance is made up as follows:

| | 31 December 2018 £ | 31 March 2018 £ |
|--------------------------------|-----------------------------|-----------------------|
| Accelerated capital allowances | 8,188 | 16,603 |
| Tax losses carried forward | (783) | - |
| Pension surplus | (11,821) | - |
| | <u>(4,416)</u> | <u>16,603</u> |

The Irongate Group Limited

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

19. Share capital

| | 31 December 2018 £ | 31 March 2018 £ |
|---|-----------------------------|-----------------------|
| Allotted, called up and fully paid | | |
| 11,000 (2018 - 11,000) Ordinary shares of £1 each | 11,000 | 11,000 |

20. Reserves

The company's reserves are as follows:

Called up share capital

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

Retained earnings

The retained earnings represents cumulative profits or losses, net of dividends paid and other adjustments.

Share premium

Amount subscribed for share capital in excess of nominal value.

Other reserves

The other reserves is in relation to the share based payment reserve.

21. Other financial commitments

The company has a contingent liability in respect of a composite guarantee given to The Royal Bank of Scotland to secure borrowings within The Irongate Group. At the statement of financial position date the net amount of the company liability was £Nil (31 March 2018 - £Nil).

22. Related party transactions

During the period interim dividends of £164,267 (31 March 2018 - £281,600) were paid to the directors who are all also shareholders.

The company was charged rent by a pension scheme (in which two of the directors were beneficiaries) of £135,001 (year ended 31 March 2018 - £185,833).

The Irongate Group Limited

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

23. Controlling party

The Company's immediate and ultimate parent company is Complete Business Solutions Investments Limited (formerly Complete Business Solutions Group Holdings Limited), who acquired the company during the period.

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

24. Share based payments transactions

During 2010, the company granted 2,885 share options to two directors, at an exercise price of £63. During 2013 a further 1,210 were granted on similar terms at an exercise price of £63 to the two existing directors and one newly appointed director.

During 2015 one director exercised options on 312 shares with a fair value of £193.50 per share at the option price. During 2014 the three directors exercised their options on 768 shares with a fair value of £180 per share at the option price.

On 1 April 2016, one director exercised options on 234 shares with a fair value of £180 per share at the option price.

On 31 March 2017 499 shares lapsed on the departure of one director.

Options not taken up at the statement of financial position date total 2,282 (2018: 2,282) shares. Options lapse upon a director's departure.

All options were settled as part of the acquisition of the company by Complete Business Solutions Investments Limited (formerly Complete Business Solutions Group Holdings Limited) on 1 November 2018.