

Registered number: 03444435

**AAP3 LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**AAP3 LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	M Dunne A Featherstone K Harrison M Wilkinson
<b>Company secretary</b>	M Wilkinson
<b>Registered number</b>	03444435
<b>Registered office</b>	3 Benham Road Southampton Science Park Chilworth Southampton Hampshire SO16 7QJ
<b>Independent auditors</b>	Nexia Smith & Williamson Chartered Accountants & Statutory Auditors Cumberland House 15 - 17 Cumberland Place Southampton SO15 2BG
<b>Bankers</b>	Bank of Scotland 38 Threadneedle Street London EC2P 2EH
<b>Solicitors</b>	iLaw Hamilton House 1 Temple Avenue London EC4Y 0HA

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**AAP3 LIMITED**

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## AAP3 LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

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#### Introduction

The directors are pleased to present the strategic report of the company for the year ended 31 December 2016.

#### Business review

Aap3 Holdings Limited acquired 100% of the issued share capital of aap3 Limited on the 28 October 2015. The consolidated results of the group can be seen in the financial statements of aap3 Holdings Limited.

The financial statements for Aap3 Limited, now represent those of the entity only.

These are the Company's first financial statements prepared in accordance with FRS 101 'Reduced Disclosure Framework'. Details of the transition to FRS 101 are given in notes 2 and 3 of the financial statements.

#### Profit and Loss

Turnover for the year ended 31 December 2016 was £12.2m (2015: £11.6m).

Recruitment revenue for the year ended 31 December 2016 was £6.6m (2015: £5.1m).

Engineering revenue for the year ended 31 December 2016 was £4.2m (2015: £4.8m).

Business Solutions revenue for the year ended 31 December 2016 was £1.4m (2015: £1.7m).

Administrative expenses for the year ended 31 December 2016 were £2.0m (2015: £2.2m).

Finance costs for the year ended 31 December 2016 were £0.05m (2015: £0.05m).

The profit before taxation for the year ended 31 December 2016 was £0.5m (2015: £0.4m).

#### Balance Sheet

Amounts owed by group undertakings include debt servicing transactions of the parent Company aap3 Holdings Limited.

A term loan of £0.4m repayable within 12 months was repaid in full during 2016.

#### Principal risks and uncertainties

The Board acknowledges there are risks that affect the Company and action is taken to minimise the risks. The directors consider the principal risks and uncertainties associated with running the Company to be interest and exchange rate exposure, staff recruitment and customer retention. The latter is managed via regular internal and client communication to ensure delivery standards are achieved or surpassed. Ongoing investment in appropriate tools are critical to the recruitment and retention of high calibre staff and partners. Regular meetings are also held internally in relation to the latest risks and financial and commercial issues, including health and safety and data protection updates.

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**AAP3 LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**Financial key performance indicators**

The principal key performance indicators for the financial year were as follows:

**Financial**

- Revenue
- Payroll and utilisation data
- EBITDA (Earnings before interest, tax, depreciation and amortisation)
- Cash flow

**Non-financial**

- Headcount
- Performance against Service Level Agreements

**Future developments**

Aligned to the Company business plan, reductions in overheads achieved throughout 2016 will be maintained. Investment in key areas and trade relationships of the business will be made during the coming period, namely to sales personnel, Engineering and marketing activity and to business-critical systems which will drive forward both the business and its efficiency respectively.

Focus on specialist areas of Recruitment and targeted investment will see revenue growth within this core element.

Similarly, reorganisations within our Engineering offerings will see efficiencies, opportunities and increased profitability.

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



**M Wilkinson**  
Director

Date: 31/8/17

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**AAP3 LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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The directors present their report and the financial statements for the year ended 31 December 2016.

**Results and dividends**

The profit for the year, after taxation, amounted to £431,269 (2015 - £429,511).

No dividends were paid during the year (2015 - £nil) and the directors do not recommend payment of a final dividend.

**Directors**

The directors who served during the year were:

M Dunne  
A Featherstone  
K Harrison  
M Wilkinson

**Directors' responsibilities statement**

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 judgments 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 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.

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**AAP3 LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**Disclosure of information to auditors**

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

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

**Post balance sheet events**

There have been no significant events affecting the Company since the year end.

**Auditors**

The auditors, Nexia Smith & Williamson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



**M Wilkinson**  
Director

Date: 31/8/17

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**AAP3 LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AAP3 LIMITED**

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We have audited the financial statements of aap3 Limited for the year ended 31 December 2016, set out on pages 7 to 30. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 Auditors' 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 Auditors**

As explained more fully in the Directors' Responsibilities Statement on page 3, 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 Financial Reporting Council's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit or 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 the 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 those financial statements and such reports have been prepared in accordance with applicable legal requirements.



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**AAP3 LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AAP3 LIMITED (CONTINUED)**

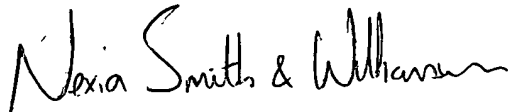
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**Matters on which we are required to report by exception**

In the light of our 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 where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Andrew Edmonds (Senior Statutory Auditor)

for and on behalf of

**Nexia Smith & Williamson**

Chartered Accountants  
Statutory Auditors

Cumberland House  
15 - 17 Cumberland Place  
Southampton  
SO15 2BG

Date: 31/8/17

**AAP3 LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £	2015 £
Turnover	4	12,217,546	11,633,064
Cost of sales		(9,943,741)	(9,244,896)
<b>Gross profit</b>		<b>2,273,805</b>	<b>2,388,168</b>
Administrative expenses		(1,959,480)	(2,169,557)
Other operating income	5	243,299	266,062
Other operating charges		-	3
<b>Operating profit</b>	6	<b>557,624</b>	<b>484,676</b>
Interest receivable and similar income	10	3,794	19,194
Interest payable and expenses	11	(58,105)	(65,411)
<b>Profit before tax</b>		<b>503,313</b>	<b>438,459</b>
Tax on profit	12	(72,044)	(8,948)
<b>Profit and total comprehensive income for the year</b>		<b>431,269</b>	<b>429,511</b>

There was no other comprehensive income for 2016 (2015:£NIL).

The notes on pages 10 to 30 form part of these financial statements.

**AAP3 LIMITED**  
**REGISTERED NUMBER: 03444435**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2016**

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Goodwill	14	522,430	522,430
<b>Fixed assets</b>			
Other intangible assets	13	16,336	1,077
Tangible assets	15	15,199	2,696
Investments	16	23,029	23,029
		<u>576,994</u>	<u>549,232</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	17	3,755,317	3,408,322
Cash at bank and in hand	18	38,655	19,761
		<u>3,793,972</u>	<u>3,428,083</u>
Creditors: amounts falling due within one year	19	<u>(2,675,237)</u>	<u>(2,712,855)</u>
<b>Net current assets</b>		1,118,735	715,228
<b>Net assets</b>		<u><u>1,695,729</u></u>	<u><u>1,264,460</u></u>
<b>Capital and reserves</b>			
Called up share capital	22	11,100	11,100
Share premium account	23	183,868	183,868
Capital redemption reserve	23	1,200	1,200
Profit and loss account	23	1,499,561	1,068,292
		<u><u>1,695,729</u></u>	<u><u>1,264,460</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

  
**M. Wilkinson**  
 Director

Date: 31/12/17

The notes on pages 10 to 30 form part of these financial statements.

**AAP3 LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total equity £
<b>At 1 January 2015</b>	<b>9,066</b>	<b>476,786</b>	<b>300</b>	<b>639,306</b>	<b>1,125,458</b>
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	429,511	429,511
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>429,511</b>	<b>429,511</b>
Shares issued during the year	2,934	6,182	-	-	9,116
Shares cancelled during the year	(900)	-	-	-	(900)
Shares repurchased and cancelled	-	(299,100)	900	(900)	(299,100)
Share option movement	-	-	-	375	375
<b>Total transactions with owners</b>	<b>2,034</b>	<b>(292,918)</b>	<b>900</b>	<b>(525)</b>	<b>(290,509)</b>
<b>At 1 January 2016</b>	<b>11,100</b>	<b>183,868</b>	<b>1,200</b>	<b>1,068,292</b>	<b>1,264,460</b>
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	431,269	431,269
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>431,269</b>	<b>431,269</b>
<b>At 31 December 2016</b>	<b>11,100</b>	<b>183,868</b>	<b>1,200</b>	<b>1,499,561</b>	<b>1,695,729</b>

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**AAP3 LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**1. General information**

aap3 Limited is a global managed solutions company based around three core functional business areas: specialist recruitment services for the IT and related industries, engineering solutions and business solutions.

The company is a limited company, domiciled and incorporated in the United Kingdom. The registered office is also the principal place of business with the address as set out the company information page. The company has subsidiaries in USA, Germany and France.

**2. Accounting policies****2.1 Basis of preparation of financial statements**

The company transitioned from EU-adopted IFRS to Financial Reporting Standard 101 'Reduced Disclosure Framework' for all periods presented. There were no material amendments on the adoption of FRS 101.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**2. Accounting policies (continued)****2.2 Financial reporting standard 101 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**2. Accounting policies (continued)**

**2.3 Changes in accounting policy and disclosures**

**New and amended standards adopted by the company**

The adoption of the following Standards and Interpretations issued by the International Accounting Standards Board (IASB) that were effective for the current year has not had a material impact on the financial statements of the company:

- IAS 1 Presentation of Financial Statements: Amendments resulting from the disclosure initiative
- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets: Amendments regarding acceptable methods of depreciation and amortisation
- IFRS 7 Financial Instruments: Disclosures: Amendments resulting from September 2014 Annual Improvement to IFRSs

**New standards and interpretations not yet adopted**

At the date of issue of these financial statements, the following Standards and Interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

- IFRS 9 Financial Instruments effective 1 January 2018
- IFRS 15 Revenue from Contracts with Customers effective 1 January 2018
- IFRS 16 Leases effective 1 January 2019

Management are currently assessing the impact of the new standards, interpretations and amendments, which are effective for periods beginning after 1 January 2017 and which have not been adopted early.

**2.4 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

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## AAP3 LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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## 2. Accounting policies (continued)

### 2.5 Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is provided on the following bases:

Computer software	-	50 % straight line
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Amortisation of £17,413 has been charged to the statement of comprehensive income and is included within administrative expenses.

### 2.6 Goodwill

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued.

When a business combination agreement provides for an adjustment to the cost of the combination which is contingent on future events, the company includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probably and can be measured reliably. However, if the potential adjustment is not recognised at the acquisition date but subsequently becomes probable and can be measured reliably, the additional consideration shall be treated as an adjustment to the cost of the combination. Changes in the estimated value of contingent consideration arising on business combinations completed as a consequence result in a change in the carrying value of the related goodwill.

Goodwill is capitalised as an intangible asset and is not amortised. Instead it is reviewed annually for impairment with any impairment in carrying value being charged to profit or loss. The Companies Act 2006 requires acquired goodwill to be reduced by provisions for depreciation calculated to write off the amount systematically over a period chosen by the directors, not exceeding its useful economic life. It has been deemed, however, the non-amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view. The effect of this departure has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

### 2.7 Tangible fixed assets

Tangible fixed assets under the cost model 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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**2. Accounting policies (continued)**

**2.7 Tangible fixed assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	-	50% straight line
Computer equipment	-	50% straight line

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 in the Statement of Comprehensive Income.

**2.8 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Statement of Financial Position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

**2.9 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.10 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.11 Financial instruments**

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

**Financial assets**

The Company classifies all of its financial assets as loans and receivables.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**2. Accounting policies (continued)****2.11 Financial instruments (continued)****Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of Comprehensive Income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

**Financial liabilities**

The Company classifies all of its financial liabilities as liabilities at amortised cost.

**At amortised cost**

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Statement of Financial Position.

**2.12 Creditors**

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**2. Accounting policies (continued)****2.13 Foreign currency translation****Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

**2.14 Finance costs**

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

**2.15 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**2. Accounting policies (continued)****2.16 Pensions****Defined contribution pension plan**

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 payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

**2.17 Interest income**

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

**2.18 Borrowing costs**

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

**2.19 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

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## AAP3 LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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## 2. Accounting policies (continued)

### 2.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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

The preparation of financial statements under FRS 101 requires the use of certain critical accounting estimates and requires management to exercise its judgment and to make estimates in the process of applying the Company's accounting policies. The estimate and assumption that has a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year is addressed below.

### Revenue

Revenue is recognised on service contracts on the basis of percentage completion. Judgment is required when assessing how complete a contract is. This is done on the basis of pre-agreed rates with the customer and time incurred by employees.

### Impairment

In determining the appropriateness of the carrying value of goodwill, an annual impairment review is carried out. The asset is impaired if the carrying value of the asset exceeds its recoverable amount. When assessing the recoverable amount of the asset, which is the higher of the asset's fair value less costs to sell and the value in use, estimation is required. The value in use calculation requires the directors to group the assets at the lowest levels for which there are separately identifiable cash flows (cash-generating units), estimate the future cash flows expected to arise from them and a suitable discount rate in order to calculate their present value. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**4. Turnover**

An analysis of turnover by class of business is as follows:

	2016 £	2015 £
Business solutions unit	1,392,292	1,700,124
Recruitment business unit	6,674,180	5,106,596
Engineering business unit	4,151,074	4,826,344
	<u>12,217,546</u>	<u>11,633,064</u>

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	12,217,546	11,633,064
	<u>12,217,546</u>	<u>11,633,064</u>

**5. Other operating income**

	2016 £	2015 £
Other operating income	243,299	266,062
	<u>243,299</u>	<u>266,062</u>

**6. Operating profit**

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	17,896	14,483
Amortisation of intangible assets, including goodwill	17,413	1,589
Exchange differences	(34,272)	38,815
Defined contribution pension cost	26,690	25,138
Operating lease payments	154,634	186,550

# AAP3 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

### 7. Auditors' remuneration

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company:

	2016 £	2015 £
Fees for the audit of the Company	16,995	-
	<u>16,995</u>	<u>-</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

### 8. Employees

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

	2016 £	2015 £
Wages and salaries	3,266,273	3,193,753
Social security costs	370,660	356,501
Cost of defined contribution scheme	26,690	25,138
	<u>3,663,623</u>	<u>3,575,392</u>

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

	2016 No.	2015 No.
Administrative staff	9	12
Management staff	13	17
Production/sales staff	73	70
	<u>95</u>	<u>99</u>

# AAP3 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

### 9. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	292,109	301,677
Company contributions to defined contribution pension schemes	1,110	1,055
	<u>293,219</u>	<u>302,732</u>

During the year retirement benefits were accruing to 4 directors (2015 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £102,551 (2015 - £134,790).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £370 (2015 - £NIL).

### 10. Interest receivable

	2016 £	2015 £
Other interest receivable	3,794	19,194
	<u>3,794</u>	<u>19,194</u>

### 11. Interest payable and similar charges

	2016 £	2015 £
Bank interest payable	58,105	65,411
	<u>58,105</u>	<u>65,411</u>



**AAP3 LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**12. Taxation**

	2016 £	2015 £
<b>Corporation tax</b>		
Current tax on profits for the year	72,644	7,707
Adjustments in respect of previous periods	(4,690)	-
<b>Total current tax</b>	<u>67,954</u>	<u>7,707</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	3,741	24,903
Changes to tax rates	392	3,546
Adjustments in respect of prior periods	(43)	(27,208)
<b>Total deferred tax</b>	<u>4,090</u>	<u>1,241</u>
<b>Taxation on profit on ordinary activities</b>	<u>72,044</u>	<u>8,948</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is the same as (2015 - the same as) the standard rate of corporation tax in the UK of 20% (2015 - 20%) as set out below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>503,313</u>	<u>438,459</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	100,663	87,692
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	10,107	6,823
Capital allowances for year in excess of depreciation	-	8,217
Adjustments to tax charge in respect of prior periods	(4,690)	(27,208)
Non-taxable income	-	(10,000)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(9,618)	-
Other differences leading to an increase (decrease) in the tax charge	(311)	(52,227)
Group relief	(24,107)	(4,349)
<b>Total tax charge for the year</b>	<u>72,044</u>	<u>8,948</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**12. Taxation (continued)**

**Factors that may affect future tax charges**

On 8 July 2015 the Government announced its intention to propose to Parliament a reduction in the corporation tax rate to 19% for the tax years 2017 to 2020 and 18% for the tax year 2020.

During September 2016 the Government enacted a further reduction in the tax rate to 17% for the tax years from 2020.

**13. Intangible assets**

	Computer software £	Other intangibles £	Total £
<b>Cost</b>			
At 1 January 2016	86,762	600,405	687,167
Additions - external	32,672	-	32,672
At 31 December 2016	<u>119,434</u>	<u>600,405</u>	<u>719,839</u>
<b>Amortisation</b>			
At 1 January 2016	85,685	600,405	686,090
Charge for the year	17,413	-	17,413
At 31 December 2016	<u>103,098</u>	<u>600,405</u>	<u>703,503</u>
<b>Net book value</b>			
At 31 December 2016	<u>16,336</u>	<u>-</u>	<u>16,336</u>
At 31 December 2015	<u>1,077</u>	<u>-</u>	<u>1,077</u>

# AAP3 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

### 14. Goodwill

	2016 £
<b>Cost</b>	
At 1 January 2016	522,430
<b>At 31 December 2016</b>	<u>522,430</u>
<b>Net book value</b>	
<b>At 31 December 2016</b>	<u><u>522,430</u></u>
<i>At 31 December 2015</i>	<u>522,430</u>
	<u><u>522,430</u></u>

### Cash generating units

Goodwill is allocated to the company's cash generating unit as follows:

	2016 £	2015 £
Recruitment business	522,430	522,430
	<u>522,430</u>	<u>522,430</u>

# AAP3 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

### 15. Tangible fixed assets

	Fixtures & fittings £	Computer equipment £	Total £
<b>Cost or valuation</b>			
At 1 January 2016	93,473	155,827	249,300
Additions	-	30,399	30,399
At 31 December 2016	93,473	186,226	279,699
<b>Depreciation</b>			
At 1 January 2016	93,473	153,131	246,604
Charge for the period on owned assets	-	17,896	17,896
At 31 December 2016	93,473	171,027	264,500
<b>Net book value</b>			
At 31 December 2016	-	15,199	15,199
At 31 December 2015	-	2,696	2,696

# AAP3 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

### 16. Fixed asset investments

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 January 2016	23,029
At 31 December 2016	23,029
<b>Net book value</b>	
At 31 December 2016	23,029
At 31 December 2015	23,029

### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
aap3 Inc	Ordinary	100 %	IT Managed Services
aap3 SARL	Ordinary	100 %	IT Managed Services
aap3 GmbH	Ordinary	100 %	IT Managed Services

Name	Registered office
aap3 Inc	100 Cascade Pointe Lane, Suite 101, Cary, NC 27513, United States
aap3 SARL	144 Avenue Charles De Gaulle, 92200 Neuilly-sur-Seine, France
aap3 GmbH	Wilhelm-Strauß-Straße 45-47, 41236 Monchengladbach, Germany

The aggregate of the share capital and reserves as at 31 December 2016 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
aap3 Inc	858,998	168,375
aap3 SARL	39,536	(14,883)
aap3 GmbH	198,738	(29,147)
	1,097,272	124,345

**AAP3 LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**17. Debtors**

	2016 £	2015 £
Trade debtors	1,568,221	1,690,723
Amounts owed by group undertakings	1,785,734	1,336,083
Other debtors	46,859	18,909
Prepayments and accrued income	351,582	355,596
Deferred taxation	2,921	7,011
	<u>3,755,317</u>	<u>3,408,322</u>

**18. Cash and cash equivalents**

	2016 £	2015 £
Cash at bank and in hand	38,655	19,761
	<u>38,655</u>	<u>19,761</u>

**19. Creditors: Amounts falling due within one year**

	2016 £	2015 £
Bank loans	-	400,000
Invoice discounting facility	944,008	979,475
Trade creditors	286,724	194,453
Amounts owed to group undertakings	221,730	258,995
Corporation tax	67,954	7,707
Other taxation and social security	343,688	219,134
Other creditors	8,150	3,101
Accruals and deferred income	802,983	649,990
	<u>2,675,237</u>	<u>2,712,855</u>

# AAP3 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

### 20. Financial instruments

	2016 £	2015 £
<b>Financial assets</b>		
Cash and cash equivalents	38,655	19,761
Financial assets that are debt instruments measured at amortised cost	3,649,632	3,295,851
	<u>3,688,287</u>	<u>3,315,612</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(2,074,496)	(2,371,133)
	<u>(2,074,496)</u>	<u>(2,371,133)</u>

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors, accrued income and amounts due from group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals, bank loans and overdrafts and amounts owed to group undertakings.

### 21. Deferred taxation

	2016 £	2015 £
At beginning of year	7,011	8,252
Charged to profit or loss	(4,090)	(1,241)
<b>At end of year</b>	<u>2,921</u>	<u>7,011</u>

The deferred tax asset is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	2,565	6,164
Short term temporary differences	356	345
Losses and other deductions	-	502
	<u>2,921</u>	<u>7,011</u>

# AAP3 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

### 22. Share capital

	2016 £	2015 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
27,750,000 Ordinary shares shares of £0.0004 each	11,100	11,100

### 23. Reserves

#### Share premium account

The share premium account records the aggregate amount or value of premiums paid when the Company's shares are issued at an amount in excess of nominal value.

#### Capital redemption reserve

This reserve relates to the nominal value of shares that the Company has bought back.

#### Profit & loss account

This reserve is the cumulative retained earnings less amounts distributed to shareholders.

### 24. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £25,580 (2015 - £24,083). Contributions totalling £3,937 (2015 - £3,101) were payable to the fund at the reporting date.

### 25. Commitments under operating leases

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	144,720	154,634
Later than 1 year and not later than 5 years	264,125	549,263
	408,845	703,897

### 26. Related party transactions

During the year, key management personnel received remuneration of £505,252 (2015: £900,573).



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**AAP3 LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**27. Controlling party**

The Company's ultimate holding company and ultimate controlling party is aap3 (Holdings) Limited, a private company incorporated in England and Wales.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of aap3 (Holdings) Limited. The results of the Company are included in the consolidated financial statements of aap3 (Holdings) Limited which are available from Companies House.