

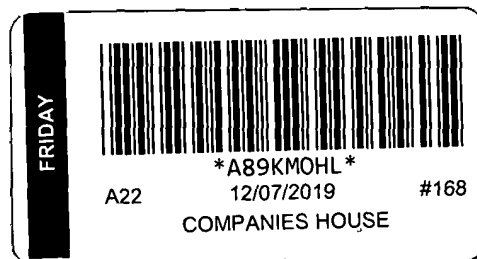
# **Phaidon International (UK) Ltd**

Annual Report and Financial Statements

Year Ended

31 October 2018

Company Number 05134675



# Phaidon International (UK) Ltd

## Company Information

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<b>Directors</b>	K Behan S Yendell J Slipper H Gray
<b>Registered number</b>	05134675
<b>Registered office</b>	21 Lombard Street London EC3V 9AH
<b>Independent auditor</b>	BDO LLP 55 Baker Street London W1U 7EU

# Phaidon International (UK) Ltd

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# Phaidon International (UK) Ltd

## Strategic Report For the Year Ended 31 October 2018

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### Introduction

The directors present their strategic report together with the audited financial statements for the year ended 31 October 2018.

### Business review

Phaidon International (UK) ("PI UK") provides both permanent and interim (contract) STEM professionals within the financial, professional, technical and infrastructure sectors.

### Principal risks and uncertainties

The management structures that are in place allow the company to react swiftly to changing market conditions and our international brand strength and the experience of the organically grown management team means the company is well placed to meet these challenges.

The company is also exposed to foreign exchange risk. The risk is managed through:

- continual review of our international group strategy of serving markets locally;
- competitively reviewing foreign exchange rates; and
- the use of forward exchange contracts were considered appropriate.

The company is not overly reliant on any one or number of key clients and consultants. The company mitigated this by:

- investing in client relationships;
- management training; and
- regional and sector diversification.

The recruitment industry is governed by an increasing level of compliance which varies from country to country including securing licenses and various solutions for providing interim contractors. The company manages this by adhering to strict internal controls and continuous legal guidance from external professionals.

### Key performance indicators

The KPI's of the business are gross profit/net fee income, operating profit, EBITDA and average staff numbers.

The positive cash position of £5.17m (2017 - £2.15m) allows the company to continue investing in 2019.

	FY 2018 £'000's	FY 2017 £'000's
Gross profit/NFI	20,722	15,672
Operating profit	4,930	5,101
Staff numbers	187	145
EBITDA	5,185	5,255

This report was approved by the board on

18/03/19

and signed on its behalf.

  
**J Slipper**  
Director

# Phaidon International (UK) Ltd

## Directors' Report For the Year Ended 31 October 2018

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The directors present their report together with the audited financial statements for the year ended 31 October 2018.

### Principal activities

The principal activities of the company are the provision of high quality permanent and contract specialist staffing services.

### Matters covered in the strategic report

A review of the business, future developments and its principal risks and uncertainties are set out in the strategic report on page 1 of these financial statements.

### Results and dividends

The profit for the year, after taxation, amounted to £4,420,756 (2017 - £4,342,898).

Dividends totalling £Nil (2017 - £Nil) were proposed and paid during the year.

### Directors

The directors who served during the year were:

A Buck (resigned 4 April 2018)  
K Behan  
S Yendell  
J Slipper  
H Gray

### Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

### Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on

18/03/19

and signed on its behalf.

  
**J Slipper**  
Director

# **Phaidon International (UK) Ltd**

## **Directors' Responsibilities Statement For the Year Ended 31 October 2018**

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The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

# **Phaidon International (UK) Ltd**

## **Independent Auditor's Report to the Members of Phaidon International (UK) Ltd**

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### **Opinion**

We have audited the financial statements of Phaidon International (UK) Ltd ("the company") for the year ended 31 October 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 101 Reduced Disclosure Framework (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 October 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **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.

# **Phaidon International (UK) Ltd**

## **Independent Auditor's Report to the Members of Phaidon International (UK) Ltd (continued)**

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### **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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report has 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 director's 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, 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.



# Phaidon International (UK) Ltd

## Independent Auditor's Report to the Members of Phaidon International (UK) Ltd (continued)

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### 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.

*Tim Neathercoat*

**Tim Neathercoat** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
London  
United Kingdom

Date: 18 March 2019

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

# Phaidon International (UK) Ltd

## Statement of Comprehensive Income For the Year Ended 31 October 2018

	Note	2018 £	2017 £
Turnover	4	35,304,729	26,604,016
Cost of sales		(14,582,392)	(10,931,706)
<b>Gross profit</b>		<b>20,722,337</b>	<b>15,672,310</b>
Administrative expenses		(15,165,811)	(10,571,510)
Fair value movements		(626,360)	-
<b>Operating profit</b>	5	<b>4,930,166</b>	<b>5,100,800</b>
Interest receivable and similar income	8	11,489	12,210
<b>Profit before tax</b>		<b>4,941,655</b>	<b>5,113,010</b>
Tax on profit	9	(520,899)	(770,112)
<b>Profit and total comprehensive income for the financial year</b>		<b>4,420,756</b>	<b>4,342,898</b>

There was no other comprehensive income for 2018 (2017 - £Nil).

The notes on pages 10 to 25 form part of these financial statements.

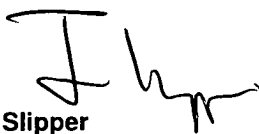
# Phaidon International (UK) Ltd

Registered number: 05134675

## Statement of Financial Position As at 31 October 2018

	Note	2018 £	2018 £	2017 £	2017 £
<b>Fixed assets</b>					
Intangible assets	10		2,532,009		2,551,389
Tangible assets	11		1,119,720		188,916
			<u>3,651,729</u>		<u>2,740,305</u>
<b>Current assets</b>					
Debtors	12	21,133,079		17,440,169	
Cash at bank and in hand		5,170,485		2,152,362	
		<u>26,303,564</u>		<u>19,592,531</u>	
Creditors: amounts falling due within one year	13	(13,328,524)		(10,468,587)	
<b>Net current assets</b>			12,975,040		9,123,944
Deferred taxation	14		(65,764)		-
Provisions	15		(306,000)		(30,000)
<b>Net assets</b>			<u>16,255,005</u>		<u>11,834,249</u>
<b>Capital and reserves</b>					
Called up share capital	16		51,000		51,000
Profit and loss account	17		16,204,005		11,783,249
<b>Total equity</b>			<u>16,255,005</u>		<u>11,834,249</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17/03/19

  
**J Slipper**  
Director

The notes on pages 10 to 25 form part of these financial statements.

# Phaidon International (UK) Ltd

## Statement of Changes in Equity For the Year Ended 31 October 2018

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 November 2017	51,000	11,783,249	11,834,249
<b>Comprehensive income for the year</b>			
Profit for the year	-	4,420,756	4,420,756
<b>Total comprehensive income for the year</b>	-	4,420,756	4,420,756
<b>At 31 October 2018</b>	<b>51,000</b>	<b>16,204,005</b>	<b>16,255,005</b>

## Statement of Changes in Equity For the Year Ended 31 October 2017

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 November 2016	51,000	7,440,351	7,491,351
<b>Comprehensive income for the year</b>			
Profit for the year	-	4,342,898	4,342,898
<b>Total comprehensive income for the year</b>	-	4,342,898	4,342,898
<b>At 31 October 2017</b>	<b>51,000</b>	<b>11,783,249</b>	<b>11,834,249</b>

The notes on pages 10 to 25 form part of these financial statements.

# Phaidon International (UK) Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2018

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### 1. General information

Phaidon International (UK) Ltd is a private company limited by shares and incorporated in England and Wales under the Companies Act. The address of the registered office is given in the company information page of these financial statements and the nature of the company's operations and its principal activities are set out in the directors' report.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Financial Reporting Standard 100 'Application of Financial Reporting Requirements' and Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The financial statements have been prepared on a historical cost basis. The presentational currency is sterling and figures are presented in round pounds.

The preparation of financial statements in compliance with FRS 101 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 principal accounting policies adopted are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

#### 2.2 Financial reporting standard 101 - reduced disclosure exemptions

In preparing these financial statements the company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- the disclosure of related party transactions with other wholly owned members of the group headed by Plato UK Topco Limited.

In addition and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Plato UK Topco Limited. These financial statements do not include certain disclosures in respect of:

- financial instruments other than certain disclosures required as a result of recording financial instruments at fair value;
- fair value measurement other than certain disclosures required as a result of recording financial instruments at fair value; and
- impairment of assets.

The financial statements of Plato UK Topco Limited can be obtained as described in note 22.

# Phaidon International (UK) Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2018

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### 2. Accounting policies (continued)

#### 2.3 Revenue

Turnover from contractor placements is recognised when the service is provided. Turnover from permanent placements, which is based on a percentage of the candidates remuneration package, is recognised when the candidate commences employment. Turnover is stated net of VAT and trade discounts.

#### 2.4 Intangible assets

Intangible assets with finite economic lives 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 charged from the date the asset is in use and is included within administrative expenses in the statement of comprehensive income.

The estimated useful lives range as follows:

Software and licences	-	3 years straight line
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#### 2.5 Goodwill

Goodwill represents the excess of the cost of a business combination over, in the case of business combinations completed prior to 1 January 2010, the company's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired and, in the case of business combinations completed on or after 1 January 2010, the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

For business combinations completed prior to 1 January 2010, cost comprised the fair value of assets given, liabilities assumed and equity instruments issued, plus any direct costs of acquisition. Changes in the estimated value of contingent consideration arising on business combinations completed by this date were treated as an adjustment to cost and, in consequence, resulted in a change in the carrying value of goodwill.

For business combinations completed on or after 1 January 2010, cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss. For business combinations completed on or after 1 January 2010, direct costs of acquisition are recognised immediately as an expense.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

# Phaidon International (UK) Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2018

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### 2. Accounting policies (continued)

#### 2.6 Impairment of non-financial assets (excluding deferred tax assets)

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

#### 2.7 Tangible fixed assets

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs.

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:

Leasehold improvements	-	7 years straight line
Office equipment	-	3 years straight line
Fixtures and fittings	-	3 years 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.

# Phaidon International (UK) Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2018

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### 2. Accounting policies (continued)

#### 2.8 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.

Loans and receivable assets 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 consolidated income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The company's loans and receivables comprise amounts owed by group undertakings.

##### Financial liabilities

The company classifies its financial liabilities as financial liabilities amortised at cost.

Financial liabilities at amortised cost include bank borrowings 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 in the consolidated statement of financial position.

#### 2.9 Foreign currency translation

Transactions entered into by company in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss, except for foreign currency borrowings qualifying as a hedge of a net investment in a foreign operation, in which case exchange differences are recognised in other comprehensive income and accumulated in the foreign exchange reserve along with the exchange differences arising on the retranslation of the foreign operation.



# Phaidon International (UK) Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2018

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### 2. Accounting policies (continued)

#### 2.10 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the statement of financial position date.

#### 2.11 Leased assets

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the company (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the statement of comprehensive income over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are not transferred to the company (an "operating lease"), the total rentals payable under the lease are charged to the statement of comprehensive income on a straight line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight line basis.

#### 2.12 Pensions

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 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.

#### 2.13 Dilapidation provision

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.

If a lease contract requires the lessee to remove any assets it has installed in the leased property the removal obligation arises immediately upon installation. A liability is recognised for the present value of the future cost of removal of the assets at the date they are installed. This amount is included as part of the cost of the asset and depreciated accordingly.

# Phaidon International (UK) Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2018

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### 2. Accounting policies (continued)

#### 2.14 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.

# Phaidon International (UK) Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2018

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

The preparation of financial statements in accordance with FRS 101 requires the company's directors to exercise judgement in applying the company's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements are summarised as follows:

- *Impairment of goodwill (see note 10)*

The company is required to test, on an annual basis, whether goodwill has suffered any impairment and other assets where there has been an indication of impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the selection of a discount rate in order to calculate the present value of the cash flows. Actual outcomes may vary and result in the impairment of intangibles and the amount charged to the statement of comprehensive income.

- *Useful lives of intangible assets and property, plant and equipment (see notes 10 and 11)*

Intangible assets and property, plant and equipment are amortised or depreciated over their useful lives. Useful lives are based on management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the consolidated income statement in specific periods.

- *Amounts owed by group undertakings (see note 12)*

Determine whether there are any indicators that the amounts due from group undertakings are not recoverable. Where it is assessed that balances exceed the recoverable amount, the asset is written down accordingly.

- *Deferred tax asset (see note 14)*

The ability to use brought forward tax losses depends on future profitability in the company with the losses and the tax regulations in the country. Management must assess the likelihood of being able to use the losses and so whether to recognise a deferred tax asset.

- *Dilapidation provision (see note 15)*

The company has provided for dilapidations on its London leasehold property based on an estimated £15 per square foot.

# Phaidon International (UK) Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2018

### 4. Turnover

Turnover arises from the provision of services and can be analysed by country of destination as follows:

	2018 £	2017 £
<b>Geographical market</b>		
United Kingdom	7,534,712	6,395,923
USA	7,959,051	4,162,291
Europe	19,436,174	15,165,540
Asia Pacific	224,973	390,959
Middle East	59,844	446,706
Rest of the world	89,975	42,597
<b>Provision of services</b>	<b>35,304,729</b>	<b>26,604,016</b>

### 5. Operating profit

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

	2018 £	2017 £
Depreciation of tangible fixed assets	145,438	126,403
Amortisation of intangible assets	109,814	27,767
Auditor's remuneration	30,000	79,875
Exchange differences	(21,275)	366,514
Operating lease rentals	654,207	455,227

Fees paid to the company's auditor, BDO LLP, for services other than the statutory audit for the company are not disclosed in Phaidon International (UK) Ltd's accounts since the consolidated accounts of Plato UK Topco Limited are required to disclose non-audit fees on a consolidated basis.

# Phaidon International (UK) Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2018

### 6. Employees

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

	2018 £	2017 £
Wages and salaries	13,600,121	9,612,952
Social security costs	1,612,909	1,076,813
Cost of defined contribution scheme	153,299	88,507
	<u>15,366,329</u>	<u>10,778,272</u>

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

	2018 No.	2017 No.
Back office staff (including directors)	12	8
Permanent consultants	147	114
Contract consultants	28	23
	<u>187</u>	<u>145</u>

### 7. Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	667,429	421,260
Company contributions to defined contribution pension schemes	4,095	2,108
	<u>671,524</u>	<u>423,368</u>

During the year retirement benefits were accruing to 2 directors (2017 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £301,000 (2017 - £280,416).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £4,095 (2017 - £NIL).

### 8. Interest receivable and similar income

	2018 £	2017 £
Interest receivable from group companies	<u>11,489</u>	<u>12,210</u>

# Phaidon International (UK) Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2018

### 9. Taxation

	2018 £	2017 £
<b>Corporation tax</b>		
Current tax on profits for the year	656,437	371,599
Adjustments in respect of previous periods	(223,953)	-
<b>Total current tax</b>	<b>432,484</b>	<b>371,599</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	97,659	314,872
Changes to tax rates	(3,358)	(4,045)
Adjustment in respect of previous periods	(5,886)	(21,505)
Adjustment arising from exercise of employee options	-	109,191
<b>Total deferred tax</b>	<b>88,415</b>	<b>398,513</b>
<b>Taxation on profit on ordinary activities</b>	<b>520,899</b>	<b>770,112</b>

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.41%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	4,941,655	5,113,010
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.41%)	938,914	992,624
<b>Effects of:</b>		
Non-deductible expenses	22,802	5,542
Adjustment in respect of prior years	(229,839)	(21,505)
Tax rate changes	(3,358)	(4,045)
Tax deduction arising from exercise of employee options	-	109,191
Group relief	(323,126)	(311,695)
Non qualifying asset	115,506	-
<b>Total tax charge for the year</b>	<b>520,899</b>	<b>770,112</b>

# Phaidon International (UK) Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2018

### 10. Intangible assets

	Goodwill £	Software and licences £	Total £
<b>Cost</b>			
At 1 November 2017	2,336,058	243,098	2,579,156
Additions	-	90,434	90,434
At 31 October 2018	<u>2,336,058</u>	<u>333,532</u>	<u>2,669,590</u>
<b>Amortisation</b>			
At 1 November 2017	-	27,767	27,767
Charge for the year	-	109,814	109,814
At 31 October 2018	<u>-</u>	<u>137,581</u>	<u>137,581</u>
<b>Net book value</b>			
At 31 October 2018	<u>2,336,058</u>	<u>195,951</u>	<u>2,532,009</u>
At 31 October 2017	<u>2,336,058</u>	<u>215,331</u>	<u>2,551,389</u>

The goodwill is subject to annual impairment review based on a value in use calculation whereby the discounted cash flow projections of each CGU are reviewed against the relevant goodwill carrying amount. Cash flow projections are based on budgeted information.

Discount rates of 18.7% are applied and growth in the short term projected to be 3% annually with profits remaining stable.

Under the transitional arrangements of IFRS 1, the net book value of £2,336,058 as at 31 October 2014 was carried forward as deemed cost.

# Phaidon International (UK) Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2018

### 11. Tangible fixed assets

	Leasehold improvements £	Fixtures and fittings £	Office equipment £	Total £
<b>Cost</b>				
At 1 November 2017	-	168,118	687,911	856,029
Additions	618,947	195,213	262,082	1,076,242
At 31 October 2018	618,947	363,331	949,993	1,932,271
<b>Depreciation</b>				
At 1 November 2017	-	141,079	526,034	667,113
Charge for the year	11,021	27,109	107,308	145,438
At 31 October 2018	11,021	168,188	633,342	812,551
<b>Net book value</b>				
At 31 October 2018	607,926	195,143	316,651	1,119,720
At 31 October 2017	-	27,039	161,877	188,916



# Phaidon International (UK) Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2018

### 12. Debtors

	2018 £	2017 £
Trade debtors	7,243,376	4,518,769
Amounts owed by group undertakings	12,476,299	11,594,537
Other debtors	945,150	416,750
Prepayments and accrued income	468,254	445,233
Tax recoverable	-	442,229
Deferred taxation	-	22,651
	<u>21,133,079</u>	<u>17,440,169</u>

Other debtors include rental deposits totalling £112,476 (2017 - £154,981) which are due after more than one year.

Amounts owed by group undertakings are provided interest free and are repayable on demand with the exception of the balance due from Phaidon International (Hong Kong) Limited, on which interest is charged as a result of the legal framework in Hong Kong.

### 13. Creditors: Amounts falling due within one year

	2018 £	2017 £
Asset based loan	1,428,765	-
Trade creditors	2,469,177	1,874,765
Amounts owed to group undertakings	5,124,628	6,075,507
Corporation tax	120,066	-
Taxation and social security	290,274	304,154
Other creditors	596,833	393,760
Accruals and deferred income	2,672,421	1,820,401
Financial instruments - forward foreign exchange contracts	626,360	-
	<u>13,328,524</u>	<u>10,468,587</u>

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

# Phaidon International (UK) Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2018

### 14. Deferred taxation

	2018 £
At beginning of year	22,651
Charged to profit or loss	(88,415)
<b>At end of year</b>	<b>(65,764)</b>

The deferred taxation balance is made up as follows:

	2018 £	2017 £
Temporary trading differences	28,297	3,003
Fixed assets	(94,061)	19,648
	<b>(65,764)</b>	<b>22,651</b>

### 15. Provisions

	Dilapidation provision £
At 1 November 2017	30,000
Charged to profit or loss	276,000
<b>At 31 October 2018</b>	<b>306,000</b>

The dilapidation provision represents the present value of the future cost of to the company of returning the leasehold property to its original condition at the end of the lease term in 2025.

### 16. Share capital

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
5,100,000 ordinary shares of £0.01 each	<b>51,000</b>	51,000

# Phaidon International (UK) Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2018

### 17. Reserves

The company's capital and reserves are as follows:

#### **Called up share capital**

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

#### **Profit and loss account**

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

### 18. Charge over assets

The security provided for the loan facilities of parent, Phaidon International Holdings Limited, by way of a fixed and floating charge over the company's assets was satisfied during the year (at 31 October 2017 the amount secured was £12,679,000).

The company entered into a debenture on 4 April 2018, containing a fixed and floating charge over its assets, to secure the loan facilities of Plato US Bidco LLC. At 31 October 2018 the amount outstanding under this facility was \$47,151,111.

There are debentures, registered on 14 August 2018, in favour of Wells Fargo Capital Finance (UK) Limited, as security over the invoice discounting facilities utilised by the group. At 31 October 2018 the amount outstanding was \$5,879,954.

### 19. Pension commitments

The company operates a defined contribution 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 £153,299 (2017 - £88,507).

At the year end there were contributions payable to the fund of £118,931 (2017 - £34,600).

### 20. Commitments under operating leases

The company holds leasehold property in central London.

At 31 October 2018 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	273,643	618,587
Later than 1 year and not later than 5 years	3,415,310	338,324
Later than 5 years	1,769,101	-
	<u>5,458,054</u>	<u>956,911</u>

# **Phaidon International (UK) Ltd**

## **Notes to the Financial Statements For the Year Ended 31 October 2018**

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### **21. Related party transactions**

At the year end £Nil (2017 - £1,217) was owed to Adam Buck, a director of the company.

### **22. Immediate and ultimate parent company**

The immediate parent company is Phaidon Holdings Limited.

At 31 October 2018 the ultimate parent entity and ultimate controlling party was QS PDI SARL, incorporated in Luxembourg, by virtue of its position as general partner of the fund QS PDI S.C.A. SICAR. The registered office of QS PDI SARL is 3 Boulevard Royal, 2449 Luxembourg.

The largest and smallest group of undertakings for which consolidated accounts are drawn up and of which the company is included, is the group headed by Plato UK Topco Limited. Copies of the group financial statements are available from Companies House, Cardiff, CF14 3UZ. The registered office of Plato UK Topco Limited is 21 Lombard Street, London, EC3V 9AH.