PROCURRI

Procurri UK Ltd
A Member of DeClout Group

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Company registered in England and Wales
Registration number: 00644939

Registered Number : 06408761

EAF Supply Chain Limited

Report and Financial Statements

31 December 2016

Directors
M G Jordan
T S Murphy
A J Wilkinson

Secretary
D Kidger

Auditors
Hazlewoods LLP
Staverton Court
Staverton
Cheltenham
GL51 0UX

Bankers
Barclays Bank plc
Leicester
Leicestershire
LE87 2BB

Solicitors
Brabners Chaffe Street
55 King Street
Manchester

Registered Office
Bankside Park
15 Love Lane
Cirencester
Gloucestershire
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Strategic report

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

Overview

The business of the company is the supply of service spares for PC's, laptops, servers and printers.

The company has growth aspirations with a sound strategy and a successful and very experienced management team and we intend to continue to develop and build our brand as a significant force in our chosen markets.

On 7 November 2016 the issued share capital of EAF Supply Chain Holdings Limited, the company's immediate parent, was acquired by Procurri UK Limited.

Procurri UK Limited is a subsidiary of Procurri Corporation Limited, a company listed on the Singaporean stock exchange, and represents the group in Europe, Middle East and Africa.

Principal activity and review of the business

The principal activity of the company at 31 December 2016 relates to the supply of service spares, and its main area in terms of product is the PC market, including related products such as laptops, servers, printers and more recently mid-range and Unix services and storage systems.

The company reported an operating loss of £386,000 in the year to 31 December 2016 (2015 - operating loss of £587,000).

Following the acquisition of the company the sales function was refocused and the business structure rationalised. The directors anticipate that the company will return to profitability in 2017.

Performance measures

The company runs an integrated operational IT system and a modern accounting system across its business. These systems provide a wide range of business information and analysis. The Board and the management utilise the information in the decision making process and as a means to monitor and measure the operational and financial performance of the business. At the highest level the management focuses on four key financial performance targets:

- Gross Margin % on sales
- Stock Days
- Debtor Days
- Creditor Days

At 31 December 2016 the results on all measures were within target.

Strategic report (continued)

Trading results

The income statement for the company for the year show revenues from hardware and services of £17.6m (2015: £18.8m). We earned a gross margin of £3.4m (2015: £3.4m) on these revenues, a 19.4% return (2015: 18.1%). With operating costs at £3.8m (2015: £4.0m) the loss before interest, tax, depreciation (EBITDA) and exceptional items was £0.3m, a 1.8% loss on sales (2015: – 2.7%).

After charging £67,000 of depreciation, incurring net interest payments of £1,000 and allowing for taxation of £34,000 the retained loss for the year was £353,000 (2015 - £490,000).

Principal risks and uncertainties

Price risk

A proportion of the hardware element of the company's product portfolio could be described as commoditised and, as a result of this, there is always a risk of downward pressure on margins. The company counters this with a policy of careful and balanced procurement and price comparison between suppliers and geographical regions.

Financial instruments

The company uses various financial instruments including an invoice discounting facility and cash together with various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these is finance for the company's operations.

The existence of these financial instruments expose the company to a number of financial risks which are described in more detail below.

Currency risk

The company is exposed to translation and transaction foreign exchange risk. In relation to translation risk, as far as possible the assets held in the foreign currency are matched to an appropriate level of borrowings in the same currency. Transactions exposures, including those associated with forecast transactions are not hedged. Whilst the aim is to achieve a minimum cost from currency exposures the company does not adopt an accounting policy of hedge accounting for these financial statements.

34% (2015 – 30%) of the company's revenues and 53% (2015 – 68%) of the company's purchases are from outside the UK. These transactions are priced in Euros and USD. The company policy is to minimise the currency exposure by balancing these debts and liabilities against our net holding of that currency at our bank.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitability.

Short-term flexibility is achieved by the use of an invoice discounting facility (IDF). Access to these facilities is, whilst subject to annual review, open ended. We also had period-end cash balances of £1,547,000 (2015: £1,157,000).

Interest rate risk

The company's exposure to interest rate fluctuations arise on its short term borrowings through the IDF facility. Interest is charged at 1.85% above the bank base rate of the central bank issuing the relevant currency.

Strategic report (continued)

Financial instruments (continued)

Credit risk

The company's principal financial assets are cash and trade debtors. The credit risk associated with the cash is limited as the counterparties have high credit ratings assigned by international credit rating agencies. The principal credit risk arises therefore from its debtors.

In order to manage credit risk, the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the Finance Manager on a regular basis in conjunction with debt ageing and collection history.

The directors regard the spread of customers as being a strong safeguard against the risk of default and carefully manage the levels of credit allowed. The company also has a comprehensive debt insurance policy in place. During the year no external client accounted for more than 10% of total turnover and the twenty largest customers account for less than 45% of turnover. At the year-end there was no material concentration of credit risk relating to trade debt being due from any one individual company.

Strategy

The company strategy for growth and the development of the business can be summarized as follows:

- To promote a culture of motivation and independent thinking
- To maintain investment in a focused set of business development initiatives
- To concentrate on the EMEA region
- To increase staff levels and language skills in our sales team
- To promote our sales, supply and distribution capability to manufacturers and trade participants
- To develop a greater volume of recurring, services-based revenue.

Staff

We are a very customer-focused organization with the maximum amount of resources made available to our sales teams so that they can offer service in the market. We closed the year with 71 staff in the company, 24 (34%) of whom were in the sales teams. We would like to thank all our staff for their commitment, expertise and dedication in working with our customers and partners and for helping the company to retain its positive, high quality and responsive culture.

On behalf of the Board

Mathew Jordan

Director

Date

25/9/2017

Directors' report

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

Results and dividends

The income statement for the year shows a loss after taxation and before exceptional items, attributable to members of the company of £353,000 (2015: loss of £490,000) as set out in the income statement.

The directors do not recommend the payment of a dividend (2015: £Nil).

Going concern

The business meets its day to day working capital requirements through its internally generated cash and an invoice discount facility. With the support of the company's facility provider the directors consider that the company has adequate resources to continue in business for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

Directors

The current directors are shown on page 1. The directors who served the company during the year and up to the date of this report were as follows:

M G Jordan	(appointed 7 November 2016)
T S Murphy	(appointed 7 November 2016)
A J Wilkinson	(appointed 7 November 2016)
G A Buchan	(resigned 7 November 2016)
R B Hall	(resigned 7 November 2016)
M J Hesketh	(resigned 7 November 2016)
J H Iverson	(resigned 7 November 2016)
J Thomas	(resigned 7 November 2016)

Matters covered in the company strategic report

An indication of likely future developments of the business of the company are included within the Business Review section of the Company Strategic Report.

Disclosure of information to the auditors

Each director has taken the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Auditors

A resolution to reappoint Hazlewoods LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board

Mathew Jordan

Director

Date 25/9/2017

Statement of directors' responsibilities

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

Independent auditors' report

to the members of EAF Supply Chain Limited

We have audited the financial statements of EAF Supply Chain Limited for the year ended 31 December 2016, set out on pages 9 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities (set out on page 6), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on the 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 result 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.

Independent auditors' report

to the members of EAF Supply Chain Limited

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 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 have been prepared in accordance with applicable legal requirements.

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

....

David Williams (Senior Statutory Auditor)
For and on behalf of Hazlewoods LLP, Statutory Auditor

Staverton Court
Staverton
Cheltenham
GL51 0UX

Date: 25/9/2017

Income Statement

for the year ended 31 December 2016

	Notes	2016 £000	(As restated) 2015 £000
Turnover	3	17,606	18,775
Cost of sales		(14,193)	(15,373)
Gross Profit		3,413	3,402
Administrative expenses		(3,799)	(3,989)
Operating Loss	4	(386)	(587)
Interest payable and similar cost	7	(1)	-
Loss on ordinary activities before taxation		(387)	(587)
Tax credit	8	34	97
Loss for the financial year		(353)	(490)

All amounts relate to continuing activities.

The notes on pages 12 to 24 form part of these financial statements.

The company has no other comprehensive income for the year.

Balance sheet

at 31 December 2016

	Notes	2016 £000	(As restated) 2015 £000
Fixed Assets			
Property, plant and equipment	9	107	158
Current Assets			
Stocks	10	1,390	1,363
Debtors	11	4,642	4,559
Cash at bank and in hand		1,547	1,157
		7,579	7,079
Creditors: amounts falling due within one year	12	(3,858)	(3,056)
Net current assets		3,721	4,023
Total assets less current liabilities		3,828	4,181
Provisions for liabilities	13	(182)	(182)
Net Assets		3,646	3,999
Capital and reserves			
Called up share capital	15	500	500
Retained earnings	16	3,146	3,499
Total equity		3,646	3,999

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

Mat Jordan
Director
Date 25/9/2017

The notes on pages 12 to 24 form part of these financial statements.

Statement of changes in equity

for the year ended 31 December 2016

	Share capital *£000*	*Retained earnings* *£000*	*Total equity* *£000*
At 1 January 2015	500	3,989	4,489
Loss for the financial year	–	(490)	(490)
At 1 January 2016	500	3,499	3,999
Loss for the financial year	-	(353)	(353)
At 31 December 2016	500	3,146	3,646

Notes to the financial statements

at 31 December 2016

1. Authorisation of financial statements and statement of compliance with FRS101

The financial statements of EAF Supply Chain Limited (the "Company") for the year ended 31 December 2016 were authorised for issue by the board of directors in July 2017 and the balance sheet was signed on the board's behalf by Mat Jordan. EAF Supply Chain Limited is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS101) and in accordance with applicable accounting standards.

The Company's financial statements are presented in Sterling and all values rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

The principal accounting policies adopted by the company are set out in note 2 below.

2. Accounting policies

2.1 Basis of preparation

The Company transitioned from FRS 102 to FRS 101 for all periods presented. There were no adjustments arising from the transition. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2016.

The Company has taken advantage of the following exemptions under FRS101:

a) The requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67of *IFRS 3 Business Combinations*
b) the requirements of IFRS 7 *Financial Instruments: Disclosures*,
c) the requirements of paragraphs 91-99 of IFRS *13 Fair Value Measurement*
d) 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;
e) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
f) the requirements of IAS 7 *Statement of Cash Flows*;
g) the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;
h) the requirements of paragraph 17 of IAS 24 *Related Party Disclosures*;
i) 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; and
j) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 *Impairment of Assets*

Notes to the financial statements

at 31 December 2016

2. Accounting policies (continued)

2.2 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Dilapidations

Management's judgement is required to determine the level of provision that is required in the financial statements, based upon the likely costs that are payable in bringing its land and buildings back to its original state. Further details are contained in note 13.

Taxation

Management's judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 8.

2.3 Significant accounting policies

a) Foreign currency translation

The Company's financial statements are presented in sterling, which is also the Company's functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Notes to the financial statements

at 31 December 2016

2. Accounting policies (continued)

2.3 Significant accounting policies (continued)

b) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended. Repairs and maintenance are charged to the income statement during the period in which they are incurred.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of assets evenly over the shorter of (i) their expected useful lives, or (ii) leasehold period, as follows:

Leasehold improvements	–	straight-line over remaining lease period
Fixtures, fittings and equipment	–	20% per annum
Motor vehicles	–	33.33% per annum
Computer equipment	–	20% per annum

The carrying values of fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition

c) Provisions for liabilities

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when recovery is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. Where discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance cost.

d) Leases

Operating lease rentals are charged to the income statement on a straight line basis over the lease term.

Notes to the financial statements

at 31 December 2016

2. Accounting policies (continued)

2.3 Significant accounting policies (continued)

e) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition including the cost of direct materials and labour plus attributable overheads based on a normal level of activity, excluding borrowing costs.

f) Trade and other debtors

Trade debtors, which generally have 30-90 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision for impairment is made through the income statement when there is objective evidence that the company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

g) ***Cash at bank and in hand***

Cash and short term deposits in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less.

h) Income taxes

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except that a change attributable to an item of income and expense recognized 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 balance sheet date. Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet 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.

i) Pensions and other post-employment benefits

The Company operates a defined contribution scheme. Contributions to defined contribution scheme are recognised in the income statement in the period in which they become payable.

j) Exceptional items

The Company presents as exceptional items those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance. Such items are included in the income statement caption to which they relate and are disclosed separately on the face of the income statement.

Notes to the financial statements

at 31 December 2016

2. Accounting policies (continued)

2.3 Significant accounting policies (continued)

k) Revenue recognition

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 at the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes.

The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods.

Rental of goods

Rental income and support maintenance income are spread on a pro-rata monthly basis over the period of the contract.

3. Turnover

The turnover recognised in the income statement is attributable to the following activities of the Company:

	2016	*2015*
	£000	*£000*
Sale of goods	15,648	16,992
Rental and support contracts	1,958	1,783
	17,606	18,775

Turnover geographical analysis is as follows:

	2016	*2015*
	£000	*£000*
United Kingdom	11,550	13,118
Rest of World	6,056	5,657
	17,606	18,775

Notes to the financial statements

at 31 December 2016

4. Operating Profit

This is stated after charging/(crediting):

	2016	*2015*
	£000	*£000*
Depreciation of tangible fixed assets	67	82
Operating lease rentals:		
- plant and machinery	32	34
- other operating leases	200	201

5. Auditors' remuneration

	2016	*2015*
	£000	*£000*
Fees payable to the auditor for the audit of the Company's financial statements	22	37
Other fees payable to the auditors in respect of:		
– taxation compliance fees	3	4
– other	-	-
Total auditors' remunerations	25	41

Notes to the financial statements

at 31 December 2016

6. Staff costs and directors' remuneration

(a) Staff costs

	2016 £000	2015 £000
Wages and salaries	2,228	2,460
Social security costs	220	249
Other pension costs – to defined contribution pension schemes	112	111
	2,560	2,820

The average monthly number of employees during the year was made up as follows:

	No.	No.
Technical	11	12
Administration	14	18
Sales	51	50
	76	80

(b) Directors' remuneration

	2016 £000	2015 £000
Directors' remuneration in aggregate	168	205
Pension contributions to defined contribution schemes	-	16

In respect of the highest paid Director as follows:

	2016 £000	2015 £000
Aggregate remuneration	83	99
Pension contributions to defined contribution schemes	-	5

Benefits accruing under personal pension schemes were for 3 Directors (2015 – 3).

Notes to the financial statements

at 31 December 2016

7. Interest payable

	2016 £000	2015 £000
Other interest	1	-

8. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2016 £000	2015 £000
Current tax:		
UK corporation tax on the profit for the year	-	-
Adjustment in respect of previous years	-	-
Total current tax (note 8(b))	-	-
Deferred tax:		
Origination and reversal of timing differences	(53)	(119)
Impact of change in statutory tax rates	19	38
Prior year adjustment	-	(16)
Total deferred tax recognised in income statement	(34)	(97)
Total tax credit recognised in income statement	(34)	(97)

(b) Factors affecting tax charge for the year

The tax charge for the year differs from the standard rate of corporation tax in the UK of 20.00% (2015 – 20.25%). The differences are explained below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	(387)	(587)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.00% (2015 – 20.25%)	(77)	(119)
Effects of:		
Waiver of the intercompany loan	-	-
Fixed asset timing differences	-	-
Tax rate difference	28	38
Group relief surrendered/(claimed)	15	-
Prior year adjustment	-	(16)
Current tax for the year	(34)	(97)

Notes to the financial statements
at 31 December 2016

8. Tax (continued)
(c) Deferred tax

The deferred tax asset is made up as follows

	2016	*2015*
	£000	*£000*
Accelerated capital allowances	106	99
Other timing differences	1	3
Tax losses carried forward and other deductions	258	229
	365	331

	£000
At 1 January 2016	331
Credited to the income statement	34
At 31 December 2016	365

(d) Factors that may affect future tax charges

The standard rate of corporation tax in the UK was 20% during the year. The rate will be reduced to 19% with effect from 1 April 2017, with a further reduction to 17% from 1 April 2020. These changes were all substantively enacted prior to end the end of the year.

Notes to the financial statements

at 31 December 2016

9. Property, Plant and Equipment

	Leasehold improvements £000	Computer equipment £000	Fixture and fittings £000	Motor vehicles £000	Total £000
Cost or fair value:					
At 1 January 2016	413	968	221	5	1,607
Additions	-	8	8	-	16
Disposals	-	(19)	-	-	(19)
At 31 December 2016	413	957	229	5	1,604
Depreciation:					
At 1 January 2016	369	877	198	5	1,449
Charge for the year	11	47	9	-	67
Disposals	-	(19)	-	-	(19)
At 31 December 2016	380	905	207	5	1,497
Net book value:					
At 31 December 2016	33	52	22	-	107
At 31 December 2015	44	91	23	-	158

The company's bankers hold a fixed and floating charge over the company's assets.

10. Inventories

	2016 £000	2015 £000
Finished goods for resale	1,390	1,363

During the year the amount of stock recognised as an expense in the income statement was £12,620,069 (2015: £ 14,179,628)

11. Debtors

	2016 £000	2015 £000
Trade debtors	2,570	2,610
Amounts owed by parent undertakings	1,262	1,262
Other debtors	154	153
Other taxation and social security costs	81	1
Prepayments and accrued income	210	202
Deferred tax asset (see note 8(c))	365	331
	4,642	4,559

Notes to the financial statements

at 31 December 2016

12. Creditors: amounts falling due within one year

	2016	*2015*
	£000	*£000*
Trade creditors	2,779	2,266
Amounts owed to parent undertakings	2	67
Other taxation and social security	67	206
Other creditors	14	14
Borrowings	331	-
Accruals and deferred income	665	503
	3,858	3,056

Borrowings include £331k (2015: £nil) in relation to invoice discounting facilities. These balances are secured again certain debtors of the company.

13. Provision for liabilities and charges

	(As restated)
	Dilapidations
	£000
At 1 January 2016	182
Provided during the year	-
At 31 December 2016	182

The dilapidations provision represents management's best estimate of the possible costs of repair, maintenance and decoration of First Floor, Cheney House, Oaklands Park, Wokingham and Unit 1 Axis, Leacroft Road, Birchwood, Warrington.

14. Obligations under leases and hire purchase contracts

The future minimum lease payments expected to be paid under non-cancellable leases:

	2016	*2015*
	£000	*£000*
Within one year	214	230
In two to five years	680	753
Over five years	244	385
	1,138	1,368

Notes to the financial statements

at 31 December 2016

15. Share capital

	2016 No.	2015 No.	2016 £	2015 £
Ordinary shares of £1 each				
Allotted, called up and fully paid	500,000	500,000	500,000	500,000

16. Reserves

Retained earnings

Retained earnings represents the accumulated profits, losses and distributions of the company.

17. Prior period adjustments

In light of further information available regarding dilapidations provision of the Wokingham and Warrington sites, the directors have reviewed certain accounting estimates in the company's prior year financial statements. As a result, a prior year adjustment has been made, which increases the repairs and maintenance expense by £150k, resulting in an increase to the prior year loss of £150k. A reconciliation of equity at 31 December 2015 and 1 January 2016 is shown below.

	Equity £000
Equity at 31 December 2015	4,149
Prior period adjustment	(150)
Equity at 1 January 2016	3,999

18. Capital commitments

The Company had no capital commitments at 31 December 2016 or at 31 December 2015.

19. Contingent liabilities

The Company had no contingent liabilities at 31 December 2016 or at 31 December 2015.

20. Off balance sheet arrangements

The Company enters into operating lease arrangements for the hire of buildings and plant & equipment as these arrangements are a cost effective way of obtaining the short-term benefits of these assets. The annual commitments under these arrangements are disclosed in note 14. There are no other material off-balance sheet arrangements.

Notes to the financial statements

at 31 December 2016

21. Other related party transactions

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. The company has taken advantage of the exemption given under paragraph 8(k) of FRS 101 not disclose transactions with fellow wholly owned subsidiaries. Transactions entered into, and trading balances outstanding at 31 December with other related parties are as follows:

EAF UK Ltd is a member of the group controlled by the ultimate parent DeClout Limited. Sales of £1k (2015; £0k) and purchases of £0k (2015: £0k) with Procurri Singapore Pte Ltd during the year. At 31 December 2016, there were amounts totalling £1k (2015 – £0k) receivable from and £0k (2015: £0k) payable to Procurri Singapore Pte Ltd.

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

22. Parent undertakings

The immediate parent undertaking is EAF Supply Chain Holdings Limited, incorporated in England and Wales. In the opinion of the directors, DeClout Limited, a company incorporated in Singapore, is the ultimate parent undertaking and controlling party.

The parent undertaking of the smallest group of undertakings for which group financial statements are drawn up and of which the company is a member is Procurri Corporation Limited. The parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the company is a member is DeClout Limited. Copies of group financial statements are available from its executive offices: 29 Tai Seng Avenue, #05-01 Natural Cool Lifestyle Hub, Singapore 534119.

23. Transition to FRS 101

The company's effective date of transition to FRS 101 was 1 January 2016. The latest period presented under FRS 102 was the financial statements for the year ended 31 December 2015.

There have been no adjustments on transition to FRS 101 that affect the loss for the financial year ended 31 December 2015 of £490k and total equity of £3,999k at 31 December 2015, determined in accordance with the company's previous financial reporting framework.