

# Financial Statements Aghoco 1079 Limited

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**For the year ended 31 March 2016**



**Registered number: 07924270**

## Company Information

<b>Directors</b>	S Hilton A Perry J Robson (appointed 1 September 2015) G Timms D Bowring S Inchley
<b>Registered number</b>	07924270
<b>Registered office</b>	Rutherford House Birchwood Science Park Warrington Road Warrington Cheshire WA3 6ZH
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 4 Hardman Square Spinningfields Manchester M3 3EB
<b>Bankers</b>	Investec Bank Plc 2 Gresham Street London EC2V 7QP  The Royal Bank of Scotland Plc 10th Floor, The Plaza 100 Old Hall Street Liverpool L3 9QJ
<b>Solicitors</b>	Addleshaw Goddard LLP 100 Barbirolli Square Manchester M2 3AB

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# Group strategic report

For the year ended 31 March 2016

## Principal activity

The principal activity of IESA in the year under review was that of a B2B e-procurement business, providing Integrated Supply Solutions and specialising in the area of MRO (Maintenance, Repair and Operations) goods and Indirect Materials services to manufacturing, assembly and processing organisations across a diverse range of business sectors. These services include:

- the provision of procurement services and systems including vendor punch-out (on line ordering) for MRO and indirect materials;
- the outsourcing of stores management; and
- administration services including consolidation of all purchasing into single invoices.

The Company does not have any own product labels, making it a truly independent alternative for the provision of indirect materials and MRO procurement management. Considerable investment is made in systems development and automating tailored services to individual clients to maximise the cost and working capital efficiency, and purchasing effectiveness relating to MRO supply.

The Group's online product "MyMRO", which allows clients to efficiently process transactions right through from product searching, identification and order placement to goods receipt and invoice processing, has continued to develop in the year.

## Business review

The Group has completed a further year of strong growth in goods revenue and is pleased to have won a number of major new clients. The investment in indirect costs has stabilised this year, compared to the prior year investment, with a 1% reduction in administration costs in the year compared to a 20% increase in the prior year. The consequence of the increased client revenue and cost control has led to an enhanced profitability in the year, turning an operating loss in 2015 of £668,000 to an operating profit in 2016 of £2,236,000.

There has been an improvement in operating cash flow in the year due to the streamlining of procedures in the invoice process cycle that occurred last year. The result of this has been an improvement in the working capital funding position from £18,073,000 in 2015 to £15,889,000 in 2016, an improvement of £2,184,000. Additional work is continuing to be undertaken to further improve the invoice process cycle in 2017.

The Key Performance Indicators ("KPIs") that are monitored by the directors include rate of growth, profitability and cashflow derived from operating activities, they have all improved in the year.

	2016	2015
Growth (Number of Client Sites)	253	247
Profitability (Operating Profit/(Loss))	£2,236k	(£668k)
Working Capital (Working capital as % of Revenue)	9.4%	12.4%

Other KPIs include the detailed monitoring of efficiency and client performance (such as savings being achieved and inventory variances) at a site by site level and a client satisfaction survey.

The funding structure of the company with private equity loan notes generates a loan interest charge to the profit and loss that creates a loss each year, the loan note interest have been rolled forward with no cash payments made for the current and previous year.

## **Group strategic report (continued)**

**For the year ended 31 March 2016**

### **Principal risks and uncertainties**

The following are the principal risks identified by the directors and the measures taken to address them.

#### **People**

The retention and recruitment of staff is a key priority for the business. Defined recruitment and retention policies exist and are managed to ensure the Group is competitive and attracts the best candidates.

#### **Health & safety**

The Group has further enhanced the attention it gives to health and safety investing heavily to ensure performance remains excellent in this critical area.

#### **Operational performance**

The Group is continually reviewing procedures and systems to ensure that the work performed is of the highest quality. This is underlined by the Group's commitment to retaining ISO accreditation in relevant areas.

#### **Liquidity/Funding**

The Group has an invoice financing facility with Investec which has considerable headroom against the actual amounts drawn down to protect the Group against any major working capital fluctuations.

#### **Currency Fluctuations**

To protect the Group against exchange rate fluctuations all major currencies are purchased forward to ensure the exchange rate applied to payment matches against client receipts.

This report was approved by the board on 20 December 2016 and signed on its behalf.



**A Perry**  
Director

## **Directors' report**

**For the year ended 31 March 2016**

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

### **Directors' responsibilities statement**

The directors are responsible for preparing the Strategic Report, and 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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Results and dividends**

The loss for the year, after taxation, amounted to £2,836,000 (2015 -loss £5,189,000).

The directors have not recommended a dividend (2015: £Nil).

### **Directors**

The directors who served during the year were:

S Hilton  
A Perry  
J Robson (appointed 1 September 2015)  
G Timms  
D Bowring  
S Inchley

## **Directors' report (continued)**

**For the year ended 31 March 2016**

### **Principal risks and risk management**

The Group used various financial instruments including bank loans, a receivables discounting facility, loan notes, cash and various items, such as trade debtors and trade creditors that arise directly from its operations.

The main risks arising from the Group's financial instruments are currency risk, liquidity risk, interest rate risk and credit risk. The directors review and agree policies for managing each of these risks which are summarised below and remain unchanged from the previous year.

#### **Currency risk**

The Group is exposed to translation and transaction foreign exchange risk. In relation to transaction risk, forward contracts for the purchasing of currency are used to offset the Group's trading exposure.

#### **Liquidity risk**

The financial liabilities and assets are controlled by the directors to ensure sufficient funds are available for the Group to meet its business needs. The financial liabilities and assets are stated after allowance for doubtful receivables.

The Group seeks to manage financial risk by ensuring liquidity is viable to meet foreseeable needs and to invest cash assets safely and profitably. Short-term flexibility is aided by the use of an invoice discounting facility.

#### **Interest rate risk**

The Group finances its operations through bank and shareholder borrowings. The Group's working capital facilities are on a floating rate of interest and term debt is on a fixed rate. Further details are set out in notes 16 and 17 to the accounts.

#### **Credit risk**

The Group's principal financial asset are cash and trade debtors. In order to manage credit risk in relation to trade debtors the directors set limits for clients based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

### **Future developments**

Work is continuing in the further development and expansion of the technology platform and service offering to meet client requirements and to take advantage of new technology as it becomes available. IESA's focus continues to be on the use of technology to improve efficiency and the quality of information available to clients to make informed decisions.

The Group will continue to concentrate on the quality of client service and cost efficiency that it can bring to the various manufacturing and production market sectors in the UK and Ireland whilst also looking to develop its services in new sectors in continental Europe and beyond. This development will be through both existing and new services, with a continued focus on cost efficiency and the use of a strong IT platform to provide innovative proposals to clients. Growth is planned to be closely controlled to ensure that the quality of service to all clients is maintained and enhanced.

## **Directors' report (continued)**

**For the year ended 31 March 2016**

### **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 and the Group's auditor is aware of that information.

### **Going Concern**

The Group is financed by a combination of a receivables finance facility, bank loan and loan notes which are detailed further in note 16 and 17 to the financial statements. These are classified as liabilities rather than permanent equity capital. The Group therefore has an excess of liabilities over assets resulting in an overall net liability position.

The directors have prepared cash flow projections and are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group's forecasts and projections, which take into account reasonable possible changes in trading performance, show that the Group will be able to operate within the level of its current facilities. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

### **Post balance sheet events**

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

### **Auditor**

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

This report was approved by the board on 20 December 2016 and signed on its behalf.



**A Perry**  
Director



# Independent Auditor's Report to the Members of Aghoco 1079 Limited

We have audited the financial statements of Aghoco 1079 Limited for the year ended 31 March 2016, which comprise the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated and company statement of changes in equity, the consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland'.

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

## **Respective responsibilities of directors and auditor**

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

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

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 Group's and of the parent company's affairs as at 31 March 2016 and of the Group's 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 the information given in the Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.



## Independent Auditor's Report to the Members of Aghoco 1079 Limited

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

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

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

*Grant Thornton UK LLP*

Stuart Muskett (Senior statutory auditor)  
for and on behalf of  
Grant Thornton UK LLP  
Statutory Auditor  
Chartered Accountants  
Manchester  
20 December 2016

## Consolidated profit and loss account

For the year ended 31 March 2016

	Note	2016 £000	2015 £000
Turnover	3	178,467	166,667
Cost of sales		(161,117)	(151,293)
<b>Gross profit</b>		<b>17,350</b>	<b>15,374</b>
Administrative expenses		(15,114)	(15,920)
Exceptional administrative expenses	4	-	(122)
<b>Operating profit/(loss)</b>	4	<b>2,236</b>	<b>(668)</b>
Interest payable and similar charges	7	(4,557)	(3,868)
<b>Loss before tax</b>		<b>(2,321)</b>	<b>(4,536)</b>
Tax on loss on ordinary activities	8	(515)	(653)
<b>Loss for the year</b>		<b><u>(2,836)</u></b>	<b><u>(5,189)</u></b>
<b>Loss for the year attributable to:</b>			
Owners of the parent		(2,836)	(5,189)
		<b><u>(2,836)</u></b>	<b><u>(5,189)</u></b>

The notes on pages 17 to 36 form part of these financial statements.

# Consolidated statement of comprehensive income

For the year ended 31 March 2016

	2016 £000	2015 £000
Loss for the financial year	(2,836)	(5,189)
<b>Other comprehensive income</b>		
Foreign exchange differences on translation of overseas subsidiaries	59	(99)
<b>Other comprehensive income for the year</b>	59	(99)
<b>Total comprehensive income for the year</b>	<u>(2,777)</u>	<u>(5,288)</u>
<b>Profit for the year attributable to:</b>		
Owners of the parent company	(2,836)	(5,189)
	<u>(2,836)</u>	<u>(5,189)</u>
<b>Total comprehensive income attributable to:</b>		
Owners of the parent company	(2,777)	(5,288)
	<u>(2,777)</u>	<u>(5,288)</u>

# Consolidated balance sheet

As at 31 March 2016

	Note	£000	2016 £000	£000	2015 £000
<b>Fixed assets</b>					
Intangible assets	10		19,983		21,222
Tangible assets	11		468		520
			<u>20,451</u>		<u>21,742</u>
<b>Current assets</b>					
Stocks	13	4,067		2,868	
Debtors: amounts falling due after more than one year	14	1,295		2,243	
Debtors: amounts falling due within one year	14	61,714		68,557	
Cash at bank and in hand	15	424		711	
		<u>67,500</u>		<u>74,379</u>	
Creditors: amounts falling due within one year	16	(65,475)		(73,337)	
<b>Net current assets</b>			<u>2,025</u>		<u>1,042</u>
<b>Total assets less current liabilities</b>			<u>22,476</u>		<u>22,784</u>
Creditors: amounts falling due after more than one year	17		(32,063)		(29,731)
Deferred taxation	19	(17)			
<b>Net liabilities</b>			<u>(9,604)</u>		<u>(6,947)</u>
<b>Capital and reserves</b>					
Called up share capital	20		145		25
Share premium account	21		976		976
Foreign exchange reserve	21		(48)		(107)
Profit and loss account	21		(10,677)		(7,841)
<b>Equity attributable to owners of the parent company</b>			<u>(9,604)</u>		<u>(6,947)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 December 2016

  
**A Perry**  
 Director

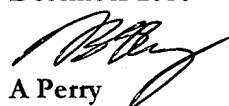
The notes on pages 17 to 36 form part of these financial statements.

## Company balance sheet

As at 31 March 2016

	Note	£000	2016 £000	£000	2015 £000
<b>Fixed assets</b>					
Investments	12		31,447		31,447
			<u>31,447</u>		<u>31,447</u>
<b>Current assets</b>					
Debtors: amounts falling due within one year	14	151		312	
Cash at bank and in hand	15	-		4	
		<u>151</u>		<u>316</u>	
Creditors: amounts falling due within one year	16	(3,129)		(5,759)	
<b>Net current liabilities</b>			<u>(2,978)</u>		<u>(5,443)</u>
<b>Total assets less current liabilities</b>			<u>28,469</u>		<u>26,004</u>
Creditors: amounts falling due after more than one year	17		(32,063)		(29,731)
<b>Net liabilities</b>			<u><u>(3,594)</u></u>		<u><u>(3,727)</u></u>
<b>Capital and reserves</b>					
Called up share capital	20		145		25
Share premium account	21		976		976
Profit and loss account	21		(4,715)		(4,728)
			<u><u>(3,594)</u></u>		<u><u>(3,727)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 December 2016

  
**A Perry**  
 Director

# Consolidated statement of changes in equity

For the year ended 31 March 2016

	Called up share capital	Share premium account	Foreign exchange reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 April 2015	25	976	(107)	(7,841)	(6,947)
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(2,836)	(2,836)
Exchange differences realised	-	-	59	-	59
<b>Other comprehensive income for the year</b>	-	-	59	-	59
<b>Total comprehensive income for the year</b>	-	-	59	(2,836)	(2,777)
Shares issued during the year	120	-	-	-	120
<b>Total transactions with owners</b>	120	-	-	-	120
<b>At 31 March 2016</b>	<b>145</b>	<b>976</b>	<b>(48)</b>	<b>(10,677)</b>	<b>(9,604)</b>

# Consolidated statement of changes in equity

For the year ended 31 March 2015

	Called up share capital	Share premium account	Foreign exchange reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 April 2014	25	976	(8)	(2,652)	(1,659)
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(5,189)	(5,189)
Exchange differences realised	-	-	(99)	-	(99)
<b>Other comprehensive income for the year</b>	-	-	(99)	-	(99)
<b>Total comprehensive income for the year</b>	-	-	(99)	(5,189)	(5,288)
<b>Total transactions with owners</b>	-	-	-	-	-
<b>At 31 March 2015</b>	<b>25</b>	<b>976</b>	<b>(107)</b>	<b>(7,841)</b>	<b>(6,947)</b>

The notes on pages 17 to 36 form part of these financial statements.



## Company statement of changes in equity

For the year ended 31 March 2016

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 April 2015	25	976	(4,728)	(3,727)
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	13	13
<b>Other comprehensive income for the year</b>	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	13	13
<b>Contributions by and distributions to owners</b>				
Shares previously classified as financial liabilities	120	-	-	120
<b>Total transactions with owners</b>	120	-	-	120
<b>At 31 March 2016</b>	<b>145</b>	<b>976</b>	<b>(4,715)</b>	<b>(3,594)</b>

The notes on pages 17 to 36 form part of these financial statements.

## Company statement of changes in equity

For the year ended 31 March 2015

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 April 2014	25	976	(4,108)	(3,107)
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(620)	(620)
<b>Total comprehensive income for the year</b>	-	-	(620)	(620)
<b>At 31 March 2015</b>	<b>25</b>	<b>976</b>	<b>(4,728)</b>	<b>(3,727)</b>

The notes on pages 17 to 36 form part of these financial statements.

# Consolidated statement of cash flows

For the year ended 31 March 2016

	2016 £000	2015 £000
<b>Cash flows from operating activities</b>		
Loss for the financial year	(2,836)	(5,189)
<b>Adjustments for:</b>		
Amortisation of intangible assets	1,239	1,239
Depreciation of tangible assets	304	249
Increase in stocks	(1,199)	(573)
Interest payable	4,557	3,868
Taxation	(206)	(18)
Decrease/(Increase) in debtors	7,791	(17,660)
(Decrease)/Increase in creditors	(4,582)	8,801
Corporation tax	515	653
<b>Net cash generated from/(used in) operating activities</b>	<b>5,583</b>	<b>(8,630)</b>
<b>Cash flows used in investing activities</b>		
Purchase of tangible fixed assets	(251)	(386)
<b>Net cash used in investing activities</b>	<b>(251)</b>	<b>(386)</b>
<b>Cash flows from financing activities</b>		
New secured loans	-	675
Repayment of loans	(1,700)	(2,750)
Interest paid	(1,205)	(472)
Shareholder loan notes redeemed in the year	-	(887)
<b>Net cash used in financing activities</b>	<b>(2,905)</b>	<b>(3,434)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>2,427</b>	<b>(12,450)</b>
Cash and cash equivalents at beginning of year	(18,073)	(5,555)
Foreign exchange gains and losses	(243)	(68)
<b>Cash and cash equivalents at the end of year</b>	<b>(15,889)</b>	<b>(18,073)</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	424	711
Bank overdrafts	(16,313)	(18,784)
	<b>(15,889)</b>	<b>(18,073)</b>

# Notes to the financial statements

For the year ended 31 March 2016

## **1. Accounting policies**

Aghoco 1079 Limited is a company incorporated in the United Kingdom under the Companies Act 2006 and its registered office is Rutherford House, Warrington Road, Birchwood Science Park, Warrington, Cheshire, WA3 6ZH. The company's principal activity is a holding company.

### **1.1 Going concern**

The Group is financed by a combination of a receivables finance facility, bank loan and loan notes which are detailed further in note 16 and 17 to the financial statements. These are classified as liabilities rather than permanent equity capital. The Group therefore has an excess of liabilities over assets resulting in an overall net liability position. The directors have prepared cash flow projections and are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group's forecasts and projections, which take into account reasonable possible changes in trading performance, show that the Group will be able to operate within the level of its current facilities. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

### **1.2 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006. Information on the impact of first-time adoption of FRS 102 is given in note 28.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Company's accounting policies (see note 2).

The Company has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 and has not presented its own Profit and loss accounts in these financial statements.

The Company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by the FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows

### **1.3 Basis of consolidation**

The consolidated financial statements present the results of the Group and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated profit and loss account from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 April 2014.

# Notes to the financial statements

For the year ended 31 March 2016

## 1. Accounting policies (continued)

### 1.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the goods and services supplied by the Company to third parties, excluding Value Added Tax and trade discounts

#### Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

It should be noted that the stage at which the above conditions are met for general sales and outsourcing sales at different points as follows:

- General sales - revenue is recognised when goods are issued to clients.
- Outsourcing sales - revenue is recognised when both the goods are issued to the client and in certain contracts a purchase invoice has been logged to verify the price of the goods.

#### 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 Group 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.

Management charges are billed one month in advance and recognised in the month in which the services are supplied.

# Notes to the financial statements

For the year ended 31 March 2016

## 1. Accounting policies (continued)

### 1.5 Intangible assets

#### Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Profit and loss account over its useful economic life of 20 years.

### 1.6 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.

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 property	- over the life of the lease
Fixtures and fittings	- 25% on cost
Computer equipment	- 33% on cost

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 Income Statement.

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Income Statement unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

## **Notes to the financial statements**

**For the year ended 31 March 2016**

### **1.7 Investments in subsidiaries**

Investments in subsidiaries are measured at cost less accumulated impairment.

### **1.8 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the profit or loss.

### **1.9 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.

### **1.10 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.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

### **1.11 Financial instruments**

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

## **Notes to the financial statements**

**For the year ended 31 March 2016**

### **1.11 Financial instruments (continued)**

- at fair value with changes recognised in the consolidated profit and loss account if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the consolidated profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

### **1.12 Finance costs**

Finance costs are charged to the consolidated profit and loss account 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.

### **1.13 Pensions**

#### **Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payments obligations.

The contributions are recognised as an expense in the consolidated profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.



## **Notes to the financial statements**

**For the year ended 31 March 2016**

### **1.14 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account, except that a change 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 balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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 balance sheet date.

### **1.17 Exceptional items**

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

### **1.18 Invoice discounting**

Amounts due in respect of invoice discounting are separately disclosed as current financial liabilities and are carried at amortised cost. The Group can use these facilities to draw down a percentage of the value of certain sales invoices. The management and collection of trade receivables remains with the Group.

# Notes to the financial statements

For the year ended 31 March 2016

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

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

- depreciation charged to tangible fixed assets
- amortisation charged to intangible fixed assets
- bad debt provision

## 3. Turnover

The turnover and profit before taxation are attributable to the principal activity of the Group.

Analysis of turnover by country of destination:

	2016 £000	2015 £000
United Kingdom	168,685	159,215
Rest of Europe	9,782	7,452
	<u>178,467</u>	<u>166,667</u>

## 4. Operating profit/(loss)

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

	2016 £000	2015 £000
Depreciation of tangible fixed assets	304	249
Amortisation of intangible assets, including goodwill	1,239	1,239
Fees payable to the Group's auditor and its associates for the audit of the company's annual financial statements	42	30
Auditor's remuneration for non audit work - tax compliance	7	5
Auditor's remuneration for non audit work - tax advisory	18	81
Operating leases - land and buildings	119	203
Operating leases – other	<u>165</u>	<u>360</u>

Exceptional costs in the year ended 31 March 2015 of £122,000 relate to non-recurring expenses in connection with consultancy and legal fees for business development activities.

# Notes to the financial statements

For the year ended 31 March 2016

## 5. Employees

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

	2016 £000	2015 £000
Wages and salaries	9,974	9,596
Social security costs	917	902
Cost of defined contribution scheme	209	131
	<u>11,100</u>	<u>10,629</u>

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

	2016 No.	2015 No.
Management and administration	153	147
Site operational staff	209	196
Management	6	6
	<u>368</u>	<u>349</u>

## 6. Directors' remuneration

	2016 £000	2015 £000
Remuneration	736	1,070
Company pension contributions to defined contribution pension schemes	62	80
	<u>798</u>	<u>1,150</u>

During the year retirement benefits were accruing to 5 directors (2015 - 6) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £277,000 (2015 - £288,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £26,250 (2015 - £26,000).

# Notes to the financial statements

For the year ended 31 March 2016

## 7. Interest payable and similar charges

	2016 £000	2015 £000
Interest on invoice discounting facility	1,342	232
Interest on shareholder loan notes	3,079	2,803
Interest on bank term loan	128	240
Preference share dividends	10	10
Amortisation of loan arrangement fees	(2)	583
	<u>4,557</u>	<u>3,868</u>

## 8. Taxation

	2016 £000	2015 £000
<b>Corporation tax</b>		
Current tax on losses for the year	387	132
	<u>387</u>	<u>132</u>
<b>Total current tax</b>	<u>387</u>	<u>132</u>
<b>Deferred tax</b>		
Deferred tax adjustments	128	521
<b>Total deferred tax</b>	<u>128</u>	<u>521</u>
<b>Taxation on loss on ordinary activities</b>	<u>515</u>	<u>653</u>

# Notes to the financial statements

For the year ended 31 March 2016

## 8. Taxation (continued)

### 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 -21%) as set out below:

	2016 £000	2015 £000
Loss on ordinary activities before tax	<u>(2,321)</u>	<u>(4,536)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 -21%)	(464)	(953)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	724	924
Capital allowances for year in excess of depreciation	-	(46)
Adjust closing tax to average rate	96	-
Short term timing difference leading to an increase (decrease) in taxation	2	126
Difference in tax rates in foreign subsidiaries	-	12
Unrelieved loss and other deductibles	128	69
Deferred tax not recognised	29	521
<b>Total tax charge for the year</b>	<u>515</u>	<u>653</u>

## 9. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and loss account in these financial statements. The profit after tax of the parent company for the year was £13,000 (2015 -loss £620,000).

# Notes to the financial statements

For the year ended 31 March 2016

## 10. Intangible assets

Group

Goodwill

£000

### Cost

At 1 April 2015	24,784
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At 31 March 2016	24,784
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### Amortisation

At 1 April 2015	3,562
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Charge for the year	1,239
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At 31 March 2016	4,801
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### Net book value

At 31 March 2016	19,983
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At 31 March 2015	21,222
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# Notes to the financial statements

For the year ended 31 March 2016

## 11. Tangible fixed assets

### Group

	Leasehold property improvements	Fixtures and fittings	Computer equipment	Total
	£000	£000	£000	£000
<b>Cost</b>				
At 1 April 2015	6	196	1,604	1,806
Additions	-	39	212	251
At 31 March 2016	6	235	1,816	2,057
<b>Depreciation</b>				
At 1 April 2015	3	87	1,195	1,285
Charge for period on owned assets	1	43	260	304
At 31 March 2016	4	130	1,455	1,589
<b>Net book value</b>				
At 31 March 2016	2	105	361	468
At 31 March 2015	3	109	408	520

The individual company did not hold any tangible fixed assets at 31 March 2016 (31 March 2015: £Nil).

## 12. Fixed asset investments

### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
IESA Holdings Limited	United Kingdom	Ordinary	100%	Holding company
IESA Limited	United Kingdom	Ordinary	100%	MRO store outsourcing and supply
IESA Ireland Limited	Ireland	Ordinary	100%	MRO store outsourcing and supply
Cloudprocure Limited	United Kingdom	Ordinary	100%	Dormant company
IESA Deutschland GmbH	Germany	Ordinary	100%	MRO store outsourcing and supply

# Notes to the financial statements

For the year ended 31 March 2016

## 12. Fixed asset investments (continued)

Company

Investments  
in subsidiary  
companies

£000

### Cost

At 1 April 2015	31,447
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At 31 March 2016	<u>31,447</u>
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### Net book value

At 31 March 2016	<u><u>31,447</u></u>
------------------	----------------------

At 31 March 2015	<u><u>31,447</u></u>
------------------	----------------------

## 13. Stocks

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Raw materials and consumables	4,067	2,868	-	-
	<u>4,067</u>	<u>2,868</u>	<u>-</u>	<u>-</u>



# Notes to the financial statements

For the year ended 31 March 2016

## 14. Debtors

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
<b>Due after more than one year</b>				
Prepayments and accrued income	1,295	2,243	-	-
	<u>1,295</u>	<u>2,243</u>	<u>-</u>	<u>-</u>

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
<b>Due within one year</b>				
Trade debtors	41,293	45,191	-	-
Other debtors	124	203	149	179
Prepayments and accrued income	20,297	23,053	2	5
Deferred taxation (note 19)	-	110	-	128
	<u>61,714</u>	<u>68,557</u>	<u>151</u>	<u>312</u>

## 15. Cash and cash equivalents

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Cash at bank and in hand	424	711	-	4
Less: receivables finance facility	(16,313)	(18,784)	-	-
	<u>(15,889)</u>	<u>(18,073)</u>	<u>-</u>	<u>4</u>

## Notes to the financial statements

For the year ended 31 March 2016

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

	<b>Group 2016 £000</b>	<b>Group 2015 £000</b>	<b>Company 2016 £000</b>	<b>Company 2015 £000</b>
Receivables finance facility (note 15)	<b>16,313</b>	18,784	-	-
Bank loans	<b>900</b>	1,700	<b>900</b>	1,700
Trade creditors	<b>36,625</b>	33,558	-	-
Amounts owed to group undertakings	-	-	<b>2,095</b>	3,932
Corporation tax	<b>607</b>	125	-	-
Taxation and social security	<b>1,616</b>	3,177	-	-
Other creditors	<b>24</b>	37	-	-
Accruals and deferred income	<b>9,390</b>	15,956	<b>134</b>	127
	<b><u>65,475</u></b>	<u>73,337</u>	<b><u>3,129</u></b>	<u>5,759</u>

The receivables finance facility is secured by way of an all asset debenture and an unlimited corporate guarantee executed by Aghoco 1079 Limited. The facility is subject to termination with 6 months notice by either party. The maximum amount available under this facility is £30 million. Interest is payable at 3.5% above 3 months LIBOR. The management and collection of the related trade receivables balance remains within the group.

The bank loan is secured on the assets of the Group.

## Notes to the financial statements

For the year ended 31 March 2016

**17. Creditors: Amounts falling due after more than one year**

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Preference shares	20	140	20	140
Accrued preference share dividends	32	22	32	22
Bank loans	-	900	-	900
Series A1 Loan notes	8,900	8,900	8,900	8,900
Series A2 Loan notes	13,350	13,350	13,350	13,350
Series B1 Loan notes	662	662	662	662
Series B2 Loan notes	106	106	106	106
Deferred loan arrangement fees	(390)	(654)	(390)	(654)
Accruals and deferred income	9,383	6,305	9,383	6,305
	<u>32,063</u>	<u>29,731</u>	<u>32,063</u>	<u>29,731</u>

The bank loan bears interest at 4.75% over LIBOR and was repayable in quarterly instalments to 30 September 2016.

The Series A and Series B loan notes both carry interest at 10% per annum compound. The Series A1 and B1 loan notes are secured and rank ahead of the Series A2 and B2 loan notes which are unsecured. Both sets of loan notes are due for repayment on 17 May 2018.

The preference shares carry a fixed dividend of 7% per annum. On 22 December 2015, £119,900 preference shares were re-designated as deferred shares. These shares carry no voting rights, right to capital or dividend rights.

Payment of the loan note interest is subject to meeting certain bank covenants.

## Notes to the financial statements

For the year ended 31 March 2016

**18. Financial instruments**

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
<b>Financial assets</b>				
Financial assets that are debt instruments measured at amortised cost	62,407	71,401	151	184
	<u>62,407</u>	<u>71,401</u>	<u>151</u>	<u>184</u>

**Financial liabilities**

Financial liabilities measured at amortised cost	(95,985)	(100,420)	(39,480)	(36,144)
	<u>(95,985)</u>	<u>(100,420)</u>	<u>(39,480)</u>	<u>(36,144)</u>

Financial assets measured at amortised cost comprise trade debtors, prepayments and accrued income, other debtors, amounts due by group undertakings and cash at bank and in hand.

Financial liabilities measured at amortised cost comprise bank overdrafts and invoice discounting facilities, trade creditors, other creditors, accruals and deferred income, bank loans, preference shares treated as debt and loan notes.

**19. Deferred taxation****Group**

	2016 £000
At beginning of year	110
Charged to the profit or loss	(127)
	<u>(17)</u>
<b>At end of year</b>	

The deferred taxation balance is made up as follows:

	Group 2016 £000
Accelerated capital allowances	(22)
Tax losses carried forward	5
	<u>(17)</u>

# Notes to the financial statements

For the year ended 31 March 2016

## 20. Share capital

	2016 £	2015 £
75,000,000 A Ordinary shares of £0.000001 each	75	75
25,000,000 B Ordinary shares of £0.001 each	25,000	25,000
100,000 C Ordinary shares of £0.0001 each	10	10
119,900 Deferred shares of £1 each	119,900	-
	<u>144,985</u>	<u>25,085</u>

The A and B Ordinary shares carry a full equity entitlement, rights to capital in the event of winding up, but no voting rights. The C Ordinary shares hold voting rights on a pro-rate basis, but rights to capital in the event of a sale or winding up or dividend rights are limited to 10% of the subscription price.

On 22 December 2015, £119,900 preference shares were redesignated as deferred shares. These shares carry no voting rights, right to capital or dividend rights.

## 21. Reserves

### Share premium

Represents the amount paid for ordinary share capital in excess of the nominal value.

### Foreign exchange reserve

Represents foreign exchange differences arising on the translation of foreign subsidiaries.

### Profit and loss account

Represents all current and prior period retained earnings.

## 22. Capital commitments

As at 31 March 2016 and 31 March 2015, the Group had no capital commitments.

# Notes to the financial statements

For the year ended 31 March 2016

## 23. Pension commitments

The Group contributes to a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered scheme. The pension charge represents contributions payable by the Group and amounted to £209,000 (2015: £131,000). Included in creditors is £10,000 (2015: £18,000) in relation to outstanding contributions.

## 24. Commitments under operating leases

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

	Group 2016 £000	Group 2015 £000
<b>Other</b>		
Not later than one year	145	193
Later than one year and not later than five years	20	167
	<u>165</u>	<u>360</u>
	Group 2016 £000	Group 2015 £000
<b>Land and buildings</b>		
Not later than one year	84	84
Later than one year and not later than five years	35	119
	<u>119</u>	<u>203</u>

## 25. Related party transactions

The Company has taken advantage of the exemption under FRS 102 not to disclose transactions with related parties where those parties have 90% or more of their voting rights controlled within the Group.

£22,249,250 (2015: £22,249,250) of Series A loan notes 2018 and £8,889,438 (2015: £5,931,226) of interest was owed to the Gresham 4A and 4B fund, a collection of limited partnerships managed by Gresham LLP, at 31 March 2016.

During the year, the Company paid Gresham LLP £104,000 (2015: £106,000) for the services of non-executive directors of the Company. No balances were owed to Gresham LLP at the year end.

## 26. Controlling party

Seventy five per cent of the issued share capital of the Company is held by Barrington House Nominees Limited on behalf of investors in 'Gresham 4 Fund'. The 'Gresham 4 Fund' is managed by Gresham LLP.

## **Notes to the financial statements**

**For the year ended 31 March 2016**

### **28. First time adoption of FRS 102**

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

Mr Ian Oatley  
Head of Finance  
IESA Limited  
Rutherford House  
Warrington Road  
Warrington  
WA3 6ZH

21<sup>st</sup> December 2016

Dear Sir,

Please find attached the Financial Statements of Aghoco 1079 Limited (Registered number. 07924270) in respect of year ended 31 March 2016, for filing purposes with Companies House.

If you have we any further questions in respect of this, please don't hesitate to contact me on the above details.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'IO' or similar, written in a cursive style.

Mr Ian Oatley