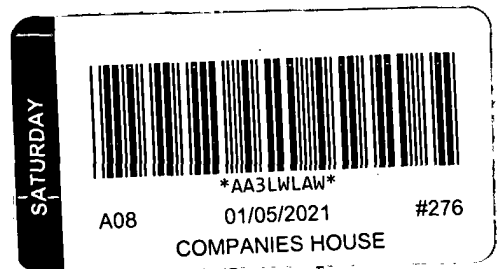


Registered number 04010379

EFFICIO LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
For the year ended  
30 June 2020



Efficio Limited

**Annual report and financial statements  
for the year ended 30 June 2020**

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Efficio Limited

## Company information

### Directors

Mr J M V Pedersen  
Ms M T Ras-Work  
Mr A Klein  
Mr J Prielcel  
Mr T G Munyard  
Mr R W J Siddle

### Company secretary

Mr J M V Pedersen

### Registered office

33 Regent Street  
London  
SW1Y 4NE

### Independent auditors

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
1 Embankment Place  
London  
WC2N 6RH

# Efficio Limited

## Strategic report for the year ended 30 June 2020

The directors present their strategic report for the year ended 30 June 2020.

### Business activities

Efficio Limited ("the Company") is a procurement specialist focussed on improving the procurement and supply chain functions of clients. The Company is a member of the Efficio Global Limited Group (the "Group") which is made up of Efficio Global Limited and its subsidiaries.

The Company has expertise across all industries including blue chip multinationals and private equity-owned business. Measurable and sustainable results for clients is achieved by driving strategic sourcing and supply chain improvement programmes. Clients' long term capabilities are improved through technology, organisation, people and operating model changes.

The programmes are increasingly long term and may involve multi-phase procurement transformations, provision of an ongoing managed procurement service or the implementation of bespoke procurement technology tools.

### Business review

The directors are pleased to report a strong year of trading results for the Company with operating profit of £4.7m (2019: £6.0m).

As at 30 June 2020, the Company had a strong balance sheet position with net assets of £24.3m (2019: £22.6m).

The results of the Company are set out in the financial statements on pages 12 to 33.

### Principal risks and uncertainties

In the course of day to day operations, the Company encounters a number of risks and uncertainties. The board of directors has overall responsibility for ensuring an appropriate risk management system is in place to identify and manage all significant risk exposures throughout the Company. The board considers the matters described below to be the principal risks that face the Company as it currently stands and that could affect the business, results of operations, turnover, profit, cash flow, assets and the delivery of our growth strategy.

#### People risk

The Company depends on the recruitment and retention of highly qualified employees to provide services for its clients. The ability to meet the demands of the market and compete effectively with other consultancy and services firms is dependent on having the right amount of skilled, experienced and high performing employees. The loss of key personnel or a significant number of employees, or the failure to attract a sufficient number of suitably qualified and experienced personnel, could have a serious impact on our ability to service client contracts.

The directors consider the workforce to be the most important asset for the Company. To ensure the right people are recruited and retained there are strong recruitment procedures and performance appraisal processes. The Company also offers an extensive training and development programme.

# Efficio Limited

## Strategic report for the year ended 30 June 2020 (continued)

### Market risk

Economic uncertainty in the Company's major markets could have an adverse impact on client demand. A reduction in client demand would lead to a loss of significant revenue streams, pressure on billing rates, or the collapse of a key client, exposing the Company to financial loss.

The Company has an account management review programme that focusses attention on all accounts to ensure stability, account growth and customer satisfaction are all achieved. The commercial approach ensures that the Company positions its offering in a way that is commensurate with market conditions, yet at the same time reflect the value provided to clients.

### Financial risk

Fees received on completion of programmes are often tied to performance which presents financial risk if programme objectives are not achieved. Prior to agreeing a fee arrangement there is a detailed assessment and approval process. There is detailed ongoing monitoring of the performance of all such assignments with corrective action taken quickly if required.

### Key performance indicators

The management of the Company review an extensive set of monthly key performance indicators reported on a monthly management dashboard in the areas of finance, business development, people and technology.

Detailed key performance indicators include:

	2020	2019	
Net Revenue growth	42,963,160	44,960,271	-4.%
Gross margin	<u>Gross profit</u> Net Revenue	10.97%	13.27%
Revenue by channel	See note 4	See note 4	

Efficio Limited

## Strategic report for the year ended 30 June 2020 (continued)

### Future developments and COVID-19

During the year, the World Health Organisation declared the outbreak of Covid-19 as a pandemic and the virus continues to spread globally. Countries around the world have taken restrictive measures to control the spread of the virus. While this has caused disruption across commercial activities and impacted many industries, the Group's business has proved resilient. A small number of client projects were paused or delayed but the Group's core offering of procurement services has remained in demand as the management of disrupted supply chains, and the requirement for clients to make significant savings on all their procurement arrangements, continues to be of paramount importance. In addition, the Group has proved that it is able to deliver its services remotely in most circumstances and can continue to operate effectively without the need to operate from office locations.

A large portion of the group's new sales are long term contracts, securing steady future income. Efficio continues to consider business development opportunities, while navigating through the complexity of the pandemic.

On behalf of the Board



Mr J M V Pedersen  
Director  
30 October 2020

# Efficio Limited

## Directors' report for the year ended 30 June 2020

The directors present their report and audited financial statements for the year ended 30 June 2020.

### General information

Efficio Limited is a private Company, limited by shares, domiciled and incorporated in England with Company registration number 04010379. The registered office is 33 Regent Street, London, SW1Y 4NE.

The Company is a wholly owned subsidiary of Efficio Holdings Limited and of its ultimate parent, Efficio Global Limited. Efficio Holdings Limited and Efficio Global Limited are private companies, limited by shares, domiciled and incorporated in England. The address of their registered office is 4th Floor, One Portland Place, London W1B 1PN.

The principal activity of the Company has been described on page 4 of these financial statements.

### Directors

The directors who served during the year and up to the date of signing the financial statements were as follows:

Mr J M V Pedersen  
Ms M T Ras-Work  
Mr A Klein  
Mr J Priezel  
Mr T G Munyard  
Mr R W J Siddle

### Branches outside the UK

Efficio Limited has branches which operate in Canada and in Denmark.

### Dividends

The directors have paid a dividend of £nil (2019: £nil) in the year.

### Future developments

Future developments of the Company have been provided in the strategic report on page 4.

### Directors' indemnity and insurance

The Company has provided to all the director an indemnity (to the extent permitted by the Companies Act 2006) in respect of liabilities incurred as a result of their office, and the Company has taken out a third party insurance policy in respect of those liabilities for which the directors may not be indemnified. The third party indemnity was in force during the financial year and also at the date of approval of the financial statements. Neither the indemnity nor insurance provides cover in the event that the directors is proved to have acted dishonestly or fraudulently.

## **Directors' report for the year ended 30 June 2020 (continued)**

### **Going concern**

The Company manages its day-to-day working capital requirements through its operations. The Company generated an operating profit of £4.7m and as at 30 June 2020, the Company had a strong balance sheet position with net assets of £24.3m. The company also have reliance support from the remainder of the Group and ultimate parent company to continue as a going concern. The ultimate parent company, Efficio Global Limited has provided a letter of support for a period of at least 12 months from the date of signing these accounts. The directors have considered the ability of the ultimate parent to meet its liabilities as they fall due for the period of at least 12 months from the date of signing these financial statements as well as maintain compliance with its financial covenants on the third-party debt facilities. The Group has successfully restructured its senior loans with HSBC, and the directors are confident that there is sufficient headroom in place should the performance of the business fall short of current projections. Having assessed the principal risks, the director considers it appropriate to adopt the going concern basis of accounting in preparing its financial statement.

Having assessed the principal risks, the directors considered it appropriate to adopt the going concern basis of accounting in preparing its financial statements.

### **Employment policy**

The Company endeavours to provide employment opportunities on a fair and equitable basis. It strives to ensure that neither its policies nor practices disadvantage particular groups or individuals. The Company is committed to providing equality of opportunity to all its employees, regardless of sex, age, race, colour, national or ethnic origin, religious belief, marital status, disability, or sexual orientation and does not tolerate harassment or discrimination of any kind. The Company is committed to retaining employees who become disabled by making reasonable adjustments to enable them to continue in their current role or to explore possibilities for retraining or redeployment within the Company.

The Company places considerable value on the involvement of its employees and keeps them informed on matters affecting them as employees and on the financial and economic factors affecting the performance of the Company. This is achieved through regular presentations, the Company intranet, as well as the availability of Group literature.

### **Research and development costs**

The Company is committed to its ongoing research and development of technology driven procurement solutions both through its research and development for clients and through investing in projects internally. The Company will continue its policy of investment in technology in order to enhance its competitive position further.

### **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the

## Efficio Limited

### Directors' report for the year ended 30 June 2020 (continued)

state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The 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.

#### Disclosure of information to auditors

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Group and Company's auditors are unaware; and
- they have taken all 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 Group and Company's auditors are aware of that information.

#### Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the Board



Mr J M V Pedersen  
Director  
30 October 2020

## ***Independent auditors' report to the members of Efficio Limited***

### **Report on the audit of the financial statements**

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#### **Opinion**

In our opinion, Efficio Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 30 June 2020; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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#### **Conclusions relating to going concern**

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

# Efficio Limited

## *Strategic Report and Directors' Report*

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 year ended 30 June 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

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## **Responsibilities for the financial statements and the audit**

### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements set out on page 8, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### *Auditors' responsibilities for the audit of the financial statements*

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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## **Other required reporting**

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Darryl Phillips (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
30 October 2020

Efficio Limited

**Statement of Comprehensive Income  
for the year ended 30 June 2020**

		2020	2019
	Note	£	£
Revenue	4	46,522,884	48,523,303
Less expenses and disbursements		(3,559,724)	(3,563,032)
<b>Net revenue</b>		<b>42,963,160</b>	<b>44,960,271</b>
Cost of sales		(30,813,619)	(31,449,200)
<b>Gross profit</b>		<b>12,149,541</b>	<b>13,511,071</b>
Administrative expenses		(18,595,009)	(17,974,629)
Other operating income	6	11,158,038	10,430,332
<b>Operating Profit</b>	5	<b>4,712,570</b>	<b>5,966,774</b>
Exceptional items	7	(2,883,226)	(2,181,483)
Finance income		6	4
Finance costs	8	(84,936)	(13,455)
<b>Profit before taxation</b>		<b>1,744,414</b>	<b>3,771,840</b>
Income tax (charge)/credit	11	(228,591)	368,233
<b>Profit for the financial year</b>		<b>1,515,823</b>	<b>4,140,073</b>
<b>Other comprehensive Income</b>			
Foreign exchange translation gain		220,597	-
<b>Total comprehensive income</b>		<b>1,736,420</b>	<b>4,140,073</b>

The above results were derived from continuing operations.

Efficio Limited

**Statement of financial position  
as at 30 June 2020**

Registered number 04010379

		2020	2019
	Note	£	£
<b>Fixed assets</b>			
Intangible assets	12	6,378,103	4,812,634
Property, plant and equipment	13	638,360	842,075
Investments	15	107,546	1
Deferred tax	18	596,045	583,727
Right of use assets	14	1,571,405	-
		<b>9,291,459</b>	<b>6,238,437</b>
<b>Current assets</b>			
Trade and other receivables	16	65,848,212	64,444,747
Cash and cash equivalents		6,120,131	4,404,249
		<b>71,968,343</b>	<b>68,848,996</b>
Creditors: amounts falling due within one year	17	54,589,896	51,324,574
Current tax liabilities		13,018	-
Current lease obligations	14	667,613	-
<b>Net current assets</b>		<b>16,697,816</b>	<b>17,524,422</b>
<b>Total assets less current liabilities</b>		<b>25,989,275</b>	<b>23,762,859</b>
Creditors: amounts falling due after one year		778,597	1,171,506
Non- current lease obligations	14	937,703	-
		<b>1,716,300</b>	<b>1,171,506</b>
<b>Net assets</b>		<b>24,272,975</b>	<b>22,591,353</b>
<b>Equity</b>			
Called up share capital	20	700	700
Share based compensation capital contribution		2,358,123	2,412,921
Retained earnings		21,943,073	20,177,732
Translation reserve		(28,921)	-
<b>Total shareholders' funds</b>		<b>24,272,975</b>	<b>22,591,353</b>

The notes on pages 15 to 33 are an integral part of the financial statements.

The financial statements on pages 12 to 33 were approved by the Board of Directors on 30 October 2020 and were signed on its behalf by:

Mr J M V Pedersen  
Director



Registered number 04010379

Efficio Limited

**Statement of changes in equity  
for the year ended 30 June 2020**

	Share capital	Share based compensation capital contribution	Retained earnings	Translation reserve	Total
	£	£	£	£	£
Balance as at 1 July 2018	700	2,847,000	16,037,659	-	18,885,359
Capital contribution	-	(434,079)	-	-	(434,079)
Profit for the financial year	-	-	4,140,073	-	4,140,073
<b>Balance as at 30 June 2019</b>	<b>700</b>	<b>2,412,921</b>	<b>20,177,732</b>	<b>-</b>	<b>22,591,353</b>
Balance as at 1 July 2019	700	2,412,921	20,177,732	-	22,591,353
Capital contribution	-	(54,798)	-	-	(54,798)
Profit for the financial year	-	-	1,515,823	-	1,515,823
Other comprehensive income	-	-	-	220,597	220,597
Opening translation reserve reclassification	-	-	249,518	(249,518)	-
<b>Balance as at 30 June 2020</b>	<b>700</b>	<b>2,358,123</b>	<b>21,943,073</b>	<b>(28,921)</b>	<b>24,272,975</b>

# Efficio Limited

## Notes to the financial statements for the year ended 30 June 2020

### 1 General information

Efficio Limited is a private Company, limited by shares, domiciled and incorporated in England with Company registration number 04010379. The registered office is 33 Regent Street, London, SW1 4NE.

The principal activity of the Company has been described on page 4 of these financial statements.

### 2 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 2.1 Basis of preparation

The financial statements of Efficio Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The following standards and amendments are in issue but not yet effective, or yet to be endorsed by the European Union and have not been applied in these financial statements:

- Amendments to IAS 1 and IAS 8 Definition of Material
- Amendments to references on the conceptual framework with IFRS standards

The above standards and amendments will be adopted in the financial statements in the year they become effective. The impact of the standards and amendments on the Group's financial statements is under review.

## Notes to the financial statements (continued) for the year ended 30 June 2020

### 2.2 Foreign currency translation

The financial statements are presented in pounds sterling. The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which it operates.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Income statement.

### 2.3 Summary of disclosure exemptions

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

- IFRS 7, 'Financial Instruments: Disclosures'
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and error' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related part transactions entered into between two or more members of a group

### 2.4 Going concern

The Company manages its day-to-day working capital requirements through its operations. The Company generated an operating profit of £4.7m and as at 30 June 2020, the Company had a strong balance sheet position with net assets of £24.3m. The company also have reliance support from the remainder of the Group and ultimate parent company to continue as a going concern. The ultimate parent company has provided a letter of support for a period of at least 12 months from the date of signing these accounts. The directors have considered the ability of the ultimate parent to meet its liabilities as they fall due for the period of at least 12 months from the date of signing these financial statements as well as maintain compliance with its financial covenants on the third-party debt facilities. The Group has successfully restructured its senior loans with HSBC, and the directors are confident that there is sufficient headroom in place should the performance of the business fall short of current projections. Having assessed the principal risks, the director considers it appropriate to adopt the going concern basis of accounting in preparing its financial statement.

Having assessed the principal risks, the directors considered it appropriate to adopt the going concern basis of accounting in preparing its financial statements.

## Efficio Limited

### Notes to the financial statements (continued) for the year ended 30 June 2020

#### 2.5 Consolidation

The financial statements contain information about the Company as an individual company and do not contain consolidated financial information.

The Company is a wholly owned subsidiary of Efficio Holdings Limited and of its ultimate parent, Efficio Global Limited. It is included in the consolidated financial statements of Efficio Global Limited which are publicly available.

Therefore, the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The address of the ultimate parents registered office is 4<sup>th</sup> Floor, One Portland Place, London W1B 1PN.

#### 2.6 Regional Revenue reporting

Regional Revenue are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the region, has been identified as the directors.

#### 2.7 Revenue

##### IFRS 15 Revenue from Contracts with Customers

Revenue is recognised by the Group in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Revenue from providing services is recognised in the accounting period in which the services are rendered, because the customer receives and uses the benefits simultaneously.

- Time based projects, revenue is recognised based on actual labour hours spent on the contract.
- Fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. Certain fixed fee projects, such as license fees, are recognised equally over the license term.
- Variable-price contracts, revenue is recognised at the most likely amount based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided.

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Revenue in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion.

Net revenue is revenue after expenses and disbursements incurred by the consultants in the ordinary course of business.

The transaction price is stipulated in the contract and may include a time and materials or fixed-price and/or variable-price element. Any variable consideration related to contracts is identified and revenue recognised to the most likely amount which is highly probable. Variable consideration is monitored monthly and mainly includes incentives, performance bonuses and refunds. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation. Example are contracts in which a license fee can be separately identifiable.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

**Notes to the financial statements (continued)  
for the year ended 30 June 2020**

**2.8 New standards, amendments and IFRIC interpretations**

**Leases**

IFRS 16 has been adopted by the Group on 1 July 2019. The Group has applied IFRS 16 using the modified retrospective approach. This approach allows the recognition of the lease liability and asset as at 1 July 2019 with no restatement of prior period financial statements. The Group has also applied the practical expedient on transition to apply a single discount rate to a portfolio of leases with reasonably similar characteristics. The Group has adopted the practical expedients relating to short term and low value assets which allow these to be expensed through the income statement.

The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the lease item) and a financial liability to pay rentals for virtually all lease contract. An optional exempt exists for short-term and low value leases.

The adjustments as at 1 July 2019 to the company's Balance Sheet are the recognition of right-of-use assets and lease liabilities. These are shown in the table below:

	IFRS 16 adjustment £
<b>Non-Current asset</b>	
Right of use asset	2,296,180
<b>Total asset</b>	2,296,180
<b>Current liability</b>	
Lease obligations	690,864
<b>Non-current liabilities</b>	
Lease obligations	1,605,316
<b>Total liabilities</b>	2,296,180
<b>Net assets (Equity)</b>	0

The lease liability of £2.3M has been calculated as at 1 July 2019 using the present value of the unpaid lease payments over the lease term specific to each lease, using the incremental borrowing rate as the discount rate.

**2.9 Exceptional items**

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Company. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

**2.10 Current and deferred tax**

The tax expense for the period comprises current and deferred tax and is recognised in the income statement.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

## Notes to the financial statements (continued) for the year ended 30 June 2020

### 2.10 Current and deferred tax (continued)

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable.

### 2.11 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

### 2.12 Pensions

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

The Company has no further payment obligations once the contributions have been paid.

### 2.13 Investments in subsidiaries

Investments in subsidiaries are held as fixed assets and are held at cost less accumulated impairment losses.

### 2.14 Intangible assets

#### *Goodwill*

Goodwill is carried at cost less impairment.

The carrying value of goodwill is compared to its recoverable amount being the higher of its value in use and its fair value less costs to sell. An impairment review is carried out annually or when circumstances arise that may indicate an impairment is likely. Any impairment is charged immediately to the Income statement.

#### *Computer software*

Intangible assets are stated at historical cost less impairment.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following qualifying criteria are met.

## Notes to the financial statements (continued) for the year ended 30 June 2020

### 2.14 Intangible assets (continued)

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

The group amortises intangible assets with a limited useful life, using the reducing balance method over the following periods:

- IT Development and software 3 years

Amortisation of computer software is included within "Administrative expenses" on the income statement. Asset under construction will not be amortised until its available for use.

### 2.15 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Depreciation is charged on a straight-line basis at a rate to write-off the cost over estimated lives. The applicable rates are:

Computer equipment	33%
Office furniture and equipment	20%

An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Income statement.

### 2.16 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks.

### 2.17 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

### 2.18 Provisions

Provisions are recognised when the Company has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. The amount of the provision is determined based on the best estimate of the outflow of resources required to settle the obligation, taking into account all available information.

## Notes to the financial statements (continued) for the year ended 30 June 2020

### 2.19 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from proceeds.

### 2.20 IFRS 9 Financial Instruments

IFRS 9 Financial Instruments, covers the accounting treatment of the following three areas:

- › classification and measurement of financial assets and liabilities
- › impairment of financial assets
- › hedge accounting

The standard requires financial asset classification to be based on contractual cash flow characteristics and the objective of the company in holding the financial asset.

The Group does not use derivative financial instruments for speculative purposes. All derivative financial instruments are recognised in the statement of financial position at fair value, with subsequent changes in value recognised in the statement of comprehensive income

#### Impairment of financial assets

The 'expected credit loss model' requires either 12-month expected credit losses ('ECLs'), or lifetime ECLs to be recognised for all financial assets at initial recognition, before an impairment event occurs. The company has applied the simplified approach under the expected credit loss model, which leads to lifetime expected credit losses always being recognised. Under the standard, a provisioning matrix is used to calculate the expected credit losses based on these groupings. The Group uses a matrix based on ageing and internal credit ratings which are allocated to all debtors.

## 3 Critical accounting judgments and estimates

The Company performs an analysis of risk factors, which, if any should crystallise, would materially and adversely affect the results and financial position of the Company.

The preparation of financial statements in conformity with FRS 101 requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue, expenses and other income for the period. These estimates and assumptions are based on management's knowledge of the relevant facts and awareness of circumstances, having regard to prior experience.

The key assumptions about the future any key sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying value of assets and liabilities within the next 12 months are described below.

## Notes to the financial statements (continued) for the year ended 30 June 2020

### 3 Critical accounting judgments and estimates (continued)

#### *Revenue recognition*

Revenue from providing services is recognised in the accounting period in which the services are rendered, because the customer receives and uses the benefits simultaneously.

- Time based projects, revenue is recognised based on actual labour hours spent on the contract.
- Fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. Certain fixed fee projects, such as license fees, are recognised equally over the license term.
- Variable-price contracts, revenue is recognised at the most likely amount based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided.

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Revenue in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion.

#### *Recognition of intangibles*

Development costs incurred on specific projects are capitalised when certain conditions are satisfied. Careful judgement is required in determining whether the criteria for capitalisation of the internally developed computer software are met. Judgements are based on the information available at the time of incurring the costs. See note 2.14 for the judgement applied.

#### *Impairment of trade receivables*

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivables, the ageing profile of receivables and historical experience. See note 16 for the net carrying amount of the receivables.

### 4 Revenue

For management purposes, the Group is organised into five service revenue streams; Opportunity Assessment, Procurement Transformation, Managed Services, Procurement Engine and knowledge Management. The Opportunity Assessment is the first stage of a project to identify savings opportunities. Based on the findings of this assessment clients decide whether to explore a broader collaboration opportunity or a more focused approach, for example, category specific support or spend analytics. The difference between Managed Services and Procurement Transformation is the timeframe that projects are run, with Managed Services being in excess of 12 months and Procurement Transformation being less than 12 months. The provision of Procurement Engine services involves the use of the Group's in-house technology platform and technology resources. Knowledge management provides research services, usually as part of larger engagements. These services include Company profiles, Supplier Discovery and Market analysis

# Efficio Limited

## Notes to the financial statements (continued) for the year ended 30 June 2020

### 4 Revenue (continued)

The revenue streams are then broken down further into the geographical region that projects are delivered.

	2020 £	2019 £
<b>Opportunity Assessment</b>		
UK & Rest of Europe	1,798,274	4,026,952
	<u>1,798,274</u>	<u>4,026,952</u>
<b>Procurement Transformation</b>		
Canada	448,564	2,134,924
UK & Rest of Europe	20,318,628	19,181,224
	<u>20,767,192</u>	<u>21,316,148</u>
<b>Managed Services</b>		
Canada	1,066,660	-
UK & Rest of Europe	21,353,755	21,069,257
	<u>22,420,415</u>	<u>21,069,257</u>
<b>Procurement Engine</b>		
Canada	152,246	166,545
UK & Rest of Europe	1,365,189	1,944,401
	<u>1,517,435</u>	<u>2,110,947</u>
<b>Knowledge Management</b>		
UK & Rest of Europe	19,568	-
	<u>19,568</u>	<u>-</u>
<b>Total revenue</b>	<u><u>46,522,884</u></u>	<u><u>48,523,303</u></u>

### 5 Operating profit

The following items have been charged / (credited) to operating profit:

	2020 £	2019 £
Amortisation of intangible assets	1,808,350	1,742,000
Amortisation of right of use assets	724,775	-
Depreciation of tangible fixed assets	384,589	400,699
Operating lease rentals	-	830,889
Foreign exchange loss gains	(513,165)	(38,763)
Audit of the Company	62,655	62,655
	<u>62,655</u>	<u>62,655</u>

**Notes to the financial statements (continued)  
for the year ended 30 June 2020**

**6 Other operating income**

	2020	2019
	£	£
Management charge receivable	<b>11,158,038</b>	<b>10,430,332</b>

The management charge consists of back office charges where an element belongs to other members of the Efficio Global Limited Group and so is recharged out to those other companies at cost plus basis.

**7 Exceptional items**

	2020	2019
	£	£
Exceptional write offs	<b>2,883,226</b>	-
Corporate restructuring- Finance and Project Delivery	-	652,301
Professional fees- corporate finance activities	-	1,696,523
Share options scheme (credit)	-	(434,079)
Legal professional services in relation to new oversea offices	-	266,738
	<b>2,883,226</b>	<b>2,181,483</b>

Exceptional items are disclosed separately in the financial statements to provide a better understanding of 'one off' events in relation to the financial performance of the company in accordance with the Group policy. The majority of these costs relate to trade receivables and WIP balances impaired during the year which management believe are unlikely to occur in the future. The outbreak of Covid-19 was one of the factors that led to management reassessing the carrying value of some of the assets which has led to an increase in both specific provisioning and an expected credit loss provision under IFRS 9.

**8 Finance cost**

	2020	2019
	£	£
Bank borrowings	<b>16,839</b>	13,455
Lease liabilities	<b>68,097</b>	-
	<b>84,936</b>	<b>13,455</b>

## Efficio Limited

### Notes to the financial statements (continued) for the year ended 30 June 2020

#### 9 Staff costs

The aggregate remuneration for the employees, including executive directors, of the Company during the year comprised:

	2020 £	2019 £
Wages and salaries	28,894,563	25,626,675
Social security costs	3,404,682	3,368,978
Other pension costs	1,140,680	1,015,467
Share options scheme credit	(54,798)	(434,079)
	<b>33,385,127</b>	<b>29,577,041</b>

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

	2020 No.	2019 No.
Consultants	245	294
Administrative staff	46	51
Management staff	14	13
	<b>305</b>	<b>358</b>

#### 10 Directors' remuneration

The directors' emoluments were as follows:

	2020 £	2019 £
Remuneration	766,667	945,513
Company pension contributions to defined contribution pension schemes	102,042	17,006
Other benefits	-	5,900

The highest paid director received remuneration of £200,000 (2019: £200,000).

During the year retirement benefits were accruing to 3 directors (2019: 3) in respect of defined contribution pension schemes. The value of the contributions paid to a defined contribution pension scheme in respect of the highest paid director amount to £26,387 (2019: £17,006).

During the year other benefits were accruing to zero directors (2019: 3). The value of the other benefits paid in respect of the highest paid director amount to £0 (2019: £0).

# Efficio Limited

## Notes to the financial statements (continued) for the year ended 30 June 2020

### 11 Income tax charge

The tax charge on the profit before taxation for the year was as follows:

	2020 £	2019 £
Current tax on profits for the year	468,201	75,331
Adjustment in respect of prior years	(227,294)	(67,580)
Foreign tax relief/other relief	-	(75,331)
Foreign tax suffered	-	280,701
	<u>240,907</u>	<u>213,121</u>
<b>Deferred tax:</b>		
Current year	(546,335)	(108,817)
Adjustment in respect of previous periods	539,251	(483,990)
Effect of changes in tax rates	(5,232)	11,454
<b>Total deferred tax</b>	<u>(12,316)</u>	<u>(581,354)</u>
<b>Tax charge/(credit) on profit</b>	<u>228,591</u>	<u>(368,233)</u>

UK Corporation tax has been charged at 19% (2019: 19.00%). The tax for the year is lower (2019: same as) than the standard effective rate of corporation tax in the UK for the year ended 30 June 2020 of 19% (2019: 19.00%). The differences are explained below:

	2020 £	2019 £
Profit/ (Loss) before taxation	1,744,414	3,771,839
Profit/ (Loss) before taxation multiplied by standard rate of corporation tax in the UK of 19% (2019: 19.00%)	331,439	716,649
Items not deductible for tax purposes	27,796	27,821
Amounts not recognised	-	(209,855)
Adjustments in respect of prior years	311,957	(551,570)
Income not taxable	3,809	-
Tax rate changes	(5,232)	11,453
Research and development credits	(430,766)	(568,100)
Group relief	-	(1)
Effects of overseas tax rates	-	205,370
Share options	(10,412)	-
<b>Tax charge/(credit)</b>	<u>228,591</u>	<u>(368,233)</u>

Efficio Limited

**Notes to the financial statements (continued)  
for the year ended 30 June 2020**

**12 Intangible assets**

	Goodwill	Assets under construction	Computer Software	Total
	£	£	£	£
<b>Cost</b>				
At 1 July 2018	80,000	416,999	4,573,445	5,070,444
Additions			3,272,000	3,272,000
Reclass		(416,999)	416,999	-
<b>As at 30 June 2019</b>	<b>80,000</b>	<b>-</b>	<b>8,262,444</b>	<b>8,342,444</b>
<b>Accumulated amortisation</b>				
At 1 July 2018	-	-	1,390,498	1,390,498
Amortisation			2,139,312	2,139,312
<b>As at 30 June 2019</b>	<b>-</b>	<b>-</b>	<b>3,529,810</b>	<b>3,529,810</b>
<b>Net book value</b>				
As at 30 June 2018	80,000	416,999	3,182,947	3,679,946
As at 30 June 2019	80,000	-	4,732,634	4,812,634

	Goodwill	Assets under construction	Computer Software	Total
	£	£	£	£
<b>Cost</b>				
At 1 July 2019	80,000	-	8,262,444	8,342,444
Additions	-	54,509	3,319,310	3,373,819
<b>As at 30 June 2020</b>	<b>80,000</b>	<b>54,509</b>	<b>11,581,754</b>	<b>11,716,263</b>
<b>Accumulated amortisation</b>				
At 1 July 2019	-	-	3,529,810	3,529,810
Amortisation	-	-	1,808,350	1,808,350
<b>As at 30 June 2020</b>	<b>-</b>	<b>-</b>	<b>5,338,160</b>	<b>5,338,160</b>
<b>Net book value</b>				
As at 30 June 2019	80,000	-	4,732,634	4,812,634
As at 30 June 2020	80,000	54,509	6,243,594	6,378,103

Assets under construction relates to software that the Company is developing. The assets under construction are reclassified as software and amortisation is charged from the date the assets are available for use.

The goodwill balance relates to the purchase of Dedoko's operations in March 2016. Goodwill is carried at cost less impairment.

**Notes to the financial statements (continued)  
for the year ended 30 June 2020**

**12 Intangible assets (continued)**

**Annual Impairment review: Goodwill**

The impairment review conducted annually has identified sufficient headroom in the recoverable value of the CGU on the basis the NPV of future cashflows exceeds the intangible asset value. A sensitivity analysis has been undertaken by changing key assumptions used for the CGU. Based on this sensitivity analysis, no reasonably possible change in the assumptions resulted in the recoverable amount of the CGUs being reduced to their carrying value. We do not anticipate any changes over the next 12 months that would result in the recoverable amount of the CGU being reduced to its carrying value.

Key assumptions used to calculate the recoverable amount of the CGUs were as follows:

**Cash flow projections**

The recoverable amount of the CGU is based on the value in use, which is determined using cash flow projections derived from the most recent financial budgets and forecasts approved by management covering a five-year period. The short and medium-term cash flows reflect management's expectations of future outcomes considering past experience, adjusted for anticipated growth from both existing and new business in line with our strategic plans for each segment of our business. The cash flows also take into consideration our assessment of the potential impact of external economic factors.

**Long-term growth rates**

A long-term growth rate of 10% for 4 years, after which the growth in cashflow is assumed to decline gradually over the following 7 years to a long-term trend of 5% annual growth in perpetuity. The growth rate has been determined using long-term industry growth rates and management's conservative expectation of future growth.

**Discount rates**

A pre-tax discount rate of 10% reflects the time value of money and are derived from the Group's weighted average cost of capital, adjusted for the risk associated with the CGU.

**13 Property, plant and equipment**

	Computer equipment	Office furniture and equipment	Total
Cost	£	£	£
At 1 July 2018	794,386	796,813	1,591,199
Additions	229,929	22,273	252,202
<b>As at 30 June 2019</b>	<b>1,024,315</b>	<b>819,089</b>	<b>1,843,404</b>
<b>Accumulated depreciation</b>			
At 1 July 2018	424,019	176,609	600,628
Depreciation	226,411	174,288	400,699
<b>As at 30 June 2019</b>	<b>650,430</b>	<b>350,897</b>	<b>1,001,327</b>
<b>Net book value</b>			
As at 30 June 2018	370,367	620,204	990,571
<b>As at 30 June 2019</b>	<b>373,885</b>	<b>468,192</b>	<b>842,077</b>

Efficio Limited

**Notes to the financial statements (continued)  
for the year ended 30 June 2020**

**13 Property, plant and equipment (continued)**

	Computer equipment £	Office furniture and equipment £	Total £
<b>Cost</b>			
At 1 July 2019	1,024,315	819,089	1,843,404
Additions	149,776	31,096	180,872
Disposals	-	-	-
<b>As at 30 June 2020</b>	<b>1,174,091</b>	<b>850,185</b>	<b>2,024,276</b>
<b>Accumulated depreciation</b>			
At 1 July 2019	650,430	350,897	1,001,327
Depreciation	208,560	176,029	384,589
Disposals	-	-	-
<b>As at 30 June 2020</b>	<b>858,990</b>	<b>526,926</b>	<b>1,385,916</b>
<b>Net book value</b>			
As at 30 June 2019	373,885	468,192	842,077
<b>As at 30 June 2020</b>	<b>315,101</b>	<b>323,259</b>	<b>638,360</b>

**14 Leases**

**Right of use Assets**

The right-of-use assets for the Group's property are presented in the table below:

	Property £	Total £
<b>Net Carrying amount</b>		
At 1 July 2019	2,296,180	2,296,180
Additions and changes in terms	-	-
Impairment	-	-
Charge for the year	(724,775)	(724,775)
<b>As at 30 June 2020</b>	<b>1,571,405</b>	<b>1,571,405</b>

**Lease liability**

Lease liabilities are calculated at the present value of the lease payments that are not paid at the commencement date. The table below presents the split of these liabilities by category:

	Property £	Total £
Lease Liability current	667,613	667,613
Lease Liability non-current	937,703	937,703
<b>As at 30 June 2020</b>	<b>1,605,316</b>	<b>1,605,316</b>

## Efficio Limited

### Notes to the financial statements (continued) for the year ended 30 June 2020

#### 14 Leases (continued)

The Group expenses short-term leases and low-value assets as incurred which is in accordance with the recognition exemption in IFRS 16

	Property £	Total £
Within one year	667,613	667,613
Between two to five years	937,703	937,703
Greater than five years	-	-
<b>As at 30 June 2020</b>	<b>1,605,316</b>	<b>1,605,316</b>

	Lease maturity under IAS 17 £	IFRS 16 Differences £	Lease maturity under IFRS 16 £
Within one year	712,715	(45,102)	667,613
Between two to five years	1,004,100	(66,397)	937,703
Greater than five years	-	-	-
<b>As at 30 June 2020</b>	<b>1,716,815</b>	<b>(111,499)</b>	<b>1,605,316</b>

#### 15 Investments

	£
At 1 July 2019	1
Acquisition of subsidiaries	107,545
<b>At 30 June 2020</b>	<b>107,546</b>

The Company has two subsidiary undertaking the details of which are presented below.

Company name	Country of incorporation	Registered office	Description	Interest
Efficio LLC	United States	2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, New Castle County	Design and implementation of procurement solutions	100%
Efficio Saudi LLC	Saudi Arabia	Moon Tower AlRahmaniya King Fahad Branch Road, Riyadh 11321	Design and implementation of procurement solutions	100%

Efficio Limited had branches in Canada and Denmark during the year.

Efficio Limited

**Notes to the financial statements (continued)  
for the year ended 30 June 2020**

**16 Trade and other receivables**

	2020 £	2019 £
Trade receivables	5,872,633	3,904,849
Amounts owed by group undertakings	58,441,738	53,817,670
Other receivables	195,831	1,049,264
Prepayments and accrued income	1,338,010	5,672,963
	<u>65,848,212</u>	<u>64,444,746</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**17 Creditors: amounts falling due within one year**

	2020 £	2019 £
Accounts payable	2,722,166	3,968,350
Amounts owed to group undertakings	40,143,434	39,860,887
Taxation and social security	6,415,242	2,240,045
Other payables	666,528	213,984
Accruals and deferred income	4,642,526	5,041,308
	<u>54,589,896</u>	<u>51,324,574</u>

Amounts owed to group undertakings are unsecured interest free, have no fixed date of repayment and are repayable on demand.

**18 Deferred tax**

The provision for deferred tax consists of the following deferred tax assets (liabilities):

	2020 £	2019 £
<b>Deferred tax assets</b>		
Amounts due to be recovered/(due) within one year	<u>596,045</u>	<u>583,727</u>

	<b>Accelerated capital allowances</b> £
At 1 July 2018	679,607
Adjustments in respect of prior years	(142,452)
Deferred tax charge to statement of comprehensive income for the year	52,050
Tax rate change	(5,478)
<b>At 30 June 2019</b>	<b>583,727</b>
Adjustments in respect of prior years	(539,251)
Deferred tax credit to statement of comprehensive income for the year	551,569
<b>At 30 June 2020</b>	<u><b>596,045</b></u>

**Notes to the financial statements (continued)  
for the year ended 30 June 2020**

**19 Pension commitments**

The Company operates a defined contribution pension scheme. The assets of the scheme are held separate from that of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund amounted to £1,140,680 (2019:1,015,467). There were amounts of £172,596 (2019: £157,984) outstanding at the year end.

**20 Called up share capital**

	2020 £	2019 £
<b>Allotted, called up and fully paid</b>		
70,000 (2019: 70,000) ordinary shares of £0.01 each	700	700

**21 Share based compensation capital contribution**

	£
Reserve as at 1 July	2,412,921
Capital contribution	<u>(54,798)</u>
<b>Reserve as at 30 June 2020</b>	<b>2,358,123</b>

Share options were granted to selected employees in January 2017 through an EMI share option scheme for the purpose of retention and incentivisation. The exercise price of the granted options is £1.00. The options are exercisable only in the event of a sale and lapse after ten years from the grant date or if the employee ceases to be employed by the Efficio group. This has been calculated on the assumption that the sale will be realised on 30 June 2021.

The fair value of options granted determined using the Black-Scholes valuation model was £13.343 per option. The significant inputs into the model were weighted average share price of £14.3 at the grant date, exercise price shown above, volatility of 10% and an expected option life of five years from the date of granting and an annual risk-free interest rate of 1.57%.

See note 7 for the total credit recognised in the income statement for share options granted to employees based on the assumption that the event of a sale is probable.

Efficio Limited

**Notes to the financial statements (continued)  
for the year ended 30 June 2020**

**22 Related party transactions**

There were no related party transactions during the year.

**23 Immediate and ultimate controlling parties**

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Efficio Global Limited.

Copies of Efficio Global Limited consolidated financial statements can be obtained from One Portland Place, London, W1B 1PN.

The immediate parent undertaking is Efficio Holdings Limited.

There is no single ultimate controlling party.