

V4 UK Holdings Limited

Report and Financial Statements

31 March 2018

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COMPANIES HOUSE

V4 UK Holdings Limited

Registered No: 1037444

Directors

A J Jacobs

Auditors

Crowe U.K. LLP
St. Bride's House
10 Salisbury Square London
EC4Y 8EH

Registered Office

82 King Street,
Manchester,
England,
M2 4WQ

Strategic Report (continued)

Registered Number: 10377444

The directors present their strategic report for the year ended 31 March 2018.

Introduction

The Group consists of two trading subsidiaries Bloom Procurement Services Ltd (“BPS”) and V4 Services Limited (“V4”). A controlling stake in both companies was acquired on 18 October 2016.

As part of the Group’s long-term strategic plan the Group will seek to develop opportunities to fully leverage the capabilities of each subsidiary while more effectively sharing supporting functions, ensuring more efficient and flexible operations.

Outlined below is the strategic overview of each subsidiary:

Bloom Procurement Services Limited

Bloom Procurement Services Limited (“BPS”) provides an eCommerce platform with a tailored service bringing together buyers and suppliers to acquire professional services in the most efficient and effective manner for all parties.

The scope of the BPS offering covers professional services expenditure across 19 categories of expenditure and includes the vast majority of services which any organisation may require, from consultancy, IT services, legal services, construction to more sector specific areas of services such as environmental waste management and social care services.

Review of the business

During the financial year ended 31 March 2018 Bloom Procurement Services Limited ‘Bloom’ continued to grow across all areas of the business. The customer base significantly increased across all parts of the Public Sector with a noticeable increase in the breadth, value and complexity of projects. The Bloom team have been committed and have worked diligently to support the growth of the business. The business has also enhanced its core service capacity to support both customers and the supplier community as the business aims to manage significantly more projects.

Sustained Growth

Both turnover and number of buying organisations exceeded projected targets. The level of sustained growth has required the organisation to continue to review how it operates to meet future growth aspirations.

Growth	2015/16	2016/17	2017/18
Buying organisations	51	100	223
Supplier community	1,500	2,500	3,815
Projects	755	929	1,247
Turnover	£29m	£52m	£92m

Continued Investment

Further investment has been made in business core capabilities, with significant increases in people, facilities, in the IT system Provide and in further promoting Bloom as a brand.

Future Growth

The increased scale and complexity of the business continues to require constant evaluation of investment decisions to ensure sustained growth and appropriate capability and capacity is available. We anticipate that at the current growth rates we will need to review the current way of operating and ensure that all aspects of the business will be able to scale far more quickly as we look ahead to a successful future.

The business has identified the need for further advisory capability and will look to expand its Executive Team and Non-Executive Team in the next financial year.

Strategic Report (continued)

Registered Number: 10377444

Principal risks and uncertainty

The business is currently reliant on its Framework Agreement with NEPO (North East Procurement Organisation) which runs until December 2019. The directors anticipate that the company will be awarded various framework contracts which will allow it not only to maintain its current market position but will also extend its reach across the entire public sector. Notwithstanding that, the directors have also been exploring other routes to market that complement the arrangements with NEPO, currently Bloom have been awarded a framework for IT and Digital Service for National Procurement Service for Wales, have been successful on several Lots for Education, Business Consultancy Services and Procurement, Supply Chain and Commercial Consultancy Services of the Crown Commercial Services framework. The Directors have several other potential routes and are in advanced discussions to extend the Company's ability to act as a neutral vendor in provision of consultancy services to the public sector.

The company continues to invest in its staff and systems, pursuing an aggressive growth strategy, at the expense of short-term profitability.

V4 Services Limited

V4 provides specialist consultancy services focusing on improving procurement and commercial outcomes for a range of customers. V4 has significant expertise and an exceptional track record of delivery in diverse consultancy areas such as:

- Spend and market analysis;
- Procurement management and transformation;
- Leisure services;
- Adult and children's social care;
- Local government transformation;
- Community regeneration.

Review of the business

Financial and operational performance over the financial year has remained steady in comparison to the previous financial year. V4 has plenty of opportunities to grow revenue and has excellent access to its chosen markets. Retention of existing customers is positive and demonstrates the ongoing value delivered to these customers.

Future Growth

V4 have a focus on growing both its customer base and revenues, there is a high demand for specialist knowledge and capability in the V4 service lines and the executive team will be focused on delivering significant increases during the next financial year.

Principal risks and uncertainties

The principal risk is a relatively high fixed cost base in comparison to existing revenues, if there is a future dip in revenues a cost reduction programme would be required to ensure future profitability. There is a continued risk to potential revenue from customers reducing spend on consultancy services, this has been mitigated by continuing to demonstrate strong return on investment for customers.

Strategic Report (continued)

Registered Number: 10377444

Disabled employees

The Company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. Where existing employees become disabled, it is the Company's policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

On behalf of the Board:



A J Jacobs
Director

31 January 2019

Directors' Report

Registered Number: 10377444

The Directors present their report with financial statements of the Company for the year ended 31 March 2018.

Directors of the company

The Directors who served the Company during the year and to the date of this report were as follows:

A J Jacobs

Dividends

Dividends were proposed and paid in the year totalling £120,000 (2017: £62,000)

Disclosure of information to the auditors

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Company's auditor, each Director has taken all the steps that he/she is obliged to take as a Director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Going concern

The Directors consider the going concern basis to be appropriate having paid due regard to the company's projected results during the twelve months from the date the financial statements are approved. Further detail is included in note 1.

Re-appointment of auditors


On 25 June 2018 the auditors, Crowe Clark Whitehill LLP changed their name to Crowe U.K. LLP. A resolution to reappoint Crowe U.K. LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board:

A J Jacobs

Director

31 January 2019



Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law including Financial Reporting Standard 102 'the Financial Reporting Standard applicable to 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 of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report

to the members of V4 UK Holdings Limited

Opinion

We have audited the financial statements of V4 UK Holdings Limited for the year ended 31 March 2018 which comprise the Group Income statement, the Group and Company Statement of changes in equity, the Group and Company Statement of financial position, the Group Statement of Cashflows and the related notes 1 to 25, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 1 of the financial statements, which describes the director's judgements in assessing the useful economic lives of goodwill arising on consolidation and the capitalised development costs, together with the carrying value of investments in subsidiaries in the parent company balance sheet. Our opinion is not modified in respect of these matters.

Conclusions relating to going concern

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

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

Independent Auditor's Report

to the members of V4 UK Holdings Limited (continued)

Other information

The directors are responsible for the other information.

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

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

Independent Auditor's Report

to the members of V4 UK Holdings Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and parent 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 group or parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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



Leo Malkin

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

London

1 February 2019

Group income statement

for the year ended 31 March 2018

	<i>Notes</i>	<i>2018</i> £	<i>2017</i> £
Turnover	2	94,375,997	32,824,318
Cost of sales		(89,645,036)	(31,088,463)
Gross profit		<u>4,730,961</u>	<u>1,735,855</u>
Administrative expenses		(4,562,047)	(1,939,054)
Operating profit/ (loss)	3	168,914	(203,199)
Interest received	6	43	34
Interest payable and similar charges	7	(48,331)	(18,105)
Sale of fixed assets		892	-
Profit/ (loss) on ordinary activities before taxation		<u>121,518</u>	<u>(221,270)</u>
Tax charge on profit/ (loss) on ordinary activities	8	(46,646)	(6,222)
Profit/ (loss) on ordinary activities after taxation		<u><u>74,872</u></u>	<u><u>(227,492)</u></u>
 Profit/(loss) and total comprehensive income for the period attributable to:			
Non-controlling interest		(12,932)	33,481
Owners of the parent company		87,804	(260,973)
		<u>74,872</u>	<u>(227,492)</u>

There were no recognised gains and losses other than those included in the consolidated statement of comprehensive income.

The notes on pages 15 to 29 form part of these financial statements.

Group and company statement of changes in equity

for the year ended 31 March 2018

Group

	<i>Called up share capital</i>	<i>Share premium account</i>	<i>Income statement</i>	<i>Equity Attributable to owners of parent Company</i>	<i>Non- controlling interests</i>	<i>Total Equity</i>
	£	£	£	£	£	£
At 1 April 2016	-	-	-	-	-	-
Loss for the period	-	-	(260,973)	(260,973)	33,481	(227,492)
Dividends: Equity capital	-	-	(62,000)	(62,000)	-	(62,000)
Shares issued during the period	75,000	1,159,000	-	1,234,000	-	1,234,000
Non-controlling interest on acquisition	-	-	-	-	32,992	32,992
At 31 March 2017	75,000	1,159,000	(322,973)	911,027	66,473	977,500
Profit for the period	-	-	87,804	87,804	(12,932)	74,872
Dividends: Equity capital	-	-	(120,000)	(120,000)	-	(120,000)
At 31 March 2018	75,000	1,159,000	(355,169)	878,831	53,541	932,372

Company

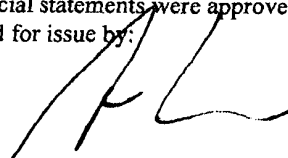
	<i>Called up share capital</i>	<i>Share premium account</i>	<i>Income statement</i>	<i>Total Equity</i>
	£	£	£	£
At 31 March 2016	-	-	-	-
Profit for the period	-	-	62,000	62,000
Dividends: Equity capital	-	-	(62,000)	(62,000)
Shares issued during the period	75,000	1,159,000	-	1,234,000
At 31 March 2017	75,000	1,159,000	-	1,234,000
Profit for the period	-	-	205,535	205,535
Dividends: Equity Capital	-	-	(120,000)	(120,000)
At 31 March 2018	75,000	1,159,000	85,535	1,319,535

Group statement of financial position

for the year ended 31 March 2018

	Notes	2018 £	2017 £
Fixed assets			
Intangible assets	10	2,168,059	2,284,937
Tangible assets	11	81,053	25,336
		<u>2,249,112</u>	<u>2,310,273</u>
Current assets			
Debtors	13	19,326,503	8,433,382
Cash at bank and in hand	14	1,405,626	3,883,256
		<u>20,732,129</u>	<u>12,316,638</u>
Creditors: amounts falling due within one year	15	(22,004,375)	(13,468,172)
Net current liabilities		<u>(1,272,246)</u>	<u>(1,151,534)</u>
Total assets less current liabilities		<u>976,866</u>	<u>1,158,739</u>
Creditors: amounts falling due after more than one year	16	-	(166,667)
Deferred tax	19	(44,494)	(14,572)
Net assets		<u>932,372</u>	<u>977,500</u>
Capital and reserves			
Called up share capital	20	75,000	75,000
Share premium account	21	1,159,000	1,159,000
Profit and loss account	21	(355,169)	(322,973)
Non-controlling interest		53,541	66,473
Equity shareholders' funds		<u>932,372</u>	<u>977,500</u>

The financial statements were approved by the Board of Directors on 31 January 2019 and were authorised for issue by:


A J Jacobs
Director

Company statement of financial position

for the year ended 31 March 2018

	Notes	2018 £	2017 £
Fixed assets			
Investments in subsidiaries	12	2,516,931	2,516,931
		<u>2,516,931</u>	<u>2,516,931</u>
Current assets			
Debtors	13	43,323	-
Creditors: amounts falling due within one year	15	(1,240,719)	(1,282,931)
		<u>(1,197,396)</u>	<u>(1,282,931)</u>
Net current (liabilities)/assets			
		<u>1,319,535</u>	<u>1,234,000</u>
Total assets less current liabilities			
		<u>1,319,535</u>	<u>1,234,000</u>
Capital and reserves			
Called up share capital	20	75,000	75,000
Share premium account	21	1,159,000	1,159,000
Profit for period		205,535	62,000
Dividends		(120,000)	(62,000)
		<u>1,319,535</u>	<u>1,234,000</u>
Equity shareholders' funds			
		<u>1,319,535</u>	<u>1,234,000</u>

The financial statements were approved by the Board of Directors on 31 January 2019 and were authorised for issue by:

A J Jacobs
Director

Group statement of cashflows

for the year ended 31 March 2018

	2018	2017
Notes	£	£
Cash flows from operating activities		
Profit/ (loss) for the financial period	74,872	(227,492)
Adjustments for:		
Amortisation of intangible assets	242,911	102,323
Depreciation of tangible assets	18,475	8,806
Gain on disposal of tangible assets	(892)	(14,661)
Interest paid	48,331	18,105
Interest received	(43)	(34)
Increase in debtors	(10,893,121)	(2,210,467)
Increase in creditors	8,474,803	5,726,223
Net cash (outflow)/ inflow from operating activities	(2,034,664)	3,402,803
Cash flows from investing activities		
Purchase of intangible fixed assets	(126,033)	(78,082)
Purchase of tangible fixed assets	(74,192)	(14,894)
Sale of tangible fixed assets	892	15,286
Acquisition of subsidiaries, net of cash acquired	-	(919,171)
Interest received	43	34
Net cash (outflow)/inflow used in investing activities	(199,290)	(996,827)
Cash flows from financing activities		
Issue of ordinary shares	-	1,234,000
New secured loans advanced	24,400	245,228
Other new loans advanced	-	200,000
Repayment of loans	(99,745)	(121,843)
Dividends paid	(120,000)	(62,000)
Interest paid	(48,331)	(18,105)
Net cash (outflow)/ inflow from financing activities	(243,676)	1,477,280
Net (decrease)/ increase in cash and cash equivalents	(2,477,630)	3,883,256
Cash and cash equivalents at beginning of period	3,883,256	-
Cash and cash equivalents at the end of period	1,405,626	3,883,256
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	1,405,626	3,883,256

Notes to the financial statements

at 31 March 2018

1. Accounting policies

Statement of compliance

V4 UK Holdings Limited is a limited liability company incorporated in England and Wales (registration number 10377444). The registered office is 82 King Street, Manchester, England, M2 4WQ.

The Company's financial statements have been prepared in compliance with FRS102 as it applies to the financial statements of the Group and the parent company for the year ended 31 March 2018.

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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 Group's accounting policies.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements present the results of the Company 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 Balances sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values of the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Going concern

The business is currently reliant on its Framework Agreement with NEPO (North East Procurement Organisation) which runs until December 2019. The directors anticipate that the company will be awarded various framework contracts which will allow it not only to maintain its current market position but will also extend its reach across the entire public sector. Notwithstanding that, the directors have also been exploring other routes to market that complement the arrangements with NEPO, currently Bloom have been awarded a framework for IT and Digital Service for National Procurement Service for Wales, have been successful on several Lots for Education, Business Consultancy Services and Procurement, Supply Chain and Commercial Consultancy Services of the Crown Commercial Services framework. The Directors have several other potential routes and are in advanced discussions to extend the Company's ability to act as a neutral vendor in provision of consultancy services to the public sector.

The Directors consider the going concern basis to be appropriate having paid due regard to the company's projected results during the twelve months from the date the financial statements are approved.

Notes to the financial statements

at 31 March 2018

Revenue

Revenue is recognised to the extent that it is probably 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 consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

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

- the amount of revenue can be measured reliably;
- it is probable that the 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.

Intangible Assets

Goodwill

Goodwill represents the difference between amounts paid on the costs 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 acquire 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 Consolidated statement of comprehensive income over its useful economic life of 12 years.

Other intangible assets

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

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The amortisation of intangible assets is included within Administration expenses in the Statement of Comprehensive Income.

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:

Fixtures and Fittings – 33%

Office Equipment – 33%

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.

Notes to the financial statements

at 31 March 2018

Tangible fixed assets (continued)

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of comprehensive income.

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

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.

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.

Financial Instruments

The Group only enters into basic financial instrument 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 debtors and creditors, 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 the 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.

Creditors

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

Dividends

Equity dividends are recognized when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognized when approved by the shareholders at an annual general meeting. Dividends on shares recognized as liabilities are recognized as expenses and classified within interest payable.

Notes to the financial statements

at 31 March 2018

Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Consolidated statement of comprehensive income 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.

Interest income

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

Borrowing costs

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the period in which they are incurred.

Provision for liabilities

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

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

Research and Development

In the research of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its costs can be reliably measured. The capitalised development costs are subsequently amortised on straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were incurred in the research phase only.

Taxation

Tax is recognised in the Income Statement, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Notes to the financial statements

at 31 March 2018

Taxation (continued)

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

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

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

Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Group's accounting policies, the director is required to make judgements, estimates and assumptions which affect the reported amounts of assets, liabilities, revenues and expenses. The director bases his judgements, estimates and assumptions on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates under different judgments or assumptions.

The intangible asset relates to IT systems used currently within the NEPO framework agreement that expires in 2019. This system is currently being used for additional frameworks that have been awarded and will be continued to be used for the foreseeable future. As noted in the Strategic Report on page 2, the directors are working towards both renewing that framework agreement and adding others to the company's portfolio. Consequently, the judgement to write-down that development expenditure over five years is considered appropriate.

Goodwill on consolidation in note 10 has arisen on the acquisition of subsidiaries. The director has assessed the useful life of the goodwill at 12 years from the date of acquisition of the subsidiaries, which assumes the NEPO framework agreement will be renewed and which would expire in 2028, including a 3-year run off period. An assumption has also been made that the group does not obtain any other agreements in the event that the NEPO framework agreement is not renewed.

The carrying value of investments in note 12 has been assessed by the director against the expected future benefits carried by the subsidiaries on the assumption the NEPO framework agreement is renewed, and no other agreements are obtained.

Should the group not be successful in renewing the NEPO framework agreement, the useful life of the goodwill would be reduced to 6 years and both the carrying value of the goodwill and the investments in subsidiaries may be subject to impairment.

During the year it was considered appropriate to change the accounting estimate in relation to accrued revenue and the related costs due to a change of internal control processes which will allow the business to reliably estimate revenue and costs on an ongoing basis. Previously the estimate was based upon a review of all sales and purchase invoices posted after the financial year end relating to the financial period whereas at 31 March 2018 the estimate is based on a submission of a goods receipt note from the customer confirming that the service has been delivered. The impact of this change is a reduction in assets and revenue of £9,654,385, liabilities and expenses of £9,300,067.

The directors consider the provisions against goodwill, trade and intercompany debtors being areas requiring the use of management judgment.

The directors do not consider there to be any key other sources of estimation and uncertainty when applying the accounting policies.

Notes to the financial statements

at 31 March 2018

2. Turnover

Turnover represents the value of fee income and recharged costs and disbursements recoverable during the year excluding VAT all of which arose in the United Kingdom.

	2018	2017
	£	£
An analysis of turnover by class of business is as follows:		
Consultancy services	94,375,997	32,824,318

3. Operating loss

	2018	2017
	£	£
This is stated after charging:		
Depreciation of tangible fixed assets	18,475	8,806
Amortisation of intangible assets, including goodwill	242,911	102,323
Fees payable to the Group's auditors for:		
-The audit of the Company's annual financial statements	2,000	12,000
-The audit of the Company's subsidiaries	30,000	34,000
- Non-audit services - taxation	7,650	3,300
Defined contribution pension cost	74,158	78,540
Payments under operating leases – land and buildings	204,288	116,312

4. Directors' emoluments

	2018	2017
	£	£
Emoluments	77,774	192,889

5. Staff costs

	Group 2018	Group 2017	Company 2018	Company 2017
	£	£	£	£
Wages and salaries	2,438,981	616,503	186,870	106,021
Social security costs	239,836	117,692	22,984	4,302
Other pension costs	74,158	78,540	6,762	-
	<u>2,752,975</u>	<u>812,735</u>	<u>216,616</u>	<u>110,323</u>

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

	2018	2017
	No.	No.
Director	1	1
Full time employees	46	37

Notes to the financial statements

at 31 March 2018

	47	38
	<u> </u>	<u> </u>
6. Interest receivable		
	<i>2018</i>	<i>2017</i>
	£	£
Other interest receivable	43	34
	<u> </u>	<u> </u>
7. Interest payable		
	<i>2018</i>	<i>2017</i>
	£	£
Bank interest payable	13,369	2,951
Other loan interest payable	34,301	14,739
Other interest payable	661	415
	<u> </u>	<u> </u>
	48,331	18,105
	<u> </u>	<u> </u>
8. Tax		
(a) Tax charge on profit on ordinary activities		
	<i>2018</i>	<i>2017</i>
	£000	£000
UK corporation tax:		
Corporation tax on profit for the year	28,909	5,513
Adjustment in respect of prior years	(12,185)	-
	<u> </u>	<u> </u>
Total current tax charge	16,724	5,513
Deferred tax:		
Origination and reversal of timing differences	29,922	709
	<u> </u>	<u> </u>
Total deferred tax	29,922	709
	<u> </u>	<u> </u>
Total tax charge	46,646	6,222
	<u> </u>	<u> </u>

Notes to the financial statements

at 31 March 2018

8. Tax (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is different to the standard rate of corporation tax in the UK of 19% (2017: 20%). The differences are reconciled below:

	2018	2017
	£	£
Profit (loss) on ordinary activities before tax	121,518	(221,270)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 20%)	23,088	(44,254)
Non-tax-deductible amortisation of goodwill and impairment	35,034	16,903
Other differences leading to an (decrease)/ increase in tax charge	(14,846)	32,864
Deferred tax	6,165	709
Tax rate changes	(2,795)	-
Tax charge on profit on ordinary activities	46,646	6,222

9. Dividends

	2018	2017
	£	£
Dividends	120,000	62,000

Notes to the financial statements

at 31 March 2018

10. Intangible assets

	<i>Development Expenditure</i>	<i>Goodwill</i>	<i>Total</i>
	£	£	£
Cost:			
At 1 April 2017	174,564	2,212,696	2,387,260
Additions	126,033	-	126,033
At 31 March 2018	<u>300,597</u>	<u>2,212,696</u>	<u>2,513,293</u>
Depreciation:			
At 1 April 2017	17,810	84,513	102,323
Provided during the year	58,520	184,391	242,911
At 31 March 2018	<u>76,330</u>	<u>268,904</u>	<u>345,234</u>
Net book value:			
At 31 March 2018	<u>224,267</u>	<u>1,943,792</u>	<u>2,168,059</u>
At 31 March 2017	<u>156,754</u>	<u>2,128,183</u>	<u>2,284,937</u>

Notes to the financial statements

at 31 March 2018

11. Tangible fixed assets

	<i>Fixtures and fittings</i>	<i>Office Equipment</i>	<i>Total</i>
	£	£	£
Cost:			
At 1 April 2017	20,253	11,211	31,464
Additions	-	74,192	74,192
At 31 March 2018	<u>20,253</u>	<u>85,403</u>	<u>105,656</u>
Depreciation:			
At 1 April 2017	4,092	2,036	6,128
Provided during the year	8,089	10,386	18,475
At 31 March 2018	<u>12,181</u>	<u>12,422</u>	<u>24,603</u>
Net book value:			
At 31 March 2018	<u>8,072</u>	<u>72,981</u>	<u>81,053</u>
At 31 March 2017	<u>16,161</u>	<u>9,175</u>	<u>25,336</u>

Notes to the financial statements

at 31 March 2018

12. Investments in subsidiaries

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal Activity
Bloom Procurement Services Limited	Ordinary	80%	Consultancy services
V4 Services Limited	Ordinary	100%	Consultancy services

Name	Registered Office
Bloom Procurement Services Limited	Rotterdam House, 116 Quayside, Newcastle Upon Tyne, NE1 3DY
V4 Services Limited	82 King Street, Manchester, England, M2 4WQ

The aggregate of the share capital and reserves as at 31 March 2018 and of the profit or loss of the year ended on that date for the subsidiary undertakings were as follows:

	2018	2017
	£	£
Aggregate of share capital and reserves		
Bloom Procurement Services Limited	137,782	202,443
V4 Services Limited	345,194	228,230
	<u>482,976</u>	<u>430,673</u>
(Loss)/ profit		
Bloom Procurement Services Limited	(64,661)	3,097
V4 Services Limited	236,964	36,857
	<u>172,303</u>	<u>39,954</u>
Company		
		<i>Unlisted investments</i>
		£
Cost or Valuation		
As at 1 April 2017 and at 31 March 2018		2,516,931
As at 1 April 2017 and at 31 March 2018		<u>2,516,931</u>
Net book value		
As at 1 April 2017 and at 31 March 2018		<u>2,516,931</u>

Notes to the financial statements

at 31 March 2018

13. Debtors

	<i>Group</i> 2018 £	<i>Group</i> 2017 £	<i>Company</i> 2018 £	<i>Company</i> 2017 £
Trade debtors	13,444,410	5,284,697	-	-
Other debtors	188,923	227,090	-	-
VAT and Tax Debtor	254,020	-	43,323	-
Prepayments and accrued income	5,439,150	2,921,595	-	-
	<u>19,326,503</u>	<u>8,433,382</u>	<u>43,323</u>	<u>-</u>

14. Cash and cash equivalents

	<i>Group</i> 2018 £	<i>Group</i> 2017 £	<i>Company</i> 2018 £	<i>Company</i> 2017 £
Cash at bank and in hand	1,405,626	3,883,256	-	-
	<u>1,405,626</u>	<u>3,883,256</u>	<u>-</u>	<u>-</u>

15. Creditors: amounts falling due within one year

	<i>Group</i> 2018 £	<i>Group</i> 2017 £	<i>Company</i> 2018 £	<i>Company</i> 2017 £
Bank loans	66,922	-	-	-
Debt factoring facility	181,118	156,718	-	-
Trade creditors	20,404,430	12,237,368	-	-
Amounts owed to group undertakings	-	-	670,871	477,501
Corporation tax	175,543	99,378	14,568	5,513
Other taxes and social security costs	93,494	124,101	-	20,160
Other creditors (incl directors loans)	128,087	645,700	555,280	779,182
Accruals and deferred income	954,781	204,907	-	575
	<u>22,004,375</u>	<u>13,468,172</u>	<u>1,240,719</u>	<u>1,282,931</u>

V4 Services Limited a subsidiary company has a debt factoring facility in place with ABN AMRO. Funds are available to drawn down at an advanced rate of 85% against the subsidiary's trade debtors that are aged less than 120 days with the facility capped at £900,000. At 31 March 2018 the outstanding balance on the facility of £181,118 (2017: £156,718) was secured by trade debtors of £230,822 (2017: £224,882). Interest is charged on the drawn down funds at a rate of 2.5% above the base rate.

Notes to the financial statements

at 31 March 2018

16. Creditors: amounts falling due after more than one year

	<i>Group</i> 2018	<i>Group</i> 2017	<i>Company</i> 2018	<i>Company</i> 2017
	£	£	£	£
Loans	-	166,667	-	-

Included within Other loans is a balance due to ABN AMRO Commercial Finance Plc. This amount is due for repayment on 18 October 2018. The loan is secured by way of a personal guarantee.

Interest is charged on this balance at a rate of 4% per annum over the base rate.

17. Loans

	<i>Group</i> 2018	<i>Group</i> 2017	<i>Company</i> 2018	<i>Company</i> 2017
	£	£	£	£
<i>Amounts falling due within one year</i>				
Bank loans	66,922	-	-	-
Debt factoring facility	181,118	156,718	-	-
<i>Amounts falling due 1-2 years</i>				
Other loans	-	166,667	-	-
	<u>248,040</u>	<u>323,385</u>	<u>-</u>	<u>-</u>

18. Financial Instruments

	<i>Group</i> 2018	<i>Group</i> 2017	<i>Company</i> 2018	<i>Company</i> 2017
	£	£	£	£
Financial assets				
Financial assets measured at amortised cost	13,633,333	5,511,787	2,516,931	2,516,931
	<u>13,633,333</u>	<u>5,511,787</u>	<u>2,516,931</u>	<u>2,516,931</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(21,756,335)	(13,109,533)	(1,198,409)	(1,245,204)
	<u>(21,756,335)</u>	<u>(13,109,533)</u>	<u>(1,198,409)</u>	<u>(1,245,204)</u>

Financial assets are measured at amortised cost and include trade and other debtors.

Financial Liabilities are measured at amortised cost and include trade and other creditors.

Notes to the financial statements

at 31 March 2018

19. Deferred Taxation

	2018	2017
	£	£
Group		
Charged to profit or loss	(29,922)	(709)
Arising on business combinations	-	(13,863)
	<u>(29,922)</u>	<u>(14,572)</u>
	2018	2017
	£	£
At end of year		
The deferred taxation balance is made up as follows:		
Accelerated capital allowances	(42,638)	(30,326)
Tax losses carried forward	-	15,754
Short term timing differences	262	-
	<u>(42,376)</u>	<u>(14,572)</u>
At end of year		

20. Share capital

The allotted and issued share capital of the Company consisted of:

	2018	2017
	£	£
Allocated, called up and fully paid		
75,000 Ordinary shares of £1 each	75,000	75,000
	<u>75,000</u>	<u>75,000</u>

21. Reserves

Share premium account

This represents the premium that was paid on the shares that have been issued by the company.

Profit and loss account

This reserve comprises all current and prior period retained profits and losses after deducting any distributions made to the company's shareholders.

22. Pension commitments

A subsidiary company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the subsidiary company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £74,158 (2017 £78,540). No amounts are outstanding in relation to this at the year end.

Notes to the financial statements

at 31 March 2018

23. Financial Commitments

(i) Lease commitments

Future commitments under non-cancellable operating leases are as follows:

Land and Buildings

	2018	2017
	£	£
Not later than one year	96,992	72,072
	<u>96,992</u>	<u>72,072</u>

24. Related party transactions

The company owes £267,806 to director Adam Jacobs. Interest was charged on this balance of £27,054 which remained outstanding at the year end.

25. Controlling party

The company is under the control of Mr Adam Jacobs, who owns 100% of the issued share capital.