

Registered number 04010379

**EFFICIO LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
For the year ended  
30 June 2019



# Annual report and financial statements for the year ended 30 June 2019

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# Efficio Limited

## Company information

### Directors

Mr J M V Pedersen  
Ms M T Ras-Work  
Mr A Klein  
Mr J Priece  
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

## **Strategic report for the year ended 30 June 2019**

The directors present their strategic report for the year ended 30 June 2019.

### **Business activities**

Efficio Limited ("the Company") is a procurement specialist focussed on improving the procurement and supply chain functions of clients.

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 £5.9m (2018: £1.8m).

As at 30 June 2019, the Company had a strong balance sheet position with net assets of £22.6m (2018: £20.3m).

The results of the Company are set out in the financial statements on pages 13 to 32.

### **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.

## **Strategic report (continued) for the year ended 30 June 2019**

### **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:

#### *Finance*

- Revenue by channel
- Operating cashflow conversion
- Project profitability
- Client concentration
- Consultant utilisation

#### *Business Development*

- Three and six month booked revenue pipeline
- Pipeline of revenue prospects

#### *People*

- Staff attrition rate
- Offer uptake by selected candidates

#### *Technology*

- Technology revenue by channel

Efficio Limited

**Strategic report (continued)  
for the year ended 30 June 2019**

**Future developments and strategy**

The Company has a strong pipeline of new business with both new and existing clients in a broad spectrum of industries. We continue to focus on growing our technology and managed service offerings to clients, creating opportunities for longer term commitments with clients and resulting revenue stability.

On behalf of the Board

A handwritten signature in black ink, appearing to be 'J M V Pedersen', written in a cursive style.

**Mr J M V Pedersen  
Director  
27 November 2019**

# Efficio Limited

## Directors' report for the year ended 30 June 2019

The directors present their report and audited financial statements for the year ended 30 June 2019.

### 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 Priece  
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 (2018: £nil) in the year.

### Future developments

Future developments of the Company have been provided in the strategic report on page 6.

### Director's 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 (continued) for the year ended 30 June 2019**

### **Going concern**

While the Company manages its day-to-day working capital requirements through its operations it is ultimately dependent on the 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 financial statements.

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

### **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 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:

## Directors' report (continued) for the year ended 30 June 2019

### 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 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.

### Statement of disclosure of information to the 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 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 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  
27 November 2019

# ***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 2019 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 2019; the Income statement; and 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**

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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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.

# Efficio Limited

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.

## *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 2019 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 9, 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  
27 November 2019

**Income statement  
for the year ended 30 June 2019**

		2019	2018
	Note	£	£
Revenue	4	48,523,303	40,403,162
Less expenses and disbursements		(3,563,032)	(2,001,961)
<b>Net revenue</b>		<b>44,960,271</b>	38,401,201
Cost of sales		(31,449,200)	(27,575,216)
<b>Gross profit</b>		<b>13,511,071</b>	10,825,985
Administrative expenses	5	(17,974,629)	(18,432,680)
Other operating income	6	10,430,332	9,429,316
<b>Operating Profit</b>	5	<b>5,966,774</b>	1,822,621
Exceptional items	7	(2,181,483)	(2,847,000)
Finance income		4	1
Finance costs		(13,455)	-
<b>Profit / (Loss) before taxation</b>		<b>3,771,840</b>	(1,024,378)
Income tax credit/(charge)	10	368,233	1,108,061
<b>Profit for the financial year</b>		<b>4,140,073</b>	83,683

The above results were derived from continuing operations.

There are no other comprehensive income or expenses for the current or prior year other than those included in the income statement.

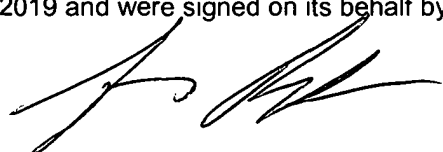
**Statement of financial position  
as at 30 June 2019**

Registered number 04010379

		2019	2018
	Note	£	£
<b>Fixed assets</b>			
Intangible assets	11	4,812,634	3,679,946
Property, plant and equipment	12	842,075	990,571
Investments	13	1	1
Deferred tax	16	583,727	674,129
		<b>6,238,437</b>	<b>5,344,647</b>
<b>Current assets</b>			
Trade and other receivables	14	64,444,747	55,100,618
Cash and cash equivalents		4,404,249	5,518,196
		<b>68,848,996</b>	<b>60,618,814</b>
<b>Creditors: amounts falling due within one year</b>	15	<b>51,324,574</b>	<b>45,631,234</b>
<b>Net current assets</b>		<b>17,524,422</b>	<b>14,987,580</b>
<b>Total assets less current liabilities</b>		<b>23,762,859</b>	<b>20,332,227</b>
<b>Creditors: amounts falling due after one year</b>		<b>1,171,506</b>	<b>-</b>
		<b>1,171,506</b>	<b>-</b>
<b>Net assets</b>		<b>22,591,353</b>	<b>20,332,227</b>
<b>Equity</b>			
Called up share capital	18	700	700
Share based compensation capital contribution	19	2,412,921	2,847,000
Retained earnings		20,177,732	17,484,527
<b>Total shareholders' funds</b>		<b>22,591,353</b>	<b>20,332,227</b>

The notes on pages 16 to 31 are an integral part of the financial statements.

The financial statements on pages 13 to 31 were approved by the Board of Directors on 27 November 2019 and were signed on its behalf by:



**Mr J M V Pedersen**  
Director

## Statement of changes in equity

	Share capital £	Share based compensation capital contribution £	Retained earnings £	Total £
Balance as at 1 July 2017	700	-	17,400,844	17,401,544
Capital contribution	-	2,847,000	-	2,847,000
Profit for the financial year	-	-	83,683	83,683
<b>Balance as at 30 June 2018</b>	<b>700</b>	<b>2,847,000</b>	<b>17,484,527</b>	<b>20,332,227</b>
IFRS 9 Adjustment	-	-	(482,401)	(482,401)
IFRS 15 Adjustment	-	-	(964,467)	(964,467)
<b>Restated balance as at 1 July 2018</b>	<b>700</b>	<b>2,847,000</b>	<b>16,037,659</b>	<b>18,885,359</b>
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>22,591,353</b>

## Notes to the financial statements for the year ended 30 June 2019

### 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:

- IFRS 16 Leases
- IFRIC 23 Uncertainty over income tax treatments
- Amendments to IAS 1 and IAS 8 Definition of Material
- Amendments to references on the conceptual framework with IFRS standards
- Amendments to IAS 19 Plan amendment, curtailment or settlement
- Annual improvements to IFRS standards 2015 – 2017 cycle

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 2019

### 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

While the Company manages its day-to-day working capital requirements through its operations it is ultimately dependent on the 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 financial statements.

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

### 2.5 New standards, amendments and IFRIC interpretations

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 30 June 2019, have had a material impact on the Company.

### 2.6 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.

## Notes to the financial statements (continued) for the year ended 30 June 2019

### 2.6 Consolidation (continued)

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.

### 2.7 Segment reporting

Operating segments 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 operating segments, has been identified as the directors.

### 2.8 Revenue

#### IFRS 15 Revenue from Contracts with Customers

The Group has adopted IFRS 15 Revenue from Contracts with Customers using the cumulative effect method from 1 July 2018. Upon adoption, the overall impact on Efficio Limited for the full year ended 30 June 2018 revenue is (£964,467) in the Consolidated Statement of Changes in Equity.

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

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.

Contingent revenue is recognised when it is considered highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur in future when any uncertainty associated with the contingent revenue is subsequently resolved.

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

### 2.9 Leases

Currently leases in which a significant portion of the risks and rewards of ownership are operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The Company leases certain property, plant and equipment. Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the leases commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

## Notes to the financial statements (continued) for the year ended 30 June 2019

### 2.9 Leases (continued)

#### IFRS 16 Leases

IFRS 16 is mandatory for financial years commencing on or after 1 January 2019.

It will affect primarily the accounting by lessees and will result in the recognition of all high value leases on the balance sheets. 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 statement of profit or loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in the later years.

Additionally, operating expenses will be replaced with interest and depreciation, so key metrics like EBITDA will change. During 2018, the Group performed an initial review of the impact of IFRS 16 and expected there to be material change to the balance sheet on adoption, primarily because of the operating lease entered the Group's London office on Regent Street and office space in the Arena Business Centres. As at 1 July 2018 the right to use of assets is estimated to be £2.6m to £3m and the present value of the liability is equivalent. The Group continues to continue to assess the impact of IFRS 16 on the rest of the group, consistently applying IFRS 16 to all leases that are longer than 12 months and/or greater than USD\$5,000 in value.

Net profit after tax is expected to increase by £5,328 in 2019 due to adopting the new rules of IFRS 16 as operating expense lease payment were included in administrative expenses, but amortisation of the right of use asset and interest on lease liability will be subsequently recognised under IFRS 16.

Given that IFRS 16 impact assessment remains ongoing, it is not practicable to quantify the total impact of the adopting IFRS 16. This new accounting standard will have significant impact on the Group's consolidated financial statements, including but not limited to EBITDA and profit before taxation.

Operating cashflow will be higher as cash payments for principle portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented in operating cashflows.

### 2.10 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.

### 2.11 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 2019

### 2.11 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.

### 2.12 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.

### 2.13 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.

### 2.14 Investments in subsidiaries

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

### 2.15 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.

## Notes to the financial statements (continued) for the year ended 30 June 2019

### 2.15 Intangible assets (continued)

#### *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:

- 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.

### 2.16 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.

### 2.17 Cash and cash equivalents

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

### 2.18 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.

## Notes to the financial statements (continued) for the year ended 30 June 2019

### 2.19 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.

### 2.20 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.

### 2.21 IFRS 9 Financial Instruments

IFRS 9 Financial Instruments, as issued by the IASB in July 2014 and became effective on the on 1 January 2018. IFRS 9 was adopted by the Group on 1 July 2018. IFRS 9 supersedes the existing accounting guidance in IAS 39 'Financial Instruments: Recognition and Measurement' and the related interpretations. The standard was applied using the modified retrospective approach for year ended 30 June 2019. Efficio Limited has restated opening retained earing by (£482,401) due to the adoption of IFRS 9. The changes are shown in the Statement of changes in equity.

The new standard covers the accounting treatment of the following three areas:

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

Classification and measurement of financial assets and liabilities IFRS 9 requires financial asset classification to be based on contractual cash flow characteristics and the objective of the company in holding the financial asset.

The new measurement model results in the reclassification of all financial assets due to the reduction in classification categories to amortised cost, fair value through profit and loss and fair value through other comprehensive income. The changes have not had a quantitative impact on the financial statements with accounting treatment remaining unchanged.

#### Impairment of financial assets

The IAS 39 'incurred loss model' is replaced by the IFRS 9 forward looking 'expected credit loss model'. The new 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 can be used to company's financial assets and calculate the expected credit losses based on these groupings. The company uses a matrix based on ageing and internal credit ratings which are allocated to all debtors.

Upon adoption, the Group identified the restatement recognised to the 2017-18 FY is (£482,401) to retained earnings, (£150,580) Accounts Receivables and (£331,821) Work in Progress. The overall impact on the full year ended 31 December 2018 retained earnings is presented in the Consolidated Statement of Changes in Equity.

## Notes to the financial statements (continued) for the year ended 30 June 2019

### 3 Critical accounting estimates, risks and uncertainties

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.

#### *Revenue recognition*

Certain projects entered into by the Company are recognised using long term contract accounting. The Company assesses contract progress and determines the proportion of contract work completed at the balance sheet date in relation to the total contract works. This policy requires forecasts to be made on the projected outcome of projects. These forecasts require assessments and judgements to be made on matters including changes in work scope, changes in costs and costs to completion. While the assumptions made are based on professional judgements, subsequent events may mean that estimates calculated prove to be inaccurate, with a consequent effect on the reporting results.

#### *Recognition of intangibles*

Identifiable intangible assets are recognised when it is considered probably that an inflow of economic activity upon the completion of the assets. Judgement is made as to when the asset has been developed and amortisation can be accumulated on the assets.

#### *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 15 for the net carrying amount of the receivables.

**Notes to the financial statements (continued)  
for the year ended 30 June 2019**

**4 Revenue**

For management purposes, the Company is organised into four business units for the provision of their services, being Opportunity Assessment, Procurement Transformation, Managed Services and Procurement Engine. The Opportunity Assessment is the first stage of a project to identify saving 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 Company's in-house technology platform and technology resources.

The four business units are then broken down further into the geographical region that projects are delivered.

	2019 £	2018 £
<b>Opportunity Assessment</b>		
UK & Rest of Europe	4,026,952	2,470,865
	<b>4,026,952</b>	2,470,865
<b>Procurement Transformation</b>		
North America	2,134,924	-
UK & Rest of Europe	19,181,224	15,351,979
	<b>21,316,148</b>	15,351,979
<b>Managed Services</b>		
UK & Rest of Europe	21,069,257	21,533,073
	<b>21,069,257</b>	21,533,073
<b>Procurement Engine</b>		
North America	166,545	-
UK & Rest of Europe	1,944,401	1,047,245
	<b>2,110,947</b>	1,047,245
<b>Total revenue</b>	<b>48,523,303</b>	40,403,162

## Notes to the financial statements (continued) for the year ended 30 June 2019

### 5 Operating profit

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

	2019	2018
	£	£
Amortisation of intangible assets	1,742,000	1,107,498
Depreciation of tangible fixed assets	400,699	349,912
Operating lease rentals	830,889	829,448
Foreign exchange loss / (gains)	(38,763)	89,943
Audit of the Company	62,655	80,780
	<u>62,655</u>	<u>80,780</u>

### 6 Other operating income

	2019	2018
	£	£
Management charge receivable	<u>10,430,332</u>	<u>9,429,316</u>

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

	2019	2018
	£	£
Corporate restructuring- Finance and Project Delivery	652,301	-
Professional fees- corporate finance activities	1,696,523	-
Share options scheme (credit) / charge	(434,079)	2,847,000
Legal professional services in relation to new overseas offices	266,738	-
	<u>2,181,483</u>	<u>2,847,000</u>

During the year, the group commenced restructuring internal operations, with key focus on the finance and project delivery functions, which involved the reorganisation of staff. Exceptional cost was also incurred in the opening and development of overseas offices, especially in the Middles East and the Nordics region. In addition, the group undertook various activities of corporate finance nature, exploring strategic options.

Selected employees of the Company hold share options issued by Efficio Global Limited through an EMI share scheme which are contingent on the sale of sufficient ordinary share capital to a buyer. The share options were valued, and a charge recognised for the year as the event of a sale is

# Efficio Limited

considered probable, refer to note 19.

## Notes to the financial statements (continued) for the year ended 30 June 2019

### 8 Staff costs

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

	2019	2018
	£	£
Wages and salaries	25,626,675	22,445,862
Social security costs	3,368,978	3,061,092
Other pension costs	1,015,467	584,400
Share options scheme charge	(434,079)	2,847,000
	<u>29,577,041</u>	<u>28,938,354</u>

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

	2019	2018
	No.	No.
Consultants	294	219
Administrative staff	51	32
Management staff	13	13
	<u>358</u>	<u>264</u>

### 9 Directors' remuneration

The directors' emoluments were as follows:

	2019	2018
	£	£
Remuneration	945,513	2,325,000
Company pension contributions to defined contribution pension schemes	17,006	21,241
Other benefits	5,900	6,539

The highest paid director received remuneration of £200,000 (2018: £450,000).

During the year retirement benefits were accruing to 3 directors (2018: 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 £17,006 (2018: £7,080).

During the year other benefits were accruing to 3 directors (2018: 3). The value of the other benefits paid in respect of the highest paid director amount to £0 (2018: £2,763).

**Notes to the financial statements (continued)  
for the year ended 30 June 2019**

**10 Income tax credit**

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

	2019 £	2018 £
Current tax on profits for the year	75,331	-
Adjustment in respect of prior years	(67,580)	(644,461)
Foreign tax relief/other relief	(75,331)	
Foreign tax suffered	280,701	211,896
	<u>213,121</u>	<u>(432,565)</u>
<b>Deferred tax:</b>		
Current year	(108,817)	(753,990)
Adjustment in respect of previous periods	(483,990)	(873)
Effect of changes in tax rates	11,454	79,367
<b>Total deferred tax</b>	<u>(581,354)</u>	<u>(675,496)</u>
Tax (credit) on profit	<u>(368,233)</u>	<u>(1,108,061)</u>

UK Corporation tax has been charged at 19% (2018: 19%). The tax for the year is lower (2018: lower) than the standard effective rate of corporation tax in the UK for the year ended 30 June 2019 of 19% (2018: 19%). The differences are explained below:

	2019 £	2018 £
Profit/ (Loss) before taxation	<u>3,771,839</u>	<u>(1,024,378)</u>
Profit/ (Loss) before taxation multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	716,649	(194,632)
Items not deductible for tax purposes	27,821	49,003
Amounts not recognised	(209,855)	-
Adjustments in respect of prior years	(551,570)	(645,334)
Income not taxable	-	(26,343)
Tax rate changes	11,453	79,367
Research and development credits	(568,100)	(568,100)
Group relief	(1)	-
Effects of overseas tax rates	205,370	197,978
<b>Tax (credit)</b>	<u>(368,233)</u>	<u>(1,108,061)</u>

**Notes to the financial statements (continued)  
for the year ended 30 June 2019**

**11 Intangible assets**

	<b>Goodwill</b> £	<b>Assets under construction</b> £	<b>Computer Software</b> £	<b>Total</b> £
<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>				
<b>As at 30 June 2018</b>	<b>80,000</b>	<b>416,999</b>	<b>3,182,947</b>	<b>3,679,946</b>
<b>As at 30 June 2019</b>	<b>80,000</b>	<b>-</b>	<b>4,732,634</b>	<b>4,812,634</b>

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 2019**

**12 Property, plant and equipment**

	Computer equipment £	Office furniture and equipment £	Total £
<b>Cost</b>			
At 1 July 2018	794,386	796,813	1,591,199
Additions	229,929	22,273	252,202
As at 30 June 2019	<u>1,024,315</u>	<u>819,089</u>	<u>1,843,401</u>
<b>Accumulated depreciation</b>			
At 1 July 2018	424,019	176,609	600,628
Depreciation	226,411	174,288	400,699
As at 30 June 2019	<u>650,430</u>	<u>350,897</u>	<u>1,001,327</u>
<b>Net book value</b>			
As at 30 June 2018	<u>370,367</u>	<u>620,204</u>	<u>990,571</u>
As at 30 June 2019	<u><b>323,971</b></u>	<u><b>518,104</b></u>	<u><b>842,075</b></u>

**13 Investments**

	£
At 1 July 2018	1
Acquisition of subsidiaries	-
<b>At 30 June 2019</b>	<u><b>1</b></u>

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

Company name	Country of incorporation	Description	Interest
<i>Direct</i> Efficio LLC	United States	Design and implementation of procurement solutions	100%

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

The address of the registered office of Efficio LLC is 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, New Castle County.

**Notes to the financial statements (continued)  
for the year ended 30 June 2019**

**14 Trade and other receivables**

	2019 £	2018 £
Trade receivables	3,904,849	4,601,893
Amounts owed by group undertakings	53,817,670	42,296,808
Other receivables	1,049,264	1,064,012
Prepayments and accrued income	5,672,963	7,137,905
	<u>64,444,746</u>	<u>55,100,618</u>

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

Trade receivables are stated after provisions for impairment of £0.3m (2018: £nil).

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

	2019 £	2018 £
Accounts payable	3,968,350	3,268,114
Amounts owed to group undertakings	39,860,887	33,951,350
Taxation and social security	2,240,045	1,104,374
Other payables	213,984	626,078
Accruals and deferred income	5,041,308	6,681,318
	<u>51,324,574</u>	<u>45,631,234</u>

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

**16 Deferred tax**

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

	2019 £	2018 £
<b>Deferred tax assets</b>		
Amounts due to be recovered/(due) within one year	<u>583,727</u>	<u>674,129</u>

**Notes to the financial statements (continued)  
for the year ended 30 June 2019**

**16 Deferred tax (continued)**

The movement in the year in the Company's net deferred tax position was as follows:

	<b>Accelerated capital allowances</b>
	<b>£</b>
At 1 July 2017	(1,366)
Adjustments in respect of prior years	873
Deferred tax charge to statement of comprehensive income for the year	674,622
<b>At 30 June 2018</b>	<b>674,129</b>
Adjustments in respect of prior years	(142,452)
Deferred tax credit to statement of comprehensive income for the year	52,050
Tax rate change	(5,478)
<b>At 30 June 2019</b>	<b>600,089</b>

**17 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 £1,015,467 (2018: £584,400). There were amounts of £157,984 (2018: £209,109) outstanding at the year end.

**18 Called up share capital**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Allotted, called up and fully paid</b>		
70,000 (2018: 70,000) ordinary shares of £0.01 each	<b>700</b>	<b>700</b>

**19 Share based compensation capital contribution**

	<b>£</b>
Reserve as at 30 June 2018	3,600,000
Capital contribution	(434,078)
<b>Reserve as at 30 June 2019</b>	<b>3,165,922</b>

## Notes to the financial statements (continued) for the year ended 30 June 2019

### 19 Share based compensation capital contribution (continued)

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.

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 expense recognised in the income statement for share options granted to employees based on the assumption that the event of a sale is probable.

### 20 Operating leases

The Company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	<b>Land and buildings</b>	
	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Not later than one year	936,619	893,848
Later than 1 year and no later than 5 years	2,001,791	2,911,893
Later than 5 years		-

### 21 Related party transactions

There were no related party transactions during the year.

### 22 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.