**Strategic Report, Report of the Directors and**

**Financial Statements**

**for the Year Ended 30 March 2018**

**for**

**IESA Limited**

## Contents
## for the Year Ended 30 March 2018

**IESA Limited**

**Company Information for the Year Ended 30 March 2018**

| | |
|---|---|
| **DIRECTORS:** | A B Perry<br>D C A Bowring<br>G G Timms<br>I P Haslegrave<br>D J Egan<br>V E Gough |
| **COMPANY SECRETARY:** | A B Perry |
| **REGISTERED OFFICE:** | IESA Works<br>Daten Park<br>Birchwood<br>Warrington<br>Cheshire<br>WA3 6UT |
| **REGISTERED NUMBER:** | 04188491 (England and Wales) |
| **INDEPENDENT AUDITORS:** | PricewaterhouseCoopers LLP<br>1 Hardman Square<br>Spinningfields<br>Manchester<br>M3 3EB |
| **BANKERS:** | The Royal Bank of Scotland Plc<br>10th Floor, The Plaza<br>100 Old Hall Street<br>Liverpool<br>L3 9QJ |
| **SOLICITORS:** | Gunnercooke<br>53 King St<br>Manchester<br>M2 4LQ |

## Strategic Report
## for the Year Ended 30 March 2018

The directors present their strategic report for the year ended 30 March 2018.

**REVIEW OF BUSINESS**
The Company has had another successful year with focus on new clients and improved performance of existing clients. The key element of this year's performance was the number of new wins generated in the year, with 10 new client wins on a scale larger than in previous years. Due mainly to the rollout of the wins in the previous period the turnover of the Company grew from £17,589,000 in the period ended 30 March 2017 to £20,890,000 in the year ended 30 March 2018, a 18.8% increase. The consequence of the increased client gross profit, continued cost control and reduced interest rates has enhanced profitability in the year, with an increase in profit before taxation from £2,693,000 in 2017 to £4,081,000 in 2018, a 52.0% increase. The new client wins had only a small financial impact in the year but have driven further improved financial performance in 2019 to date.

There has been continued improvement in operating cash flow in the year due to the streamlining of procedures in the invoice process cycle that occurred last year. The result of this has been an improvement in the invoice finance facility in the year from £16,714,000 at March 2017 to £14,718,000 at March 2018 after excluding a £5,000,000 one-off loan note interest repayment made in April 2017.

There has been a change in accounting policy in the year with revenue being stated as the income derived directly from the client as a management fee and the pass through costs of goods sold have been excluded from both turnover and costs of goods sales, as detailed in note 19. The value removed from turnover for period ended March 2017 is £147m and year ended March 2018 is £151m.

After the year end the invoice finance facility has been paid off in full due to acquisition of the Group by Electrocomponents Plc on the 31st May 2018.

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

| | 2018 | 2017 |
|---|---|---|
| Growth (Number of Client Sites at the year end) | 229 | 228 |
| Profitability (Profit before taxation) | £4,081k | £2,693k |
| Cashflow (Adjusted invoice financing facility as % of Revenue) | 8.6% | 10.1% |

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

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

# Strategic Report (continued)
# for the Year Ended 30 March 2018

## PRINCIPAL RISKS AND UNCERTAINTIES

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

**People**

The retention and recruitment of staff is a key priority for the business. Defined recruitment and retention policies exist and are managed to ensure the Company is competitive and attracts the best candidates. A graduate programme was implemented in the previous year, Leaders in IESA Fast Track (LIFT), that attracts high achieving graduates and internal high potential candidates who work through a rotational 36 month programme.

**Health and safety**

The Company has further enhanced the attention it gives to health and safety investing heavily to ensure performance remains excellent in this critical area, further improvements in the year is the adoption of a near miss programme.

**Operational performance**

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

**Financial Risk Management**

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

The Group used various financial instruments including an invoice finance facility, loan notes, cash and various items, such as trade debtors and trade creditors that arise directly from its operations.

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

**Price risk**

The Group is exposed to risk in the price of products with the risk being mitigated by the agent principle relationship with clients.

**Liquidity risk**

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

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

**Interest rate risk**

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

**Credit risk**

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

**Currency Fluctuations**

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

**ON BEHALF OF THE BOARD:**

........................................................................

A B Perry - Director

Date: 21/12/2018

# Report of the Directors
# for the Year Ended 30 March 2018

The directors present their report with the audited financial statements of the company for the year ended 30 March 2018.

## PRINCIPAL ACTIVITIES
The principal activity of the company in the year under review was that of procurement and stores management.

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

## DIVIDENDS
No dividends will be distributed for the year ended 30 March 2018 (2017 £3,765,000).

## DIRECTORS
The directors shown below have held office during the whole of the period from 31 March 2017 to the date of this report.

A B Perry
D C A Bowring
G G Timms

Other changes in directors holding office are as follows:

S I Hilton – resigned 31 May 2018
J M Robson – resigned 31 May 2018
D J Egan – appointed 31 May 2018
V E Gough – appointed 31 May 2018
I P Haslegrave – appointed 31 May 2018

***Directors' indemnities***
As permitted by the Articles of Association, the Company, via a policy maintained by its parent undertaking has maintained cover for its directors and officers under a directors' and officers' liability insurance policy as permitted by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

## RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS
There has been a restatement of prior year financial statements, which is detailed in note 19.

## POST BALANCE SHEET EVENTS
On the 31st May 2018 100% of the share capital of ultimate parent undertaking Aghoco 1079 Limited was sold to Electrocomponents Plc.

## POLITICAL DONATIONS
The Company made no political donations during the current or previous period.

## EMPLOYEE INVOLVEMENT
During the year, the policy of providing employees with information about the Company has been continued through internal media methods in which employees have been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

## FINANCIAL RISK MANAGEMENT
The Company's financial risk management is detailed on page 3.

**DISABLED EMPLOYEES**
IESA 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 career development and promotion to disabled employees wherever appropriate.

**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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 102, 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.

**Directors' confirmations**
In the case of each director in office at the date the Report of Directors 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, who were appointed in the year, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

........................................................................
A B Perry - Director

Date: 21/12/2018

## Report on the audit of the financial statements

### Opinion

In our opinion, IESA Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 March 2018 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 Strategic Report, Report of the Directors and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 30 March 2018; the income statement, and statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### 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.

### Conclusions relating to going concern

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

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.

### 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 Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

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

*Strategic Report and Report of the Directors*
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors for the year ended 30 March 2018 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 Report of the Directors.

**Responsibilities for the financial statements and the audit**
***Responsibilities of the directors for the financial statements***
As explained more fully in the Statement of the Directors' Responsibilities, 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. 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.

**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.

Imran Anwar (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
21 December 2018

## Income Statement and Statement of Comprehensive Income for the Year Ended 30 March 2018

| | Note | Year Ended 30.3.18 £'000 | As Restated Period 1.4.16 to 30.3.17 £'000 |
|---|---|---|---|
| **TURNOVER** | 3 | **20,890** | 17,589 |
| Cost of sales | | **(6,128)** | (4,999) |
| **GROSS PROFIT** | | **14,762** | 12,590 |
| Administrative expenses | | **(10,267)** | (9,160) |
| | | **4,495** | 3,430 |
| Other operating income | | **112** | 152 |
| **OPERATING PROFIT** | 6 | **4,607** | 3,582 |
| Interest receivable and similar income | | **-** | 1 |
| | | **4,607** | 3,583 |
| Interest payable and similar expenses | 7 | **(526)** | (890) |
| **PROFIT BEFORE TAXATION** | | **4,081** | 2,693 |
| Tax on profit | 8 | **(71)** | (548) |
| **PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR** | | **4,010** | 2,145 |

All activities are derived from continuing operations.

The company has no items of comprehensive income during the current or previous year other than those stated above and therefore no separate statement of comprehensive income has been presented.

The notes on pages 11 to 20 form an integral part of these financial statements

## Balance Sheet
## as at 30 March 2018

| | Note | 2018 £'000 | 2018 £'000 | As Restated 2017 £'000 | As Restated 2017 £'000 |
|---|---|---|---|---|---|
| **FIXED ASSETS** | | | | | |
| Tangible assets | 10 | | **1,905** | | 480 |
| **CURRENT ASSETS** | | | | | |
| Debtors | 11 | **82,529** | | 68,984 | |
| Cash at bank and in hand | | **86** | | 875 | |
| | | **82,615** | | 69,859 | |
| **CREDITORS** | | | | | |
| Amounts falling due within one year | 12 | **(77,616)** | | (67,481) | |
| **NET CURRENT ASSETS** | | | **4,999** | | 2,378 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | | **6,904** | | 2,858 |
| **PROVISIONS FOR LIABILITIES** | 15 | | **(43)** | | (7) |
| **NET ASSETS** | | | **6,861** | | 2,851 |
| **CAPITAL AND RESERVES** | | | | | |
| Called up share capital | 16 | | **909** | | 909 |
| Retained earnings | 17 | | **5,952** | | 1,942 |
| **TOTAL SHAREHOLDERS' FUNDS** | | | **6,861** | | 2,851 |

The notes on pages 11 to 20 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 21/12/2018 and were signed on its behalf by:

A B Perry - Director

## Statement of Changes in Equity
## for the Year Ended 30 March 2018

| | Called up share capital £'000 | Retained earnings £'000 | Total equity £'000 |
|---|---|---|---|
| **Balance at 1 April 2016** | 909 | 3,562 | 4,471 |
| **Changes in equity** | | | |
| Dividends | - | (3,765) | (3,765) |
| Profit for the financial year | - | 2,145 | 2,145 |
| **Balance at 30 March 2017** | **909** | **1,942** | **2,851** |
| **Changes in equity** | | | |
| Profit for the financial year | - | 3,914 | 3,914 |
| **Balance at 30 March 2018** | **909** | **5,856** | **6,765** |

The notes on pages 11 to 20 form an integral part of these financial statements.

**Notes to the Financial Statements
for the Year Ended 30 March 2018**

## 1. STATUTORY INFORMATION

IESA Limited is a private company, limited by shares, incorporated and registered in United Kingdom. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

The Company's principal activity is that of procurement and stores management.

The company was a member of the Group of companies headed by Aghoco 1079 Limited ('the Group') as at the year end date. This has subsequently changed upon acquisition on 31 May 2018 to Electrocomponents Plc. The principal activities of the Group are multi-channelled distributors.

## 2. ACCOUNTING POLICIES

**Basis of preparing the financial statements**
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention. The accounting policies have been applied consistently, other than where new policies have been adopted.

**Going concern**
These financial statements have been prepared on a going concern basis. The directors have prepared cash flow projections and are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future, being a period of not less than 12 months from the date of approval of these financial statements. The Company's forecasts and projections, which take into account reasonable possible changes in trading performance, show that the Company will be able to operate within the level of its current facilities. Accordingly the directors continue to adopt the going concern basis in preparing these financial statements.

**Financial Reporting Standard 102 - reduced disclosure exemptions**
The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A.

This information is included in the consolidated financial statements of Aghoco 1079 Limited as at 30 March 2018 and these financial statements may be obtained from Companies House.

**Turnover**
There has been a change in accounting policy in relation to revenue recognition in the year as detailed in note 19. Passthrough costs are not recognised as revenue because we are acting as an agent and not a principal.

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes for services supplied to third parties.

The Company recognises revenue for Management charges, fees charged to clients in relation to the provision of the outsourced services, in the month the services are supplied. License fee income is earned from suppliers in relation to the fees they pay to access the client base via the online procurement portal MyMRO. This income is recognised in the month the license fee is earned.

2. **ACCOUNTING POLICIES - continued**

**Tangible fixed assets**
Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line method.

Depreciation is provided on the following basis:

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

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

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

**Taxation**
Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Foreign currencies**
Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses that relate to pass through items are presented in the Income statement within 'cost of sales'.

2. **ACCOUNTING POLICIES - continued**

**Operating leases**
Rentals paid under operating leases are charged to the income statement on a straight line basis over the lease term. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 1 April 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

***Pension costs and other post-retirement benefits***
The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Income statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

**Debtors**
Short term debtors are measured at transaction price, less any impairment

**Accrued Income**
Accrued income arises when the risks and rewards of ownership are transferred from the Group to the customer but income has not yet been received. Accrued income is assessed for recoverability on a regular basis.

**Prepayments**
Prepayments arise when costs are incurred that relate to future periods. Prepayments are assessed for recoverability on a regular basis.

**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.

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

**Accruals**
Accruals arise when costs are incurred that are not invoiced in the period the costs relate, and therefore require to be provided back into the period the costs relate to.

**Deferred income**
Deferred income arises when income is received before the risks and rewards of ownership are transferred from the Group to the customer.

**Interest Payable and Similar Expenses**
Finance costs are charged to the Income statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

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

## 2. ACCOUNTING POLICIES - continued

**Financial instruments**
The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties.

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

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

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

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

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

**Significant judgements and estimates**
Company management and the board of directors make estimates and assumptions about the future. These estimates and assumptions impact recognised assets and liabilities, as well as revenue and expenses and other disclosures. These estimates are based on historical experience and on various assumptions considered reasonable under prevailing conditions. The actual outcome may diverge from these estimates if other assumptions are made, or other conditions arise. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within financial year include:

Tangible assets are recognised at cost, less accumulated depreciation and any impairments. Depreciation takes place over the estimated useful economic life, down to the assessed residual value. The carrying amount of the company's tangible assets is tested as soon as changed conditions show that a need for impairment has arisen.

The company makes risk assessed judgements of the recoverability of trade debtors, other receivables (including prepayments and accrued income), intercompany debt and the level of bad debts provision based on overdue status, country and customer risk historical collection experience.

## 3. TURNOVER

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

All turnover in the current and prior period arose within the United Kingdom.

## 4. EMPLOYEES AND DIRECTORS

| | Year Ended 30.3.18 £'000 | Period 1.4.16 to 30.3.17 £'000 |
|---|---|---|
| Wages and salaries | 11,212 | 10,269 |
| Social security costs | 1,037 | 986 |
| Other pension costs | 253 | 214 |
| | 12,502 | 11,469 |

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

| | Year Ended 30.3.18 No. | Period 1.4.16 to 30.3.17 No. |
|---|---|---|
| Management and administration | 158 | 157 |
| Site operational staff | 220 | 215 |
| Directors | 5 | 5 |
| | 383 | 377 |

## 5. DIRECTORS' EMOLUMENTS

| | Year Ended 30.3.18 £'000 | Period 1.4.16 to 30.3.17 £'000 |
|---|---|---|
| Directors' remuneration | 853 | 961 |
| Company contributions to directors' money purchase schemes | 62 | 62 |
| | 915 | 1,023 |

During the year retirement benefits were accruing to 5 directors (2017 - 5) in respect of defined contribution pension schemes. The highest paid director received remuneration of £287,836 (2017 - £385,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £26,250 (2017 - £26,000).

## 6. OPERATING PROFIT

The operating profit is stated after charging:

| | Year Ended 30.3.18 £'000 | Period 1.4.16 to 30.3.17 £'000 |
|---|---|---|
| Hire of plant and machinery | 49 | 150 |
| Other operating leases | 223 | 193 |
| Depreciation - owned assets | 307 | 306 |
| | | |
| **Fees payable to the Company's auditors for the audit of financial statements** | - | 40 |
| **Fees payable to the Company's auditors for tax advisory services** | - | 8 |

The fees payable to the Company's auditors for the audit of financial statements has been included as costs within the holding company Aghoco 1079 Limited.

## 7. INTEREST PAYABLE AND SIMILAR EXPENSES

| | Year Ended 30.3.18 £'000 | Period 1.4.16 to 30.3.17 £'000 |
|---|---|---|
| Invoice financing charges | 526 | 890 |

## 8. TAXATION ON PROFIT

**Analysis of the tax charge**
The tax charge on the profit for the year was as follows:

| | Year Ended 30.3.18 £'000 | Period 1.4.16 to 30.3.17 £'000 |
|---|---|---|
| Current tax: | | |
| UK corporation tax | 34 | 559 |
| Deferred tax | 37 | (11) |
| Tax on profit | 71 | 548 |

UK corporation tax was charged at 19% (2017 - 20%)

**Reconciliation of total tax charge included in profit and loss**
The tax assessed for the year is the same (period 1.1.16 to 30.3.17: higher than) as the standard rate of corporation tax in the UK.

| | Year Ended 30.3.18 £'000 | Period 1.4.16 to 30.3.17 £'000 |
|---|---|---|
| Profit before taxation | 4,081 | 2,693 |
| Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 20%) | 775 | 539 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 35 | 5 |
| Deferred tax - fixed asset timing difference in the year | 28 | - |
| Deferred tax - brought forward tax rate adjustment | 9 | - |
| Adjustments to tax charge in respect of previous periods | 3 | 2 |
| Timing difference | (28) | 1 |
| Group relief utilised | (751) | - |
| Effect of changes in tax rates | - | 1 |
| Total tax charge | 71 | 548 |

## 9. DIVIDENDS

| | Year Ended 30.3.18 £'000 | Period 1.4.16 to 30.3.17 £'000 |
|---|---|---|
| Final dividend for the | - | 3,765 |

## 10. TANGIBLE FIXED ASSETS

| | Short leasehold £'000 | Fixtures and fittings £'000 | Computer equipment £'000 | Totals £'000 |
|---|---|---|---|---|
| **COST** | | | | |
| At 31 March 2017 | 6 | 462 | 1,907 | 2,375 |
| Additions | 421 | 95 | 1,216 | 1,732 |
| At 30 March 2018 | 427 | 557 | 3,123 | 4,107 |
| **ACCUMULATED DEPRECIATION** | | | | |
| At 31 March 2017 | 6 | 205 | 1,684 | 1,895 |
| Charge for year | 34 | 91 | 182 | 307 |
| At 30 March 2018 | 40 | 296 | 1,866 | 2,202 |
| **NET BOOK VALUE** | | | | |
| At 30 March 2018 | 387 | 261 | 1,257 | 1,905 |
| At 30 March 2017 | - | 257 | 223 | 480 |

## 11. DEBTORS

| | **2018 £'000** | As Restated 2017 £'000 |
|---|---|---|
| Amounts falling due within one year: | | |
| Trade debtors | 47,370 | 41,420 |
| Amounts owed by group undertakings | 13,538 | 5,111 |
| Other debtors | 36 | 1,193 |
| Prepayments and accrued income | 20,558 | 19,861 |
| | 81,502 | 67,585 |
| Amounts falling due after more than one year: | | |
| Prepayments and accrued income | 1,027 | 1,399 |
| Aggregate amounts | 82,529 | 68,984 |

Amounts owed to group undertakings are unsecured interest free and repayable on demand.

The directors have carried out an impairment review of the trade debtors and accrued income at the year end and provided required provisions within the accounts.

## 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2018 | 2017 |
|---|---|---|
| | £'000 | £'000 |
| Bank loans and overdrafts (see note 13) | 19,718 | 16,714 |
| Trade creditors | 45,831 | 39,119 |
| Corporation tax | 591 | 945 |
| Other taxation and social security | 1,726 | 1,876 |
| Other creditors | 39 | 201 |
| Accruals and deferred income | 9,711 | 8,626 |
| | 77,616 | 67,481 |

## 13. LOANS

An analysis of the maturity of loans is given below:

| | 2018 | 2017 |
|---|---|---|
| | £'000 | £'000 |
| Amounts falling due within one year or on demand: | | |
| Invoice finance facility | 19,718 | 16,714 |

During the previous year a refinance was conducted by the Group with an invoice finance facility agreement which is secured by way of an all asset debenture and an unlimited corporate guarantee executed by Aghoco 1079 Limited. The facility is subject ends in March 2019 and with 6 months notice by either party. The maximum amount available under this facility is £40 million. Interest is payable at 1.5% above UK base rate. The management and collection of the related trade receivables balance remains within the Group. The facility has been fully repaid after the year end.

## 14. LEASING AGREEMENTS

At 30 March 2018, the Company had future minimum lease payments under non-cancellable operating leases as follows:

| **Leasehold property** | 2018 | 2017 |
|---|---|---|
| | £000 | £000 |
| Within one year | 136 | 35 |
| Between two and five years | 664 | - |
| After more than five years | 860 | - |
| | **1,660** | **35** |

| **Other leases** | | |
|---|---|---|
| Within one year | 78 | 23 |
| Between two and five years | 256 | - |
| After more than five years | 14 | - |
| | **348** | **23** |

## 15. PROVISIONS FOR LIABILITIES

| | Deferred tax £'000 |
|---|---|
| Balance at 31 March 2017 | 7 |
| Fixed asset timing difference in the year | 28 |
| Brought forward tax rate adjustment | 8 |
| Balance at 30 March 2018 | 43 |

The provision for deferred taxation is made up as follows:

| | 2018 £000 |
|---|---|
| Fixed asset timing difference | (43) |
| | (43) |

## 16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

| Number: | Class: | Nominal value: | 2018 £'000 | 2017 £'000 |
|---|---|---|---|---|
| 908,995 (2017: 908,995) | Ordinary | £1 | 909 | 909 |

## 17. RESERVES

Called up share capital - represents the nominal value of shares that have been issued.

Retained earnings - includes all current and prior period retained profits and losses.

## 18. PENSION COMMITMENTS

The Company contributes to a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered scheme. The pension charge represents contributions payable by the Company and amounted to £253,000 (2017: £214,000). Included in creditors is £31,524 (2017: £30,476) in relation to outstanding contributions.

## 19. RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS

In the current year's financial statements the company has changed its accounting policy regarding revenue recognition and the treatment of goods that are passed though the company's books. A review has been undertaken since the acquisition by Electrocomponents Plc and it has been decided that the company is considered be the agent in the relationship and not the principal. The consequence of this treatment is that the turnover and cost of sales of the company have both been reduced by the pass through goods revenue. The restatement of prior period financial statements is detailed in the below table. As we are an agent in the transaction the balance sheet treatment of the items in transit at a period end have been reclassified as accrued income from stock. The direct costs in relation to stores labour and direct operational stores costs which historically have been treated as administration expenses have now been treated as cost of sales.

| | 2017 Restated (£,000) | 2017 Original (£,000) | Variance (£,000) |
|---|---|---|---|
| ***Removal of passthrough revenue*** | | | |
| Turnover | 17,589 | 164,691 | (147,102) |
| Cost of sales | - | (147,102) | 147,102 |
| ***Reallocation of direct costs*** | | | |
| Cost of sales | (4,999) | - | (4,999) |
| Administration expenses | - | (4,999) | 4,999 |
| ***Reclassification of stock*** | | | |
| Stock | - | 3,954 | (3,954) |
| Prepayments and accrued income | 3,954 | - | 3,954 |

There is no adjustment to profit for any of these changes as the amounts amended net off between sales, cost of sales and administration expenses.

## 20. ULTIMATE PARENT COMPANY

The Company is a wholly owned subsidiary of IESA Holdings Limited, which is the smallest group to consolidate these financial statements.

Aghoco 1079 Limited, a company registered in England and Wales, was the largest group to consolidate these financial statements. The consolidated financial statements of Aghoco 1079 Limited are available from Companies House, Crown Way, Cardiff, CF14 3UZ. Seventy two percent of the issued share capital of Aghoco 1079 Limited was held by Barrington House Nominees Limited on behalf of investors in 'Gresham 4 Fund', considered to the be the ultimate parent company at the year end date. The 'Gresham 4 Fund' is managed by Gresham LLP during the financial year. On 31 May 2018 100% of the share capital of Aghoco 1079 Limited was sold to Electrocomponents Plc.

## 21. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the Group.

The key management personnel within the Group are the executive management team of G G Timms, A B Perry, D C A Bowring, S I Hilton and J M Robson, the total costs for the key management personnel in the year were £1,027,000 (2017: £1,150,000).

## 22. POST BALANCE SHEET EVENT

On 31 May 2018 100% of the share capital of Aghoco 1079 Limited was sold to Electrocomponents Plc.