

# V4 UK Holdings Limited

## Report and Financial Statements

31 March 2019



## V4 UK Holdings Limited

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Registered No: 10377444

### **Directors**

A J Jacobs

D Cheesebrough (appointed 01/05/2019)

### **Auditors**

Crowe U.K. LLP

St. Bride's House

10 Salisbury Square London

EC4Y 8EH

### **Registered Office**

Point 5

New Eden House

Fletcher Road

Gateshead

United Kingdom

NE8 2ET

## Strategic Report

Registered Number: 10377444

The directors present their strategic report for the year ended 31 March 2019.

### Introduction

The Group consists of two trading subsidiaries Bloom Procurement Services Ltd (“BPS”) and V4 Services Limited (“V4”). On 20 March 2019, V4 UK Holdings Limited acquired the remaining 20.21% of BPS therefore both trading subsidiaries are now wholly owned by V4 UK Holdings Limited.

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

In the financial year ended 31 March 2019 the business generated an operating profit before exceptional items of £357,549, which is £188,635 ahead of the previous financial year, which was been driven by the increase in turnover in Bloom Procurement Services Limited. Overall, the business incurred a Loss after taxation of £74,598 (2018: £74,872 profit). This loss is due to the amortisation of goodwill amounting to £184,931 as well as business restructuring costs of £427,035.

Outlined below is the strategic overview of each subsidiary:

### Bloom Procurement Services Limited

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

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

### Review of the business

The year ended 31 March 2019 was another year of significant growth for Bloom Procurement Services Limited, with turnover increasing by 87% from £92m to £173m. Over the course of the financial year the business invested heavily in growing the Supplier Community from 3,815 to 6,343. We are particularly proud that 70% of our Suppliers operate in the SME market and we can prioritise opportunities for local businesses throughout the UK as part of our Social Value programme. We have sustained our turnover growth through engaging with our Public Sector Customers and in the year ended 31 March 2019, we increased our Customer base by 36% and our projects increased from 1,247 to 2,170, a year on year increase of 74%.

Both turnover and number of buying organisations exceeded all expectations and we envisage that the investment made in this financial year will facilitate significant future growth.

Growth	2016/17	2017/18	2018/19
Buying organisations	100	223	303
Supplier community	2,500	3,815	6,343
Projects	929	1,247	2,170
Turnover	£52m	£92m	£173m

Following a highly successful growth period, in November 2018, the business was recognised in the North East’s largest 200 companies list for the first time, ranked 138 out of 200. In recognition for our commitment to supporting the local economy, in May 2019 Bloom was awarded the Let’s Grow prize at the North East Business Awards for Tyneside and Northumberland. The award recognises rapid growth companies, demonstrating increases in turnover, profitability, market share and headcount. In addition, in June 2019,

## Strategic Report

Registered Number: 10377444

the business was named one of the top 50 employers in the North East region, cementing Bloom's position as an employer of choice within the region.

Over the course of the last few years, the company has made a significant investment to drive turnover and growth at the expense of profitability. During the financial year, the Directors have continued to make large investments in the senior leadership team and the core technology platforms to ensure that the business has the core foundations to support future, sustainable growth. Despite this level of investment, we are pleased to report that the company has generated profits before exceptional items of £584,984, this is in comparison to a loss of £87,225 in the previous financial year, therefore demonstrating a turnaround in profitability of £672,209. Exceptional costs incurred in the year mainly related to business restructuring, share reorganisation and employment related matters.

### Sustained Growth

We are delighted to announce that Bloom has been awarded as the single provider to the third iteration of the NEPRO Framework Agreement in partnership with NEPO (North East Procurement Organisation) following a highly successful tender process. The NEPRO3 contract commenced on 1 September 2019 secures revenues for an initial four-year agreement and can be extended for a further four years, subject to automatic extension key performance indicators being achieved.

### Continued Investment

During the financial year ended 31 March 2019 the business made significant investments in IT Infrastructure with the implementation of our second iteration of our procurement platform Provide 2.0. The platform is now being fully utilised across our ADIRA framework and will be operational for all Customers by March 2020. The system will significantly improve operational efficiency throughout the business and enhance our service offering for both Customers and Suppliers.

### Future Growth

The increased scale and complexity of the business continues to require constant evaluation of investment decisions to ensure sustained growth and appropriate capability and capacity is available. The directors are currently reviewing the senior leadership structure of the business to ensure we have the right level of resource to deliver our ambitious three-year growth plans and targets.

### Principal risks and uncertainty

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

### V4 Services Limited

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

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

## Strategic Report

Registered Number: 10377444

### Review of the business

Financial and operational performance over the financial year was challenging due to a high fixed cost base in comparison to revenues. As a result, the business underwent a restructuring activity to reduce fixed costs and implement a variable associate cost model. This restructuring is currently ongoing and there has been a change to the leadership team to support the future growth and development of the business.

### Future Growth

V4 have a focus on growing both its customer base and revenues and will be focusing on procurement, capital and regeneration, leisure transformation and NHS for future growth targets.

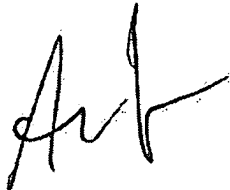
### Principal risks and uncertainties

The principal risk is that the business still has a relatively high fixed cost base in comparison to existing revenues, therefore we have invested in a dedicated Bid Manager and made a change to the leadership team to drive the business forward in the future. This restructure and change is likely to be complete in late 2019.

### Disabled employees

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

On behalf of the Board:



A J Jacobs  
Director  
04 October 2019

## Directors' Report

Registered Number: 10377444

The Directors present their report with financial statements of the Company for the year ended 31 March 2019.

### Directors of the company

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

A J Jacobs

D Cheesebrough (appointed 01/05/2019)

### Dividends

No dividends were paid or proposed during the year. (2018: £120,000)

### Disclosure of information to the auditors

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

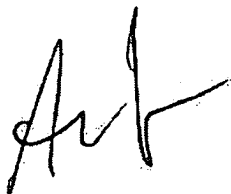
### Going concern

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

### Re-appointment of auditors

A resolution to reappoint Crowe U.K. LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board:



A J Jacobs

Director

04 October 2019

## Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law including Financial Reporting Standard 102 'the Financial Reporting Standard applicable to the UK and Republic of Ireland).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent Auditor's Report**

**to the members of V4 UK Holdings Limited**

### **Opinion**

We have audited the financial statements of V4 UK Holdings Limited for the year ended 31 March 2019 which comprise the Group Income statement, the Group and Company Statement of changes in equity, the Group and Company Statement of financial position, the Group Statement of Cashflows and the related notes 1 to 25, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

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

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

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

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

# **Independent Auditor's Report**

**to the members of V4 UK Holdings Limited (continued)**

## **Other information**

The directors are responsible for the other information.

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

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

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

We have nothing to report in this regard.

## **Opinion on other matter prescribed by the Companies Act 2006**

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

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

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

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

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

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

# Independent Auditor's Report

to the members of V4 UK Holdings Limited (continued)

## Responsibilities of directors

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

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

## Auditor's responsibilities for the audit of the financial statements

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

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

## Use of our report

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



Leo Malkin  
Senior Statutory Auditor  
For and on behalf of  
**Crowe U.K. LLP**  
Statutory Auditor  
London

04 October 2019

## Group income statement

for the year ended 31 March 2019

	<i>Notes</i>	2019 £	2018 £
<b>Turnover</b>	2	174,758,577	94,375,997
Cost of sales		(168,067,265)	(89,645,036)
<b>Gross profit</b>		<u>6,691,312</u>	<u>4,730,961</u>
Administrative expenses		(6,333,763)	(4,562,047)
<b>Profit before exceptionals</b>		<u>357,549</u>	<u>168,914</u>
Exceptional costs	3	(427,035)	-
<b>Operating (loss)/ profit</b>	4	<u>(69,486)</u>	<u>168,914</u>
Interest received	7	16,024	43
Interest payable and similar charges	8	(22,870)	(48,331)
Sale of fixed assets		-	892
<b>(Loss)/ profit on ordinary activities before taxation</b>		<u>(76,332)</u>	<u>121,518</u>
Tax charge on profit/ (loss) on ordinary activities	9	(1,734)	(46,646)
<b>(Loss) / profit (on ordinary activities after taxation)</b>		<u><u>(74,598)</u></u>	<u><u>74,872</u></u>

(Loss)/profit and total comprehensive income for the period attributable to:

Non-controlling interest	36,114	(12,932)
Owners of the parent company	(110,712)	87,804
	<u>(74,598)</u>	<u>74,872</u>

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

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

## Group and company statement of changes in equity

for the year ended 31 March 2019

<i>Group</i>	<i>Called up share capital</i>	<i>Share premium account</i>	<i>Income statement</i>	<i>Equity Attributable to owners of parent Company</i>	<i>Non-controlling interests</i>	<i>Total Equity</i>
	£	£	£	£	£	£
At 1 April 2017	75,000	1,159,000	(322,973)	911,027	66,473	977,500
Profit for the period	-	-	87,804	87,804	(12,932)	74,872
Dividends: Equity capital	-	-	(120,000)	(120,000)	-	(120,000)
Non-controlling interest on acquisition	-	-	-	-	32,992	32,992
At 31 March 2018	75,000	1,159,000	(355,169)	878,831	53,541	932,372
Loss for the period	-	-	(110,712)	(110,712)	36,114	(74,598)
Purchase of Bloom Non-controlling Interest	-	-	(190,645)	(190,645)	(89,655)	(280,300)
At 31 March 2019	75,000	1,159,000	(656,526)	577,474	-	577,474

### *Company*

	<i>Called up share capital</i>	<i>Share premium account</i>	<i>Income statement</i>	<i>Total Equity</i>
	£	£	£	£
At 31 March 2017	75,000	1,159,000	-	1,234,000
Profit for the period	-	-	205,535	205,535
Dividends: Equity capital	-	-	(120,000)	(120,000)
At 31 March 2018	75,000	1,159,000	85,535	1,319,535
Profit for the period	-	-	8,831	8,831
At 31 March 2019	75,000	1,159,000	94,366	1,328,366

## Group statement of financial position

for the year ended 31 March 2019

	Notes	2019 £	2018 £
<b>Fixed assets</b>			
Intangible assets	11	1,979,697	2,168,059
Tangible assets	12	101,688	81,053
		<u>2,081,385</u>	<u>2,249,112</u>
<b>Current assets</b>			
Debtors	14	21,661,040	19,326,503
Cash at bank and in hand	15	4,827,715	1,405,626
		<u>26,488,755</u>	<u>20,732,129</u>
<b>Creditors: amounts falling due within one year</b>	16	(27,942,057)	(22,004,375)
<b>Net current liabilities</b>		<u>(1,453,302)</u>	<u>(1,272,246)</u>
<b>Total assets less current liabilities</b>		628,083	976,866
<b>Deferred tax</b>	19	(50,609)	(44,494)
<b>Net assets</b>		<u>577,474</u>	<u>932,372</u>
<b>Capital and reserves</b>			
Called up share capital	20	75,000	75,000
Share premium account	21	1,159,000	1,159,000
Profit and loss account	21	(656,526)	(355,169)
Non-controlling interest		-	53,541
<b>Equity shareholders' funds</b>		<u>577,474</u>	<u>932,372</u>

The financial statements were approved by the Board of Directors on 04 October 2019 and were authorised for issue by:



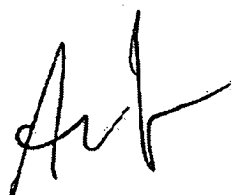
A J Jacobs  
Director

## Company statement of financial position

for the year ended 31 March 2019

	<i>Notes</i>	<i>2019</i> £	<i>2018</i> £
<b>Fixed assets</b>			
Investments in subsidiaries	13	2,797,231	2,516,931
		<u>2,797,231</u>	<u>2,516,931</u>
<b>Current assets</b>			
Debtors	14	14,568	43,323
Creditors: amounts falling due within one year	16	(1,483,433)	(1,240,719)
		<u>(1,468,865)</u>	<u>(1,197,396)</u>
<b>Net current liabilities</b>		<u>(1,468,865)</u>	<u>(1,197,396)</u>
<b>Total assets less current liabilities</b>		<u>1,328,366</u>	<u>1,319,535</u>
<b>Net assets</b>		<u>1,328,366</u>	<u>1,319,535</u>
<b>Capital and reserves</b>			
Called up share capital	20	75,000	75,000
Share premium account	21	1,159,000	1,159,000
Profit for period		94,366	205,535
Dividends		-	(120,000)
<b>Equity shareholders' funds</b>		<u>1,328,366</u>	<u>1,319,535</u>

The financial statements were approved by the Board of Directors on 04 October 2019 and were authorised for issue by:



A J Jacobs  
Director

## Group statement of cashflows

for the year ended 31 March 2019

	2019	2018
Notes	£	£
<b><i>Cash flows from operating activities</i></b>		
(Loss)/ profit for the year	(74,598)	74,872
<b>Adjustments for:</b>		
Amortisation of intangible assets	317,359	242,911
Depreciation of tangible assets	124,959	18,475
Gain on disposal of tangible assets	-	(892)
Interest paid	22,870	48,331
Interest received	(16,024)	(43)
Increase in debtors	(2,334,538)	(10,893,121)
Increase in creditors	5,961,288	8,474,803
<b><i>Net cash (outflow)/ inflow from operating activities</i></b>	<b>4,001,316</b>	<b>(2,034,664)</b>
<b><i>Cash flows from investing activities</i></b>		
Purchase of intangible fixed assets	(128,997)	(126,033)
Purchase of tangible fixed assets	(151,360)	(74,192)
Sale of tangible fixed assets	5,766	892
Interest received	16,024	43
Share Purchase - Bloom	(147,000)	-
<b><i>Net cash (outflow)/inflow used in investing activities</i></b>	<b>(405,567)</b>	<b>(199,290)</b>
<b><i>Cash flows from financing activities</i></b>		
New secured loans (repaid) advanced	(83,868)	24,400
Repayment of loans	(66,922)	(99,745)
Dividends paid	-	(120,000)
Interest paid	(22,870)	(48,331)
<b><i>Net cash (outflow)/ inflow from financing activities</i></b>	<b>(173,660)</b>	<b>(243,676)</b>
Net (decrease)/ increase in cash and cash equivalents	3,422,089	(2,477,630)
Cash and cash equivalents at beginning of period	1,405,626	3,883,256
Cash and cash equivalents at the end of period	4,827,715	1,405,626
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	4,827,715	1,405,626

## Notes to the financial statements

at 31 March 2019

### 1. Accounting policies

#### **Statement of compliance**

V4 UK Holdings Limited is a limited liability company incorporated in England and Wales (registration number 10377444). The registered office is Point 5 New Eden House, Fletcher Road, Gateshead, United Kingdom, NE8 2ET.

The Company's financial statements have been prepared in compliance with FRS102 as it applies to the financial statements of the Group and the parent company for the year ended 31 March 2019.

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

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

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

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

The following principal accounting policies have been applied:

#### **Basis of consolidation**

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

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

#### **Going concern**

Accounting standards require the directors to consider the appropriateness of the going concern basis when preparing the financial statements. The directors have taken notice of the Financial Report Council Guidance 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2016' which requires the reasons for this decision to be explained.

The group had net current liabilities of £1,146,865 at 31 March 2019 (2018: £1,197,396).

The Directors, having made due and careful enquiry, believe the group and the company have sufficient working capital to execute their ongoing activities, having considered the terms of trade entered into with both customers and suppliers. Based on this information, the Directors have made an informed judgement, at the time of approving these financial statements, that there is a reasonable expectation that the group and the company have adequate resources to continue to operate for at least the 12 months from the date of approval of these financial statements.

## Notes to the financial statements

at 31 March 2019

### 1. Accounting policies (continued)

#### *Going concern*

Bloom has been awarded as the single provider to the third iteration of the NEPRO Framework Agreement in partnership with NEPO (North East Procurement Organisation) following a highly successful tender process. The NEPRO3 contract commenced on 1 September 2019 and secures revenues for an initial four-year agreement and can be extended for a further four years, subject to automatic extension key performance indicators being achieved.

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

As a result, the Directors have continued to adopt the going concern basis of accounting in preparing the annual financial statements.

#### *Revenue*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

#### *Rendering of services*

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

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably and
- the costs incurred and the costs to complete the contract can be measured reliably.

#### *Intangible Assets*

##### *Goodwill*

Goodwill represents the difference between amounts paid on the costs of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill, is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life of 12 years.

## Notes to the financial statements

at 31 March 2019

### 1. Accounting policies (continued)

#### **Other intangible assets**

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

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

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

#### **Tangible fixed assets**

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

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

Depreciation is provided on the following basis:

Fixtures and Fittings – 33%

Office Equipment – 33%

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

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

#### **Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

#### **Exceptional costs**

Cost that are not incurred in line with ordinary trading activities have been classified as exceptional. This includes but is not limited to restructuring, historical and legal items.

#### **Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### **Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

## Notes to the financial statements

at 31 March 2019

### 1. Accounting policies (continued)

#### *Financial Instruments*

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

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

#### *Creditors*

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

#### *Dividends*

Equity dividends are 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.

#### *Pensions*

Defined contribution pension plan

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

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

#### *Interest income*

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

#### *Borrowing costs*

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

## Notes to the financial statements

at 31 March 2019

### 1. Accounting policies (continued)

#### *Provision for liabilities*

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

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

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

#### *Research and Development*

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

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

#### *Taxation*

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

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

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

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

*Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities*

*acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.*

## Notes to the financial statements

at 31 March 2019

### 1. Accounting policies (continued)

#### *Judgements in applying accounting policies and key sources of estimation uncertainty*

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

The intangible asset relates to IT systems used currently within the NEPO and ADIRA framework agreements. We have recently made a significant investment in our Provide 2.0 technology platform to support our future Frameworks and we envisage that all Customers will be operating on the new platform by March 2020. On this basis, the amortisation of the existing Provide 1.0 platform has been accelerated and it will be fully written down by March 2020.

Goodwill on consolidation in note 10 has arisen on the acquisition of subsidiaries. The director has assessed the useful life of the goodwill at 12 years from the date of acquisition of the subsidiaries, which is still deemed reasonable given Bloom has recently been awarded a new 8 year NEPO framework agreement commencing in September 2019.

The carrying value of investments in note 12 has been assessed by the directors against the expected future benefits carried by the subsidiaries.

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

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

### 2. Turnover

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

	2019	2018
	£	£
An analysis of turnover by class of business is as follows:		
Consultancy services	174,758,577	94,375,997
	<u>                    </u>	<u>                    </u>

### 3. Exceptional costs

	2019	2018
	£	£
Employee related restructuring	117,905	-
Corporate and business restructuring	309,150	-
	<u>                    </u>	<u>                    </u>
	427,055	-
	<u>                    </u>	<u>                    </u>

## Notes to the financial statements

at 31 March 2019

### 4. Operating loss

	2019	2018
	£	£
This is stated after charging:		
Depreciation of tangible fixed assets	88,944	18,475
Amortisation of intangible assets, including goodwill	288,859	242,911
Fees payable to the Group's auditors for:		
-The audit of the Company's annual financial statements	2,000	2,000
-The audit of the Company's subsidiaries	40,123	30,000
-Auditor's remuneration – other services taxation	4,800	7,650
Defined contribution pension cost	120,024	74,158
Payments under operating leases – land and buildings	78,888	204,288
	<u>          </u>	<u>          </u>

### 5. Directors' emoluments

	2019	2018
	£	£
Emoluments	115,701	77,774
	<u>          </u>	<u>          </u>

### 6. Staff costs

	<i>Group</i>	<i>Group</i>	<i>Company</i>	<i>Company</i>
	2019	2018	2019	2018
	£	£	£	£
Wages and salaries	4,063,811	2,438,981	87,083	186,870
Social security costs	401,130	239,836	12,018	22,984
Other pension costs	120,024	74,158	-	6,762
	<u>4,584,965</u>	<u>2,752,975</u>	<u>99,101</u>	<u>216,616</u>

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

	2019	2018
	No.	No.
Director	1	1
Full time employees	64	46
	<u>65</u>	<u>47</u>

## Notes to the financial statements

at 31 March 2019

### 7. Interest receivable

	2019	2018
	£	£
Other interest receivable	16,024	43
	<u>16,024</u>	<u>43</u>

### 8. Interest payable

	2019	2018
	£	£
Bank interest payable	3,759	13,369
Other loan interest payable	19,111	34,301
Other interest payable	-	661
	<u>22,870</u>	<u>48,331</u>
	<u>22,870</u>	<u>48,331</u>

### 9. Tax

#### (a) Tax charge on profit on ordinary activities

	2019	2018
	£	£
UK corporation tax:		
Corporation tax on profit for the year	27,571	28,909
Adjustment in respect of prior years	(14,791)	(12,185)
Research and development	(20,629)	
Total current tax (credit) charge	<u>(7,849)</u>	<u>16,724</u>
Deferred tax:		
Origination and reversal of timing differences	6,115	29,922
Total deferred tax	<u>6,115</u>	<u>29,922</u>
Total tax (credit) charge	<u>(1,734)</u>	<u>46,646</u>
	<u>(1,734)</u>	<u>46,646</u>

## Notes to the financial statements

at 31 March 2019

### 9. Tax (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is different to the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are reconciled below:

	2019 £	2018 £
(Loss)/profit on ordinary activities before tax	(76,332)	121,518
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	(14,503)	23,088
Non-tax-deductible amortisation of goodwill and impairment	7,620	35,034
Other differences leading to an (decrease)/ increase in tax charge	24,810	(14,846)
Deferred tax	1,218	6,165
Tax rate changes	(250)	(2,795)
Research and development	(20,629)	-
Tax charge on profit on ordinary activities	(1,734)	46,646

### 10. Dividends

	2019 £	2018 £
Dividends	-	120,000

## Notes to the financial statements

at 31 March 2019

### 11. Intangible assets

	<i>Development Expenditure</i>	<i>Goodwill</i>	<i>Total</i>
	£	£	£
Cost:			
At 1 April 2018	300,597	2,212,696	2,513,293
Additions	128,997	-	128,997
At 31 March 2019	<u>429,594</u>	<u>2,212,696</u>	<u>2,642,290</u>
Depreciation:			
At 1 April 2018	76,330	268,904	345,234
Provided during the year	132,968	184,931	317,889
At 31 March 2019	<u>209,298</u>	<u>453,295</u>	<u>662,593</u>
Net book value:			
At 31 March 2019	<u>220,296</u>	<u>1,759,401</u>	<u>1,979,697</u>
At 31 March 2018	<u>224,267</u>	<u>1,943,792</u>	<u>2,168,059</u>

## Notes to the financial statements

at 31 March 2019

### 12. Tangible fixed assets

	<i>Fixtures and fittings</i>	<i>Office Equipment</i>	<i>Leasehold Improvements</i>	<i>Total</i>
	£	£	£	£
Cost:				
At 1 April 2018	20,253	85,403	-	105,656
Additions	32,783	90,077	28,500	151,360
Disposals	(45,573)	(1,031)	-	(46,604)
At 31 March 2019	<u>7,463</u>	<u>174,449</u>	<u>28,500</u>	<u>210,412</u>
Depreciation:				
At 1 April 2018	12,181	12,422	-	24,603
Provided during the year	32,447	64,012	28,500	124,959
Disposals	(40,011)	(827)	-	(40,838)
At 31 March 2019	<u>4,617</u>	<u>75,607</u>	<u>28,500</u>	<u>108,724</u>
Net book value:				
At 31 March 2019	<u>2,846</u>	<u>98,842</u>	-	<u>101,688</u>
At 31 March 2018	<u>8,072</u>	<u>72,981</u>	-	<u>81,053</u>

## Notes to the financial statements

at 31 March 2019

### 13. Investments in subsidiaries

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

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

Name	Registered Office
Bloom Procurement Services Limited	The registered office is Point 5 New Eden House, Fletcher Road, Gateshead, United Kingdom, NE8 2ET.
V4 Services Limited	The registered office is Point 5 New Eden House, Fletcher Road, Gateshead, United Kingdom, NE8 2ET.

The aggregate of the share capital and reserves as at 31 March 2019 and of the profit or loss of the year ended on that date for the subsidiary undertakings were as follows:

	2019	2018
	£	£
<b>Aggregate of share capital and reserves</b>		
Bloom Procurement Services Limited	316,474	137,782
V4 Services Limited	267,462	345,194
<b>Profit / (loss) for the year</b>		
Bloom Procurement Services Limited	178,692	(64,661)
V4 Services Limited	(77,732)	236,964

Company

	<i>Unlisted investments</i>
	£
Cost or Valuation	
As at 1 April 2018 and at 31 March 2018	2,516,931
Additions	280,300
Net book value	
As at 31 March 2019	2,797,231

## Notes to the financial statements

at 31 March 2019

### 14. Debtors

	<i>Group</i> 2019 £	<i>Group</i> 2018 £	<i>Company</i> 2019 £	<i>Company</i> 2018 £
Trade debtors	15,652,993	13,444,410	-	-
Other debtors	594,149	188,923	-	-
VAT and Tax Debtor	204,975	254,020	6,568	43,323
Prepayments and accrued income	5,208,923	5,439,150	-	-
	<u>21,661,040</u>	<u>19,326,503</u>	<u>6,568</u>	<u>43,323</u>

### 15. Cash and cash equivalents

	<i>Group</i> 2019 £	<i>Group</i> 2018 £	<i>Company</i> 2019 £	<i>Company</i> 2018 £
Cash at bank and in hand	4,827,715	1,405,626	-	-
	<u>4,827,715</u>	<u>1,405,626</u>	<u>-</u>	<u>-</u>

### 16. Creditors: amounts falling due within one year

	<i>Group</i> 2019 £	<i>Group</i> 2018 £	<i>Company</i> 2019 £	<i>Company</i> 2018 £
Bank loans	-	66,922	-	-
Debt factoring facility	97,250	181,118	-	-
Trade creditors	21,072,261	20,404,430	-	-
Amounts owed to group undertakings	-	-	1,175,303	670,871
Corporation tax	50,496	175,543	-	14,568
VAT Creditor	538,162	-	-	-
Other taxes and social security costs	163,559	93,494	-	-
Other creditors (incl directors loans)	191,164	128,087	307,513	555,280
Accruals and deferred income	5,829,165	954,781	-	-
	<u>27,942,057</u>	<u>22,004,375</u>	<u>1,482,816</u>	<u>1,240,719</u>

V4 Services Limited a subsidiary company has a debt factoring facility in place with ABN AMRO. Funds are available to drawn down at an advanced rate of 85% against the subsidiary's trade debtors that are aged less than 120 days with the facility capped at £900,000. At 31 March 2019 the outstanding balance on the facility of £97,250 (2018: £181,118) was secured by trade debtors of £208,903 (2018: £230,823). Interest is charged on the drawn down funds at a rate of 2.5% above the base rate.

## Notes to the financial statements

at 31 March 2019

### 17. Loans

	<i>Group</i> 2019 £	<i>Group</i> 2018 £	<i>Company</i> 2019 £	<i>Company</i> 2018 £
<i>Amounts falling due within one year</i>				
Bank loans	-	66,922	-	-
Debt factoring facility	97,250	181,118	-	-
<i>Amounts falling due 1-2 years</i>				
Other loans	-	-	-	-
	<u>97,250</u>	<u>248,040</u>	<u>-</u>	<u>-</u>

### 18. Financial Instruments

	<i>Group</i> 2019 £	<i>Group</i> 2018 £	<i>Company</i> 2019 £	<i>Company</i> 2018 £
Financial assets				
Financial assets measured at amortised cost	16,247,142	13,633,333	2,797,231	2,516,931
	<u>16,247,142</u>	<u>13,633,333</u>	<u>2,797,231</u>	<u>2,516,931</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(27,306,646)	(21,756,335)	(1,476,248)	(1,198,409)
	<u>(27,306,646)</u>	<u>(21,756,335)</u>	<u>(1,476,248)</u>	<u>(1,198,409)</u>

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

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

### 19. Deferred Taxation

	2019 £	2018 £
<b>Group</b>		
Charged to profit or loss	6,155	(29,922)
	<u>6,155</u>	<u>(29,922)</u>
	2019 £	2018 £
<b>At end of year</b>		
The deferred taxation balance is made up as follows:		
Accelerated capital allowances	(52,815)	(42,638)
Short term timing differences	2,206	262
	<u>(50,609)</u>	<u>(42,376)</u>

## Notes to the financial statements

at 31 March 2019

### 20. Share capital

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

	2019	2018
	£	£
Allocated, called up and fully paid 75,000 Ordinary shares of £1 each	75,000	75,000
	<u>75,000</u>	<u>75,000</u>

### 21. Reserves

#### Share premium account

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

#### Profit and loss account

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

### 22. Pension commitments

A subsidiary company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the subsidiary company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £120,024 (2018 £74,158). No amounts are outstanding in relation to this at the year end.

### 23. Financial Commitments

#### (i) Lease commitments

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

#### Land and Buildings

	2019	2018
	£	£
Not later than one year	78,888	96,992
	<u>78,888</u>	<u>96,992</u>

### 24. Related party transactions

The company owes £123,648 to director Adam Jacobs. Interest was charged on this balance of £14,969 which remained outstanding at the year end.

### 25. Controlling party

The company is under the control of Mr Adam Jacobs, who owns 94.4% of the issued share capital.