

Consolidated Financial Statements

Fourfront Holdings Limited

For the Year Ended 30 April 2017

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Registered number: 10079456

Fourfront Holdings Limited

Company Information

Directors	J E Cornwell (appointed 22 March 2016) C G Lucking (appointed 22 March 2016) M J Scott (appointed 22 March 2016) A Stamatis (appointed 22 March 2016)
Registered number	10079456
Registered office	The Old Post Office 33 Station Road Egham Surrey TW20 9LA
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Senior Statutory Auditor 1020 Eskdale Road Winnersh Wokingham Berkshire RG41 5TS

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Group Strategic Report

For the Year Ended 30 April 2017

Introduction

Fourfront Holdings Limited was incorporated on 22 March 2016.

The principal activity of Fourfront Holdings Limited is that of a holding company for Fourfront Group Limited.

On 30 April 2016 the group completed a capital restructure, the restructure resulted in a share for share exchange between Fourfront Group Limited and Fourfront Holdings Limited.

Business review

The Directors are pleased with the financial results for the period ended 30 April 2017. Despite operating in an increasingly challenging market, the group has sustained its market share and has achieved satisfactory growth in its gross profit. The business has continued to invest heavily in recruitment and infrastructure in order to support its future growth. The Directors continue to focus on cementing the group's market position and further improving processes and delivery.

Through Fourfront's reputation for delivering exceptional work, the business has continued to maintain a significant proportion of its turnover from existing clients. Client satisfaction interviews are conducted after completion of each project, which have demonstrated high levels of client satisfaction.

Principal risks and uncertainties

The Directors continue to assess the main risks facing the business for the forthcoming year as the challenging economy, reduced margins, slow take up of commercial office space and continuing to recruit and retain the highest calibre personnel. The Directors will therefore continue to invest heavily in strengthening relationships with all our clients and industry partners including professional teams, as well the continued investment in staff training through 'The Fourfront Academy'.

The Directors believe that membership of Fourfront Group continues to add to each company's existing strength by offering alternative procurement solutions for clients and raising awareness of group companies to clients of other Fourfront Group businesses. Together these enable both Fourfront Group to continue to enjoy a sizeable market share.

Financial key performance indicators

The 12 month summary of trading for the period ending 30 April 2017 is:

	30 April 2017	29 April 2016
	£'000	£'000
Turnover	150,748	158,630
Gross profit	35,582	34,165
Net profit before tax	5,996	5,165

The Directors consider these figures to be a very positive result when considering difficult trading conditions. Strong working capital and a healthy pipeline of project work put the group in a strong trading position for 2017-2018.

Fourfront Holdings Limited

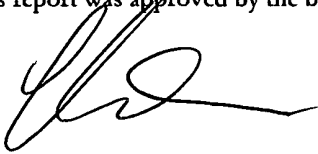
Group Strategic Report (continued)

For the Year Ended 30 April 2017

Other key performance indicators

The Directors consider employee retention to be an important indicator of the group's performance and strength and are pleased that the employee turnover rate is less than 20% per annum.

This report was approved by the board on 18 December 2017 and signed on its behalf.

A handwritten signature in black ink, appearing to be 'C G Lucking', written over a horizontal line.

C G Lucking
Director

Directors' Report

For the Year Ended 30 April 2017

The directors present their report and the financial statements for the year ended 30 April 2017.

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting 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 Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £4,657,873 (2016 - £3,839,258).

Particulars of dividends paid are detailed in note 11 in the financial statements.

Directors

The directors who served during the year were:

J E Cornwell (appointed 22 March 2016)
C G Lucking (appointed 22 March 2016)
M J Scott (appointed 22 March 2016)
A Stamatis (appointed 22 March 2016)

Future developments

The Directors will continue to invest in IT, HR, marketing, compliance and financial systems and processes. The Directors are confident that by continuing to develop the company's infrastructure and people future growth will be sustained.

The Directors will continue to monitor the impact of the Brexit referendum on the UK and world economies and in particular that of the commercial property market.

Directors' Report (continued)

For the Year Ended 30 April 2017

Employee involvement

The group operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2004. During the year, the policy of providing employees with information about the Group has been continued through employee engagement surveys, regular monthly business update meetings, and general surveys where employees are encouraged to share their suggestions and views on the Group's performance.

Disabled employees

The group gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

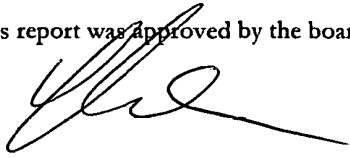
Post balance sheet events

On 3 July 2017 Area Sq. Limited and Cube Interior Solutions Limited merged to create Area, one of the largest workplace design and fit-out specialists in the UK. The new company delivers a comprehensive construction service, working with end-users, landlords and professional teams to cover all procurement routes including design and build, detail and build, and traditional. The merger was agreed to ensure the the group can deliver a single, focused offering to the market, allowing professional teams to engage with one business irrespective of procurement criteria, for the first time.

Auditor

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 18 December 2017 and signed on its behalf.



C G Lucking
Director



Independent Auditor's Report to the Members of Fourfront Holdings Limited

We have audited the financial statements of Fourfront Holdings Limited for the year ended 30 April 2017, which comprise the Group Statement of comprehensive income, the Group and Company Statements of financial position, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is the applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC Ethical Standards website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 30 April 2017 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.



Independent Auditor's Report to the Members of Fourfront Holdings Limited (continued)

Opinion on other matters 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 Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements; and
- the Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.

Paul Etherington BSc FCA CF (Senior statutory auditor)
for and on behalf of

Grant Thornton UK LLP

Chartered Accountants

Senior Statutory Auditor

Reading

Date:

18 December 2017

Consolidated Statement of Comprehensive Income

For the Year Ended 30 April 2017

	Note	2017 £	2016 £
Turnover	4	150,747,740	158,630,422
Cost of sales		(115,165,839)	(124,464,977)
Gross profit		35,581,901	34,165,445
Administrative expenses		(29,503,886)	(28,912,159)
Operating profit	5	6,078,015	5,253,286
Interest payable and expenses	9	(82,110)	(87,933)
Profit before taxation		5,995,905	5,165,353
Tax on profit	10	(1,338,032)	(1,326,095)
Profit for the financial year		4,657,873	3,839,258
Total comprehensive income for the year attributable to:			
Owners of the parent Company		4,657,873	3,839,258
		<u>4,657,873</u>	<u>3,839,258</u>

There were no recognised gains and losses for 2017 or 2016 other than those included in the consolidated statement of comprehensive income.

There was no other comprehensive income for 2017 (2016: £NIL).

The notes on pages 13 to 31 form part of these financial statements.

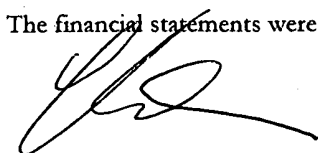
Consolidated Statement of Financial Position

As at 30 April 2017

	Note	30 April 2017 £	29 April 2016 £
Fixed assets			
Tangible assets	12	1,626,107	1,800,660
		<u>1,626,107</u>	<u>1,800,660</u>
Current assets			
Stocks	14	4,494,173	1,187,072
Debtors: amounts falling due after more than one year	15	156,119	156,600
Debtors: amounts falling due within one year	15	40,966,813	35,568,377
Cash at bank and in hand	16	9,535,059	14,968,650
		<u>55,152,164</u>	<u>51,880,699</u>
Creditors: amounts falling due within one year	17	(48,476,392)	(48,050,241)
Net current assets		<u>6,675,772</u>	<u>3,830,458</u>
Total assets less current liabilities		<u>8,301,879</u>	<u>5,631,118</u>
Creditors: amounts falling due after more than one year	18	(902,273)	(2,680,051)
Provisions for liabilities			
Deferred taxation	21	-	(46,851)
Other provisions	22	(50,000)	(145,000)
		<u>(50,000)</u>	<u>(191,851)</u>
Net assets		<u><u>7,349,606</u></u>	<u><u>2,759,216</u></u>
Capital and reserves			
Called up share capital	23	556	556
EBT reserve	24	(72)	(72)
Merger reserve	24	3,221,778	3,221,778
Profit and loss account	24	4,127,344	(463,046)
		<u><u>7,349,606</u></u>	<u><u>2,759,216</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

18 December 2017



C G Lucking
Director

The notes on pages 13 to 31 form part of these financial statements.

Fourfront Holdings Limited
Registered number:10079456

Company Statement of Financial Position

As at 30 April 2017

	Note	30 April 2017 £	29 April 2016 £
Fixed assets			
Investments	13	25,250,000	-
Current assets			
Debtors: amounts falling due within one year	15	556	-
Total assets less current liabilities		<u>25,250,556</u>	<u>-</u>
Net assets		<u>25,250,556</u>	<u>-</u>
Capital and reserves			
Called up share capital	23	556	-
Other reserves	24	(72)	-
Merger relief reserve	24	25,250,070	-
Purchase of own shares		(67,483)	-
Profit for the year		<u>67,485</u>	<u>-</u>
Profit and loss account carried forward		<u>2</u>	<u>-</u>
		<u>25,250,556</u>	<u>-</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

18 December 2017


C.G. Lucking
 Director

The notes on pages 13 to 31 form part of these financial statements:

Consolidated Statement of Changes in Equity

For the Year Ended 30 April 2017

	Called up share capital	EBT reserve	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 30 April 2016	556	(72)	3,221,778	(463,046)	2,759,216
Comprehensive income for the year					
Profit for the year	-	-	-	4,657,873	4,657,873
Total comprehensive income for the year	-	-	-	4,657,873	4,657,873
Purchase of own shares	-	-	-	(67,483)	(67,483)
At 30 April 2017	556	(72)	3,221,778	4,127,344	7,349,606

Consolidated Statement of Changes in Equity

For the Year Ended 29 April 2016

	Called up share capital	EBT reserve	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 March 2015	556	(72)	3,221,778	3,485,686	6,707,948
Comprehensive income for the period					
Profit for the period	-	-	-	3,839,258	3,839,258
Total comprehensive income for the period	-	-	-	3,839,258	3,839,258
Dividends: Equity capital	-	-	-	(3,043,297)	(3,043,297)
Purchase of own shares	-	-	-	(4,744,693)	(4,744,693)
At 29 April 2016	556	(72)	3,221,778	(463,046)	2,759,216

The notes on pages 13 to 31 form part of these financial statements.

Company Statement of Changes in Equity

For the Year Ended 30 April 2017

	Called up share capital	EBT reserve	Merger relief reserve	Profit and loss account	Total equity
	£	£	£	£	£
Comprehensive income for the period					
Profit for the year	-	-	-	67,485	67,485
Group reorganisation	-	(72)	25,250,070	-	25,249,998
Total comprehensive income for the year	<u>-</u>	<u>(72)</u>	<u>25,250,070</u>	<u>67,485</u>	<u>25,317,483</u>
Contributions by and distributions to owners					
Purchase of own shares	-	-	-	(67,483)	(67,483)
Shares issued during the year	556	-	-	-	556
At 30 April 2017	<u>556</u>	<u>(72)</u>	<u>25,250,070</u>	<u>2</u>	<u>25,250,556</u>

Company Statement of Changes in Equity

For the Year Ended 29 April 2016

	Total equity £
Other comprehensive income for the period	<u>-</u>
Total comprehensive income for the period	<u>-</u>
Total transactions with owners	<u>-</u>

The notes on pages 13 to 31 form part of these financial statements.

Fourfront Holdings Limited

Consolidated Statement of Cash Flows

For the Year Ended 30 April 2017

	30 April 2017 £	29 April 2016 £
Cash flows from operating activities		
Profit for the financial year	4,657,873	3,839,258
Adjustments for:		
Amortisation of intangible assets	-	299,421
Depreciation of tangible assets	876,066	696,653
Interest paid	82,110	87,933
Taxation charge	1,338,032	1,326,095
(Increase) in stocks	(3,307,401)	(113,763)
(Increase) in debtors	(5,398,466)	(12,668,928)
Decrease in amounts owed by participating ints	1,635	-
(Decrease)/increase in creditors	(476,072)	16,236,158
(Decrease)/increase in provisions	(95,000)	145,000
Corporation tax (paid)	(928,229)	(1,435,895)
Net cash generated from operating activities	(3,249,152)	8,411,932
Cash flows from investing activities		
Purchase of tangible fixed assets	(701,513)	(1,640,368)
Sale of tangible fixed assets	-	33,936
Net cash from investing activities	(701,513)	(1,606,432)
Cash flows from financing activities		
Purchase of ordinary shares	(67,483)	(4,745,658)
New secured loans	-	5,333,333
Repayment of loans	(1,333,333)	(4,346,968)
Dividends paid	-	(3,043,297)
Interest paid	(82,110)	(87,933)
Net cash used in financing activities	(1,482,926)	(6,890,523)
Net (decrease) in cash and cash equivalents	(5,433,591)	(85,023)
Cash and cash equivalents at beginning of year	14,968,650	15,053,673
Cash and cash equivalents at the end of year	9,535,059	14,968,650
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	9,535,059	14,968,650
	9,535,059	14,968,650

Notes to the Financial Statements

For the Year Ended 30 April 2017

1. General information

Fourfront Holdings Limited is a private company limited by shares and registered in England and Wales. Its registered head office is located at The Old Post Office, 33 Station Road, Egham, Surrey, TW20 9LA.

2. Accounting policies

2.1 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 (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

On 30th April 2016, the Fourfront Group Limited group was reorganised such that this entity as an immediate holding company, Fourfront Holdings Limited, was placed as the ultimate parent company of its subsidiaries. As part of this reorganisation the shareholdings of Fourfront Group Limited were transferred to Fourfront Holdings Limited by means of the issue of new shares. In accordance with FRS 102 and applicable company law, this transaction has been accounted for under the merger accounting method. The corresponding consolidated figures have been restated to include the results for all of the combining entities for the previous period and their balances for the previous balance sheet date as if the group headed by Fourfront Holdings Limited had always existed.

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 Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at 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.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 May 2014.

2.3 Going concern

The Directors have prepared the financial statements on the going concern basis and believe that the company can continue to meet its liabilities as and when they fall due.

Notes to the Financial Statements

For the Year Ended 30 April 2017

2. Accounting policies (continued)

2.4 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:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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.

2.5 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.

Notes to the Financial Statements

For the Year Ended 30 April 2017

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

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
Plant and machinery	- 50%
Fixtures and fittings	- 50%

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.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 Work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

Work in progress represents expenditure incurred on contracts which have not been completed at the year end.

2.8 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.

2.9 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.

2.10 Financial instruments

The Group 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 and investments in non-puttable ordinary shares.

Notes to the Financial Statements

For the Year Ended 30 April 2017

2. Accounting policies (continued)

2.10 Financial instruments (continued)

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 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 Consolidated statement of comprehensive income.

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 of the recoverable amount, which is an approximation of the amount that the Group 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.

2.11 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.

Notes to the Financial Statements

For the Year Ended 30 April 2017

2. Accounting policies (continued)

2.12 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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 resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated statement of comprehensive income within 'other operating income'.

2.13 Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income 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. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 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.

Notes to the Financial Statements

For the Year Ended 30 April 2017

2. Accounting policies (continued)

2.15 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Consolidated statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Consolidated statement of comprehensive income is charged with fair value of goods and services received.

2.16 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income 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, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Group 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 22 March 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.17 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan 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 Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

Notes to the Financial Statements

For the Year Ended 30 April 2017

2. Accounting policies (continued)

2.18 National Insurance on share options

To the extent that the share price at the reporting date is greater than the exercise price on options granted under unapproved schemes after 19 May 2000, provision for any National Insurance contributions has been made based on the prevailing rate of National Insurance. The provision is accrued over the performance period attaching to the award.

2.19 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of financial position date.

2.20 Borrowing costs

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

2.21 Provisions 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 Statement of financial position 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 Statement of financial position.

Notes to the Financial Statements

For the Year Ended 30 April 2017

2. Accounting policies (continued)

2.22 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

When preparing the financial statements, management undertake a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Debtor recoverability

Where outstanding customer debt from 30 April 2017 has still to be wholly or partially recovered by the date of the approval of these financial statements, management have exercised judgement in providing for any bad or doubtful debt. Management has individually considered each outstanding remaining debt in terms of payment history, the status of the current commercial relationship and any future committed business in reaching their decision of the appropriate level of provision to make for each customer.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carryforwards can be utilised. Management consider the amount of deferred tax asset recognised at 29 April 2016 to therefore be reasonable.

Notes to the Financial Statements

For the Year Ended 30 April 2017

4. Turnover

The whole of the turnover is attributable to the principal activities of the group.

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	150,747,740	156,787,790
Rest of the world	-	1,842,632
	<u>150,747,740</u>	<u>158,630,422</u>

5. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	876,066	696,653
Amortisation of intangible assets, including goodwill	-	299,421
Exchange differences	11,583	(40,830)
Other operating lease rentals	488,010	492,381
Defined contribution pension cost	486,244	605,649
	<u>486,244</u>	<u>605,649</u>

6. Auditor's remuneration

	2017 £	2016 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	58,000	57,000
	<u>58,000</u>	<u>57,000</u>

Fees payable to the Group's auditor and its associates in respect of:

	2017 £	2016 £
Taxation compliance services	16,050	15,000
Other services relating to taxation	480	13,040
All other non-audit services not included above	15,333	68,576
All other services	-	2,250
	<u>31,863</u>	<u>98,866</u>

Notes to the Financial Statements

For the Year Ended 30 April 2017

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 30 April 2017 £	Group 29 April 2016 £	Company 30 April 2017 £	Company 29 April 2016 £
Wages and salaries	23,328,882	20,282,740	688,672	-
Social security costs	2,872,284	2,676,243	-	-
Cost of defined contribution scheme	486,244	605,649	24,046	-
	<u>26,687,410</u>	<u>23,564,632</u>	<u>712,718</u>	<u>-</u>

Included within wages and salaries is a total expense of share-based payments of £Nil (2016: £347,843).

The cost has been allocated to Area Sq. Limited by virtue of the employees to whom they were granted working for that company.

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

	2017 No.	2016 No.
Sales and Marketing	185	49
Design and Production	58	165
Administrative	41	49
	<u>284</u>	<u>263</u>

8. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	38,686	471,199
Company contributions to defined contribution pension schemes	-	78,709
	<u>38,686</u>	<u>549,908</u>

During the year retirement benefits were accruing to 3 directors (2016 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £192,821 (2016 - £171,627).

The value of the group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £16,818 (2016 - £36,667).

There are considered to be no key management personnel other than directors.

Notes to the Financial Statements

For the Year Ended 30 April 2017

9. Interest payable and similar charges

	2017 £	2016 £
Bank interest payable	<u>82,110</u>	<u>87,933</u>

10. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	1,395,451	1,247,562
Adjustments in respect of previous periods	(9,444)	37,536
Total current tax	<u>1,386,007</u>	<u>1,285,098</u>
Deferred tax		
Origination and reversal of timing differences	(47,975)	41,877
Changes to tax rates	-	(880)
Total deferred tax	<u>(47,975)</u>	<u>40,997</u>
Taxation on profit on ordinary activities	<u>1,338,032</u>	<u>1,326,095</u>

Notes to the Financial Statements

For the Year Ended 30 April 2017

10. Taxation (continued)**Factors affecting tax charge for the year/period**

The tax assessed for the year/period is higher than (2016 - higher than) the standard rate of corporation tax in the UK of 19.92% (2016 : 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	5,995,905	5,165,353
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.92% (2016 : 20%)	1,194,384	1,033,069
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	-	59,884
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	123,170	205,371
Capital allowances for year/period in excess of depreciation	21,026	53,004
Adjustments to tax charge in respect of prior periods	(9,444)	37,536
Non-taxable income less expenses not deductible for tax purposes	-	(1,181)
Other differences leading to an increase (decrease) in the tax charge	-	(53,319)
Adjustment for closing deferred tax to average tax rate	8,896	(8,269)
Total tax charge for the year/period	1,338,032	1,326,095

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

11. Dividends

	30 April 2017 £	29 April 2016 £
Dividends paid	-	3,043,297

The prior year dividends paid relate to payments made by Fourfront Group Limited to its shareholders prior to the group reorganisation.

Notes to the Financial Statements

For the Year Ended 30 April 2017

12. Tangible fixed assets**Group**

	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Total £
Cost or valuation				
At 30 April 2016	1,550,645	773,214	1,008,962	3,332,821
Additions	-	219,714	481,799	701,513
At 30 April 2017	<u>1,550,645</u>	<u>992,928</u>	<u>1,490,761</u>	<u>4,034,334</u>
Depreciation				
At 30 April 2016	906,121	379,557	246,483	1,532,161
Charge for the year on owned assets	324,885	179,590	371,591	876,066
At 30 April 2017	<u>1,231,006</u>	<u>559,147</u>	<u>618,074</u>	<u>2,408,227</u>
Net book value				
At 30 April 2017	<u>319,639</u>	<u>433,781</u>	<u>872,687</u>	<u>1,626,107</u>
At 29 April 2016	<u>644,524</u>	<u>393,657</u>	<u>762,479</u>	<u>1,800,660</u>

The net book value of land and buildings may be further analysed as follows:

	30 April 2017 £	29 April 2016 £
Long leasehold	<u>319,639</u>	<u>644,524</u>

Notes to the Financial Statements

For the Year Ended 30 April 2017

13. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Fourfront Group Limited	Ordinary	100 %	Non-trading intermediate holding company
Area Sq. Limited	Ordinary	100 %	The design and fit out of office refurbishment and relocation projects
Cube Interior Solutions Limited	Ordinary	100 %	Undertaking office and light industrial Category A and B fit-outs, refurbishments and dilapidations projects
Sketch Studios Limited	Ordinary	100 %	The procurement and installation of furniture
360 Workplace Limited	Ordinary	100 %	Other specialised construction activities

All subsidiary undertakings of the company are incorporated in England & Wales.

Company

	Investments in subsidiary companies £
Cost or valuation	
Additions	25,250,000
At 30 April 2017	<u>25,250,000</u>
Net book value	
At 30 April 2017	<u>25,250,000</u>
At 29 April 2016	<u>-</u>

Notes to the Financial Statements

For the Year Ended 30 April 2017

14. Stocks

	Group 30 April 2017 £	Group 29 April 2016 £	Company 30 April 2017 £	Company 29 April 2016 £
Work in progress (goods to be sold)	4,494,173	1,187,072	-	-

The difference between purchase price or production cost of stocks and their replacement cost is not material.

15. Debtors

	Group 30 April 2017 £	Group 29 April 2016 £	Company 30 April 2017 £	Company 29 April 2016 £
Due after more than one year				
Other debtors	156,119	156,600	-	-

	Group 30 April 2017 £	Group 29 April 2016 £	Company 30 April 2017 £	Company 29 April 2016 £
Due within one year				
Trade debtors	20,641,805	19,439,824	-	-
Amounts owed by group undertakings	-	-	399	-
Amounts owed by joint ventures and associated undertakings	-	1,635	-	-
Other debtors	1,387,847	664,814	-	-
Called up share capital not paid	157	-	157	-
Prepayments and accrued income	18,935,885	15,462,104	-	-
Deferred taxation	1,119	-	-	-
	40,966,813	35,568,377	556	-

16. Cash and cash equivalents

	Group 30 April 2017 £	Group 29 April 2016 £	Company 30 April 2017 £	Company 29 April 2016 £
Cash at bank and in hand	9,535,059	14,968,650	-	-

Notes to the Financial Statements

For the Year Ended 30 April 2017

17. Creditors: Amounts falling due within one year

	Group 30 April 2017 £	Group 29 April 2016 £	Company 30 April 2017 £	Company 29 April 2016 £
Bank loans	1,777,778	1,333,333	-	-
Payments received on account	-	459,525	-	-
Trade creditors	14,504,983	12,763,120	-	-
Corporation tax	922,864	465,086	-	-
Other taxation and social security	4,511,323	4,767,912	-	-
Other creditors	244,438	493,995	-	-
Accruals and deferred income	26,515,006	27,767,270	-	-
	<u>26,515,006</u>	<u>27,767,270</u>	<u>-</u>	<u>-</u>

18. Creditors: Amounts falling due after more than one year

	Group 30 April 2017 £	Group 29 April 2016 £	Company 30 April 2017 £	Company 29 April 2016 £
Bank loans	902,273	2,680,051	-	-
	<u>902,273</u>	<u>2,680,051</u>	<u>-</u>	<u>-</u>

19. Loans

Analysis of the maturity of loans is given below:

	Group 30 April 2017 £	Group 29 April 2016 £	Company 30 April 2017 £	Company 29 April 2016 £
Amounts falling due within one year				
Bank loans	1,777,778	1,333,333	-	-
Amounts falling due 1-2 years				
Bank loans	902,273	2,680,051	-	-
	<u>2,680,051</u>	<u>4,013,384</u>	<u>-</u>	<u>-</u>

The loan is secured with an omnibus guarantee and set off agreement dated 26 March 2014 among the bank, Fourfront Holdings Limited and its subsidiaries together with such security as the bank may from time to time hold in respect of the debts and liabilities of any guarantor of the bank. The bank also holds unlimited debentures from Fourfront Group Limited and its subsidiaries.

Notes to the Financial Statements

For the Year Ended 30 April 2017

20. Financial instruments

	Group 30 April 2017 £	Group 29 April 2016 £	Company 30 April 2017 £
Financial assets			
Financial assets measured at fair value through profit or loss	-	-	-
Financial assets that are debt instruments measured at amortised cost	50,656,872	34,551,986	556
	<u>50,656,872</u>	<u>34,551,986</u>	<u>556</u>
Financial liabilities			
Financial liabilities measured at amortised cost	(43,944,478)	(42,209,152)	
	<u>(43,944,478)</u>	<u>(42,209,152)</u>	

Financial assets measured at amortised cost comprise of cash, trade debtors, other debtors, accrued income and amounts due from group companies.

Financial liabilities measured at amortised cost comprise of bank loans, trade creditors, other creditors and accruals and deferred income.

21. Deferred taxation

Group	2017 £	2016 £
At beginning of year	(46,851)	(5,854)
Charged to profit or loss	47,970	(40,997)
At end of year	<u>1,119</u>	<u>(46,851)</u>

The deferred taxation balance is made up as follows:

	Group 30 April 2017 £	Group 29 April 2016 £
Accelerated capital allowances	(3,665)	(54,360)
Short term timing differences	4,784	7,509
	<u>1,119</u>	<u>(46,851)</u>

Notes to the Financial Statements

For the Year Ended 30 April 2017

22. Provisions

Group

	Dilapidations £
At 30 April 2016	145,000
Utilised in year	(95,000)
At 30 April 2017	50,000

23. Share capital

	30 April 2017 £	29 April 2016 £
Shares classified as equity		
Allotted, called up and fully paid		
299,992,000,000 Ordinary shares of £0.000000001 each	300	300
256,445,999,992 Ordinary shares of £0.000000001 each	256	256
	<u>556</u>	<u>556</u>

24. Reserves

Other reserves

The EBT reserve recognises a reduction in the equity of the company relating to shares held in the company by the EBT.

Merger Reserve

The merger relief reserve arose on acquisition of the Company's subsidiaries due to the uplift in investment valuation between the nominal value of issued share capital and the independent share valuation undertaken.

Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses, dividends and contribution made to the Employee Benefit Trust, a trust controlled by the Company.

25. Pension commitments

The group operates a dean contribution pension scheme. The asset of the scheme are held separately from those of the group in an independently administered fund. Contributions totalling £486,244 (2016: £605,649) were payable to the fund during the year. At the year end amounts totalling £52,587 (2016: £141,112) were outstanding and are included in creditors.

Notes to the Financial Statements

For the Year Ended 30 April 2017

26. Commitments under operating leases

At 30 April 2017 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 30 April 2017 £	Group 29 April 2016 £
Not later than 1 year	689,678	765,201
Later than 1 year and not later than 5 years	2,301,062	2,179,070
Later than 5 years	521,739	1,003,344
	3,512,479	3,947,615

27. Related party transactions

The group has been invoiced £100,000 (2016 : £100,000) in respect of rent from Old Post Office Property Partnership LLP, an LLP in which C G Lucking and J Cornwell are members. At the reporting date, the total amount due from Old Post Office Property Partnership LLP was £100,000 (2016 : £50,000). During the year £29,000 (2016: £nil) expenses were paid on behalf of The United Workplace Limited, a company in which C Lucking and A Stamatis own 50% of the shares. The total amount due from The United Workplace Limited was £29,000 (2016 : £nil).

During the year the following interest free loans, which remained outstanding in full at the year end, were made to directors of a subsidiary of the Company:

	30 April 2017 £	29 April 2016 £
G Chandler (Area Sq Ltd)	-	38,417
C Pye (Area Sq Ltd)	-	28,940
S Davies (Area Sq Ltd)	50,000	51,036
N Thorne (Area Sq Ltd)	11,348	29,771
A Stamatis (Area Sq Ltd)	104,152	-
T Hall (Cube Interior Solutions Ltd)	50,000	-

28. Controlling party

The Directors are the ultimate controlling parties.