

# buyingTeam Limited

Annual Report and Financial Statements

Year Ended

31 December 2019

Company Number 06029614



# **buyingTeam Limited**

## **Report and financial statements for the year ended 31 December 2019**

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### **Directors**

M Eatough  
G Trafford  
G Evans

### **Company secretary**

D Marr

### **Registered office**

107 Cheapside, London, EC2V 6DN

### **Company number**

06029614

### **Auditors**

BDO LLP, 55 Baker Street, London, W1U 7EU

# buyingTeam Limited

## Strategic report for the year ended 31 December 2019

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The directors present their strategic report together with the audited financial statements for the year ended 31 December 2019.

### Results and dividends

The statement of comprehensive income is set out on page 8 and shows the profit for the year.

The directors do not recommend the payment of a dividend (2018 - £Nil).

### Principal activities, review of the business and future developments

The principal activity of the company continued to be that of the provision of procurement consultancy and outsourcing services.

The company's results for the year, reflecting a profit on ordinary activities after taxation of approximately £1.1m (2018 - £1.4m) are considered by the directors to be a satisfactory performance, and a sound platform on which to build in 2020. A review of the company's business during the year and information relating to its financial and other instruments are given in the consolidated financial statements of the holding company, buyingTeam Holdings Limited.

The revenue from the provision of consultancy and outsourcing services amounted to £17.9m (2018 - £17.4m) with overheads comprised principally of administrative expenses of £6.6m (2018 - £5.7m), including directors' remuneration. The company had cash at bank of £2.4m (2018 - £4.9m) at the year end.

No change in the nature of the company's activities is anticipated in the foreseeable future.

### Key performance indicators

#### *Gross profit margin*

Gross profit margin measures the profit achieved on sales after taking account of the direct costs incurred in generating fees. This is calculated by dividing the gross profit for the year by company turnover.

The company achieved a gross profit margin for the year of 32% (2018 - 35%). This reflected a higher volume of business with lower margins than in the prior year. The level achieved is deemed within an acceptable range.

#### *Operating profit margin*

Operating profit margin measures the profit achieved on the company's activities after taking account of the total operating costs incurred, before finance costs and taxation. This is calculated by dividing operating profit by company turnover.

The company achieved an operating profit margin for the year of 8% (2018 - 10%). The decrease in operating profit margin was due to the decline in gross margin.

The directors are satisfied with the company's progress against its key performance indicators in 2019.

#### *Foreign exchange risk*

The group to which the company belongs earns significant revenues in US dollars from customers in the United States. This exposes the group to foreign exchange risk. This risk is mitigated by the natural hedge created by significant operating costs denominated in US dollars, and by utilising forward currency contracts held by the company.

# buyingTeam Limited

Strategic report  
for the year ended 31 December 2019 (*continued*)

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## Principal risks and uncertainties

### *Interest rate risk*

The nature of the company's activities and the basis of funding are such that the company has significant liquid resources. The risk of interest fluctuation is not significant to the business.

### *Reputational risk*

The company is exposed to the risk that poor quality services may have a detrimental effect on the reputation of the company. In order to manage this risk, the company has robust quality control processes in place, to ensure that all services meet the required standards of quality. This process is monitored by the board of directors and corrective action is taken where required.

### *Credit risk*

The company delivers services to its customers on credit, and as a result is exposed to credit risk. The company's customers almost exclusively comprise major international corporations of good credit standing mostly based in the UK and the USA, and the company's historical credit loss experience is negligible. In addition, the company has robust credit control processes in place to ensure that credit risk is kept to a minimum. These processes are monitored by the board of directors and corrective action is taken where required.

### *Going concern*

The financial statements have been prepared on a going concern basis. The Directors have at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

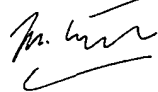
On 11 March 2020, the World Health Organisation declared a global pandemic due to the COVID-19 virus that has spread across the globe, causing different governments and countries to enforce restrictions on people movements, a stop to international travel, and other precautionary measures. This has had a widespread impact economically, with potential for causing delays in contract negotiations and/or cancelling of anticipated sales and an uncertainty over cash collection from certain customers.

As a consequence, the company performed a reforecasting exercise to realign their expectation of how the company would perform given the impact of COVID-19. In addition management carried out detailed forecast stress testing in order to consider how much forecasts have to reduce by in order to cause cash constraints, and also to consider the likelihood of this scenario occurring. In light of all of this analysis, the directors are comfortable that a scenario which would cause these cash restrictions is deemed to be remote and therefore not a realistic outcome to consider. The business is currently tracking ahead of their re-forecasted position. The business has utilised the UK government's furlough scheme that has been put in place to support businesses during the pandemic.

The Company's cash flows are projected to be at a sufficient level to allow them to meet their obligations, and liabilities, as they fall due. Thus, the directors of the company continue to adopt the going concern basis of accounting in preparing the financial statements.

## Approval

This strategic report was approved on behalf of the Board on 30 September 2020.



M Eatough  
Director

Date 30 September 2020

# buyingTeam Limited

## Directors' report for the year ended 31 December 2019

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The directors present their report together with the audited financial statements for the year ended 31 December 2019.

### Directors

The directors of the company during the year and after the year-end were:

M Eatough  
G Strafford  
G Evans

### Going concern

For further details on going concern see note 1.

### Events after the reporting date

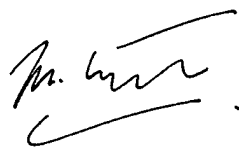
For details on events after the reporting date see note 19.

### Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

### On behalf of the Board



M Eatough

### Director

Date 30 September 2020

# **buyingTeam Limited**

## **Directors' responsibilities statement for the year ended 31 December 2019**

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The directors are responsible for preparing the strategic report, the report of the directors 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). 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 year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

# buyingTeam Limited

## Independent auditor's report

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### INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF BUYINGTEAM LIMITED

#### Opinion

We have audited the financial statements of BuyingTeam Limited ("the Company") for the year ended 31 December 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, and the notes to the financial statements, 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 Financial Reporting Standard 101 *Reduced Disclosure Framework*.

In our opinion the financial statements:

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

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. 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.

# buyingTeam Limited

## Independent auditor's report (*continued*)

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### 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 our 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions 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 Strategic report and 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and 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.

### Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

# buyingTeam Limited

## Independent auditor's report (*continued*)

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### **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.

BDO LLP

Andrew Gandell (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London, UK  
30 September 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# buyingTeam Limited

## Statement of comprehensive income for the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Revenue	3	17,924	17,412
Cost of sales		(12,264)	(11,372)
<b>Gross profit</b>		<b>5,660</b>	<b>6,040</b>
Administrative expenses		(6,585)	(5,696)
Other operating income		2,332	1,408
<b>Operating profit</b>	6	<b>1,407</b>	<b>1,752</b>
Interest receivable and similar income		3	-
Interest payable and similar charges	7	(97)	-
<b>Profit on ordinary activities before taxation</b>		<b>1,313</b>	<b>1,752</b>
Taxation on profit from ordinary activities	8	(251)	(382)
<b>Profit for the financial year and total comprehensive income</b>		<b>1,062</b>	<b>1,370</b>

All amounts relate to continuing activities.

All recognised gains and losses are included in the statement of comprehensive income.

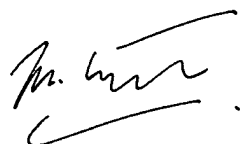
The notes on pages 11 to 24 form part of these financial statements.

# buyingTeam Limited

## Balance sheet at 31 December 2019

<i>Company number 06029614</i>	Note	2019 £'000	2019 £'000	2018 £'000	2018 £'000
<b>Fixed assets</b>					
Intangible assets	9	11		49	
Tangible assets	10	282		250	
Right-of-use assets	15	1,549		-	
			1,842		299
<b>Current assets</b>					
Debtors	11	8,674		6,722	
Cash at bank and in hand		2,406		4,908	
		11,080		11,630	
<b>Creditors: amounts falling due within one year</b>	12	(5,136)		(6,489)	
<b>Net current assets</b>			5,944		5,141
<b>Total assets less current liabilities</b>			7,786		5,440
<b>Non-current liabilities</b>					
Provisions for liabilities	13		(219)		(196)
Lease liabilities	15		(1,276)		-
<b>Net assets</b>			6,291		5,244
<b>Capital and reserves</b>					
Share capital	16		-		-
Retained earnings			5,873		4,826
Capital contribution			418		418
<b>Shareholders' funds</b>			6,291		5,244

The financial statements were approved by the Board of Directors and authorised for issue on 30 September 2020.



M Eatough  
Director

The notes on pages 11 to 24 form part of these financial statements.

## buyingTeam Limited

### Statement of changes in equity for the year ended 31 December 2019

	Share capital £'000	Capital contribution £'000	Retained Earnings (as restated) £'000	Total Equity (as restated) £'000
1 January 2018	-	418	3,456	3,874
Total comprehensive income for the year	-	-	1,370	1,370
31 December 2018	-	418	4,826	5,244
Effect of adoption of IFRS 16 (note15)	-	-	(15)	(15)
1 January 2019 (as restated)	-	418	4,811	5,229
Total comprehensive income for the year	-	-	1,062	1,062
31 December 2019	-	418	5,873	6,291

The capital contribution arose from the waived debt to a fellow group subsidiary.

The notes on pages 11 to 24 form part of these financial statements.

# buyingTeam Limited

## Notes forming part of the financial statements for the year ended 31 December 2019

### 1 Accounting policies

#### *Basis of preparation*

The financial statements have been prepared in accordance with Financial Reporting Standard 100 *Application of Financial Reporting Requirements* and Financial Reporting Standard 101 *Reduced Disclosure Framework*. The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The company is a private company which is limited by shares.

A number of new standards, amendments and interpretations to existing standards have been adopted by the company, but have not been listed, since they have no material impact on the financial statements. The impacts of IFRS 16 are described under the relevant headings below.

The financial statements have been prepared on a historical cost basis. The presentation currency used is sterling.

#### *Disclosure exemptions adopted*

In preparing these financial statements the company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the group headed by buyingTeam Holdings Limited.

In addition, and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of buyingTeam Holdings Limited. These financial statements do not include certain disclosures in respect of:

- Share based payments;
- Financial instruments (other than certain disclosures required as a result of recording financial instruments at fair value);
- Fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value); and
- Impairment of assets.

The financial statements of buyingTeam Holdings Limited can be obtained as described in note 18.

#### *Judgements and key areas of estimation uncertainty*

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires the company's directors to exercise judgment in applying the company's accounting policies. Any areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

#### *Going concern*

The financial statements have been prepared using the going concern basis of accounting. The directors have reviewed the company's going concern position taking into account its current business activities, budgeted performance and factors likely to affect its future performance.

# buyingTeam Limited

## Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

### 1 Accounting policies (continued)

#### *Going concern (continued)*

The financial statements have been prepared on a going concern basis. The Directors have at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

On 11 March 2020, the World Health Organisation declared a global pandemic due to the COVID-19 virus that has spread across the globe, causing different governments and countries to enforce restrictions on people movements, a stop to international travel, and other precautionary measures. This has had a widespread impact economically, with potential for causing delays in contract negotiations and/or cancelling of anticipated sales and an uncertainty over cash collection from certain customers.

As a consequence, the company performed a reforecasting exercise to realign their expectation of how the company would perform given the impact of COVID-19. In addition management carried out detailed forecast stress testing in order to consider how much forecasts have to reduce by in order to cause cash constraints, and also to consider the likelihood of this scenario occurring. In light of all of this analysis, the directors are comfortable that a scenario which would cause these cash restrictions is deemed to be remote and therefore not a realistic outcome to consider. The business is currently tracking ahead of their re-forecasted position. The business has utilised the UK government's furlough scheme that has been put in place to support businesses during the pandemic.

The Company's cash flows are projected to be at a sufficient level to allow them to meet their obligations, and liabilities, as they fall due. Thus, the directors of the company continue to adopt the going concern basis of accounting in preparing the financial statements.

#### *Revenue*

##### *IFRS 15 - Revenue from contracts with customers*

The company's revenue recognition policy is based on the principle of transfer of services (performance obligations) to customers. Revenue is recognised on the satisfaction of these contractual performance obligations using a five-step approach, consisting of:

- identification of the contract with the customer
- identification of all performance obligations in that contract
- determination of the transaction price
- allocation of the transaction price to the performance obligations
- recognition of revenue as the performance obligations are fulfilled

The customer contracts are broken down into distinct services in order to identify the separate performance obligations within. Services are considered distinct if they are separately identifiable in the context of the contract. The company occasionally has a performance fee element to these contracts. The performance fees are not considered as separate performance obligations under IFRS 15, as neither the customer nor the company will be able to benefit from this separately. This element is as a result combined with the service element of the contract with the customer.

Transaction prices are the amounts of consideration the company expects to be entitled to in exchange for the transfer of the performance obligations agreed within the contracts, exclusive of VAT or any applicable sales taxes.

The transaction prices are allocated to these contractual performance obligations based on the pricing within the contract. This is based on the fair value allocated to each performance obligation.

# buyingTeam Limited

## Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

### 1 Accounting policies (continued)

#### *Revenue (continued)*

Revenue is recognised over time, due to the customer simultaneously receiving and consuming the benefits of the contractual performance obligation within the contract. Revenue is only recognised when the contractual performance obligations have been satisfied.

#### *Other operating income*

Other operating income consists of income not directly related to procurement consultancy and outsourcing services and mainly comprises management charges to other group companies. This also includes amounts for sub-leasing the company's property.

#### *Dividends*

Equity dividends are recognised when they become legally payable. This is deemed to occur when the dividends are declared and approved by the directors.

#### *Tangible fixed assets and depreciation*

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	-	33% straight line
Fixtures, fittings and equipment	-	25% straight line
Leasehold improvements	-	over the life of the lease

#### *Intangible assets*

Computer software and software development costs represent purchases of computer software and the subsequent expenditure to upgrade or enhance the software, so that its service potential is increased. Computer software and software development costs are stated at cost less amortisation. Amortisation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer software	-	33% straight line
Development cost	-	25% straight line

Where subsequent expenditure to the computer software does not result in upgrades or enhancements to the software, it is recognised in the statement of comprehensive income in the period that it is incurred.

Amortisation is included within administrative expenses per the statement of comprehensive income.

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred.

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing can be deducted. The deferred tax balance has not been discounted.

# buyingTeam Limited

## Notes forming part of the financial statements for the year ended 31 December 2019 (*continued*)

### 1 Accounting policies (*continued*)

#### *Pensions*

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the statement of comprehensive income in the year they are payable.

#### *Foreign currency translation*

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to statement of comprehensive income.

#### *Other Income*

The other income received during the year is all relating to group recharge between the company and its subsidiaries.

#### *Leases*

The implementation of IFRS 16 replaced the existing guidance in IAS 17: Leases. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and the company adopted the new standard with effect from 1 January 2019.

Prior to the 2019 financial year, the group classified its leases either as finance leases or operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

IFRS 16 changes the previous guidance in IAS 17 and requires lessees to recognise a lease liability that reflects the net present value of future lease payments and a corresponding "right-of-use asset" in all lease contracts, although lessees may elect not to recognise lease liabilities and right-of-use assets in respect of short-term leases or leases of assets of low value.

The company has elected not to recognise right-of-use assets and lease liabilities in respect of certain leases of office equipment of low value or of short term. The lease payments associated with these leases is recognised as an expense on a straight-line basis over the lease term.

IFRS 16 also changes the definition of a "lease" and the manner of assessing whether a contract contains a lease. At inception of a contract, the company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The company recognises a right-of-use asset and a corresponding lease liability at the lease commencement date. The lease liability is initially measured at the present value of the following lease payments:

- fixed payments;
- variable payments that are based on index or rate;
- the exercise price of any extension or purchase option if reasonably certain to be exercised; and
- penalties for terminating the lease, if relevant.

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. The company has used its incremental borrowing rate as the discount rate.

The right-of-use assets are depreciated over the period of the lease term, or, if earlier, the useful life of the asset, using the straight-line method. The lease term includes periods covered by an option to extend, if the company is reasonably certain to exercise that option. In addition, the right-of-use assets may during the lease term be reduced by impairment losses, if any, or adjusted for certain re-measurements of the lease liability.

# buyingTeam Limited

## Notes forming part of the financial statements for the year ended 31 December 2019 (*continued*)

### 1 Accounting policies (*continued*)

#### *Impact of IFRS 16*

Under IAS 17 the company did not recognise related assets or liabilities, but instead disclosed the total amount of commitments under operating leases calculated on a straight-line basis over the respective lease terms. The new standard requires the company to recognise interest on its lease liabilities and amortisation of its right-of-use assets, instead of recognising lease payments as part of operating costs. Accordingly, this change has increased operating profit in the year to 31 December 2019 by £0.3m.

Further details of the practical expedients used by the group in adopting IFRS 16 Leases are set out in Note 15.

#### *Financial assets*

IFRS 9 Financial Instruments is effective for annual periods beginning on or after 1 January 2019 and has been applied in the financial statements in respect of the current year. The adoption of this standard has had no significant impact on the statement of financial position and equity.

The company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The company has not classified any of its financial assets as held to maturity.

#### *Loans and receivables*

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

From time to time, the company elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the statement of comprehensive income (operating profit).

The company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet.

Cash and cash equivalents includes cash in hand, deposits held on call with banks and other short term highly liquid investments with original maturities of three months or less.

#### *Financial liabilities*

The company classifies its financial liabilities into one category which is outlined below.

# buyingTeam Limited

## Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

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### 1 Accounting policies (continued)

#### *Other financial liabilities*

Other financial liabilities include the following items:

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.

### 2 Critical accounting estimates and judgements

The company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. In preparing these financial statements the directors have made the following estimates and assumptions that had a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

- (a) *Recoverability of amounts owed by group undertakings* - Provisions for the expected credit loss to be recognised against the carrying value of amounts owed by group undertakings are made based on management's estimate of the prospect of recovering the amounts due, which includes considering the solvency of the counterparty and its future outlook, based on budgets and forecast prepared by management.
- (b) *Provisions for expected credit losses against trade receivables* - Judgements are required in setting the expected credit loss provision required under IFRS 9 to be recognised against the carrying value of trade receivables, after taking into account ageing of debts, collection history, and other relevant information in relation to expected future cash flows from customers.
- (c) *Leases* - The recognition of leases in line with IFRS 16 requires judgement around the interest rate used to derive the discount rate used to calculate the present value of future cash flows.
- (d) *Service contracts* - Service contracts can span more than one month and can therefore be in progress at period end. The company's accounting policies for these projects require revenue and costs to be allocated to individual accounting periods and the consequent recognition at period end of contract assets or liabilities for projects still in progress. Management apply judgement in estimating the total revenue and total costs expected on each project. Such estimates are revised as a project progresses to reflect the current status of the project and the latest information available to management. The service teams regularly review contract progress to ensure the latest estimates are appropriate. Contract assets and liabilities are reflected as accrued income or deferred income in note 11 and 12 respectively.

# buyingTeam Limited

Notes forming part of the financial statements  
for the year ended 31 December 2019 (continued)

## 3 Revenue

The total revenue of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

2019	Business Process		Total £'000
	Outsourcing £'000	Consultancy £'000	
Geographical area			
UK and Europe	1,284	14,052	15,336
United States	130	2,458	2,588
	1,414	16,510	17,924
	1,414	16,510	17,924
2018	Business Process		Total £'000
	Outsourcing £'000	Consultancy £'000	
Geographical area			
UK and Europe	3,072	12,209	15,281
United States	383	1,748	2,131
	3,455	13,957	17,412
	3,455	13,957	17,412

### Contract Balances

Contract assets and contracts liabilities are included within "Debtors" and "Creditors" respectively on the face of the statement of financial position. They arise because cumulative payments received from customers at each balance sheet date do not necessarily equal the amount of revenue recognised on the contracts.

	Contract Assets £'000	Contract Liabilities £'000
At 1 January 2019	1,794	53
Transfers in the period from contract assets to trade receivables	(1,794)	-
Revenue recognised ahead of cash (or rights to cash)	676	-
Transfers in the period from contract liabilities to revenue	-	(53)
	676	-
<b>At 31 December 2019</b>	<b>676</b>	<b>-</b>

IFRS 15 did not have an effect on the 2018 financial statements. This is because there were no contracts in progress at 31 December 2018 with fees dependent on meeting conditional performance obligations. If such contracts had been in progress at the 2018 year end, then under IFRS 15, the performance fees in such contracts would have been recognised over time, rather than in full at the point in time when the performance obligations had been met. This would have resulted in additional revenue being recognised in 2018 under IFRS 15 which would not have been recognised under IAS 18.

As the company's contracts are for the delivery of services within the next 12 months, the company has applied the exemption in paragraph 120(a) of IFRS 15, and therefore has not disclosed the amount of revenue that will be recognised in future periods.

# buyingTeam Limited

Notes forming part of the financial statements  
for the year ended 31 December 2019 (continued)

4 Employees	2019 £'000	2018 £'000
Staff costs consist of:		
Wages and salaries	7,885	7,427
Social security costs	833	885
Other pension costs	349	313
	<u>9,067</u>	<u>8,625</u>
The average number of employees, including directors, during the year was:	<b>Number</b>	<b>Number</b>
Consulting and support	<u>72</u>	<u>68</u>
5 Directors	2019 £'000	2018 £'000
Emoluments for qualifying services	942	953
Employer pension contributions	15	13
Emoluments disclosed above include the following amounts paid to the highest paid director:		
Emoluments for qualifying services	<u>385</u>	<u>423</u>
6 Operating profit	2019 £'000	2018 £'000
This has been arrived at after charging/(crediting):		
Amortisation of intangible assets (note 9)	41	144
Depreciation of tangible assets (note 10)	176	184
Gain/(loss) on foreign exchange transactions	123	(12)
Auditors' remuneration:		
- audit	42	43
- non-audit	12	12
7 Interest payable and similar charges	2019 £'000	2018 £'000
Interest on lease liabilities	77	-
Other interest	<u>20</u>	<u>-</u>

# buyingTeam Limited

## Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

### 8 Taxation on profit from ordinary activities

	2019 £'000	2018 £'000
<i>Current tax</i>		
UK corporation tax on profits of the year	230	391
Adjustment in respect of previous years	-	(1)
	<hr/>	<hr/>
Current tax charge	230	390
<i>Deferred tax (note 14)</i>		
Origination and reversal of timing differences	21	(10)
Adjustment in respect of previous years	(2)	2
	<hr/>	<hr/>
	251	382
	<hr/> <hr/>	<hr/> <hr/>

The tax assessed for the year is higher (2018 - higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	2019 £'000	2018 £'000
Profit on ordinary activities before tax	1,313	1,752
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19.00% (2018 – 19.00%)	249	333
Effects of:		
Non-deductible expenses	24	57
Fixed asset differences	3	4
Adjustments to previous periods – current tax	-	(1)
Adjustments to previous periods – deferred tax	(2)	2
Other differences	-	1
Group relief claimed	(23)	(14)
	<hr/>	<hr/>
Total tax charge for year	251	382
	<hr/> <hr/>	<hr/> <hr/>

There are no unrecognised tax losses.

# buyingTeam Limited

Notes forming part of the financial statements  
for the year ended 31 December 2019 (*continued*)

## 9 Intangible assets

	Computer software £'000	Development costs £'000	Total £'000
<i>Cost</i>			
At 1 January 2019	318	1,627	1,945
Additions	3	-	3
	<hr/>	<hr/>	<hr/>
At 31 December 2019	<b>321</b>	<b>1,627</b>	<b>1,948</b>
	<hr/>	<hr/>	<hr/>
<i>Accumulated amortisation and impairment</i>			
At 1 January 2019	296	1,600	1,896
Amortisation charge for the year	14	27	41
	<hr/>	<hr/>	<hr/>
At 31 December 2019	<b>310</b>	<b>1,627</b>	<b>1,937</b>
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2019	<b>11</b>	<b>-</b>	<b>11</b>
	<hr/>	<hr/>	<hr/>
At 31 December 2018	<b>22</b>	<b>27</b>	<b>49</b>
	<hr/>	<hr/>	<hr/>

## 10 Tangible assets

	Computer equipment £'000	Fixtures, fittings and equipment £'000	Leasehold improvements £'000	Total £'000
<i>Cost</i>				
At 1 January 2019	663	199	1,064	1,926
Additions	149	19	40	208
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	<b>812</b>	<b>218</b>	<b>1,104</b>	<b>2,134</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 January 2019	602	185	889	1,676
Charge for the year	60	6	110	176
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	<b>662</b>	<b>191</b>	<b>999</b>	<b>1,852</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 December 2019	<b>150</b>	<b>27</b>	<b>105</b>	<b>282</b>
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2018	<b>61</b>	<b>14</b>	<b>175</b>	<b>250</b>
	<hr/>	<hr/>	<hr/>	<hr/>

# buyingTeam Limited

## Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

### 11 Debtors

	2019 £'000	2018 £'000
Trade debtors	2,637	2,075
Amounts owed by parent and fellow subsidiary undertakings	4,903	2,007
Other debtors	97	422
Prepayments and accrued income	987	2,149
Deferred tax asset (see note 14)	50	69
	<u>8,674</u>	<u>6,722</u>

All debtors are due within one year.

### 12 Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Trade creditors	405	37
Amounts owed to parent and fellow subsidiary undertakings	2,147	3,465
Lease liability (see note 15)	162	-
Corporation tax creditor	112	280
Other taxes and social security costs	602	723
Other creditors	102	239
Accruals and deferred income	1,606	1,745
	<u>5,136</u>	<u>6,489</u>

### 13 Provisions

	At 1 January 2019 £'000	Provided for during the year £'000	At 31 December 2019 £'000
Provision for dilapidations of rental properties	196	23	219
	<u>196</u>	<u>23</u>	<u>219</u>

#### *Leasehold dilapidations*

Leasehold dilapidations relate to the estimated cost of returning a leasehold property to its original state at the end of the lease in accordance with the lease terms. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease.

# buyingTeam Limited

## Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

### 14 Deferred tax asset

The deferred tax asset (included in debtors, note 11) is made up as follows:

	2019 £'000	2018 £'000
Accelerated capital allowances	43	64
Short-term timing differences	7	5
	<hr/>	<hr/>
	50	69
	<hr/>	<hr/>

### 15 Leases

With effect from January 1, 2019, the company has adopted IFRS 16 Leases, which specifies how to recognise, measure, present and disclose leases. The company has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On initial application, the company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17: Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's weighted average incremental borrowing rate as at 1 January 2019 of 4.31% for the Cheapside office lease and 5.15% for the Leeds Office lease.

In applying IFRS 16 for the first time, the company has used the following practical expedients permitted by the standard:

- reliance on previous assessments on whether leases are onerous;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The company has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the application date, the company has relied on its assessment made applying IAS 17 and IFRIC 4 in determining whether an arrangement is or contains a lease.

#### Right of use assets

	Leased buildings £'000
At 1 January 2019	1,854
Amortisation	(305)
	<hr/>
31 December 2019	1,549
	<hr/>

## buyingTeam Limited

Notes forming part of the financial statements  
for the year ended 31 December 2019 (continued)

### 15 Leases (continued)

Lease liability	£'000
At 1 January 2019	2,070
Interest expense	77
Lease payments	(709)
	1,438
31 December 2019	1,438

The maturity of the lease liabilities is as follows:

	Carrying amount £'000	Contractual cash-flow £'000	Less than one year £'000	One to two years £'000	Two to five years £'000
At 31 December 2019	1,438	1,608	235	367	1,006

The following table sets out the impact of adopting IFRS 16 on the financial position of the company at 1 January 2019:

	As presented 31 December 2018 £'000	IFRS16 Adjustments £'000	At 1 January 2019 £'000
<b>Assets</b>			
Right of use assets - buildings	-	1,854	1,854
Other assets	-	202	202
<b>Liabilities</b>			
Lease liabilities – buildings	-	2,070	2,070
<b>Equity</b>			
Retained earnings	4,826	(15)	4,811
			<b>Land and buildings £'000</b>
Minimum operating lease commitment at 31 December 2018			2,215
Additional payments recognised under IFRS 16			85
			2,300
Undiscounted lease payments			2,300
Effect of discounting at the group's incremental borrowing rate			(230)
			2,070
Lease liabilities recognised at 1 January 2019			2,070

# buyingTeam Limited

## Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

### 16 Share capital

	Allotted, called up and fully paid			2018 £
	2019 Number	2018 Number	2019 £	
Ordinary shares of £1 each	100	100	100	100

### Reserves

*Share capital* – Nominal value share capital subscribed for.

*Capital contribution* – The capital contribution arises from waived debt to a fellow group Subsidiary.

*Retained earnings* – All other net gains and losses and transaction with the owners not recognised.

### 17 Related party transactions

The company has taken advantage of the exemption in FRS 101 from the requirement to disclose transactions with group companies on the grounds that the company is a wholly owned group member and consolidated financial statements are prepared by the ultimate parent company.

### 18 Control

The immediate and ultimate parent company and controlling party is buyingTeam Holdings Limited, a company in which M Eatough is a director and has a controlling interest. Copies of buyingTeam Holdings Limited's financial statements can be obtained from Companies House.

### 19 Events after the reporting date

Events after the reporting date were assessed up to the date of signing of the financial statements. In March 2020, a global pandemic due to the COVID-19 virus was announced by the World Health Organisation (WHO) that has subsequently caused governments across the world to place restrictions on people's movements, restricting international travel and imposing other restrictions. The impact of COVID-19 has been considered as part of the company's going concern assessment with a focus on the impact on the company's revenues and working capital. Management have considered the impact on the valuation of non-current and current assets and deem it to be immaterial. The pandemic is a non-adjusting post balance sheet event for the year ended 31 December 2019.