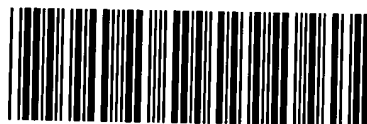


GATENBYSANDERSON MIDCO LIMITED

**Annual report and financial statements for
the year ended 31 December 2016**

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GATENBYSANDERSON MIDCO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2016

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GATENBYSANDERSON MIDCO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2016

OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

S J Ellis
A K Handa (appointed 3 February 2016)
M A Tucker
M J Turner
M Gascoigne (10 April 2017)

REGISTERED OFFICE

14 King Street
Leeds
West Yorkshire
LS1 2HL

BANKERS

Clydesdale Bank plc
20 Merrion Way
Leeds
LS2 8NZ

SOLICITORS

Cooley (UK) LLP
Dashwood
69 Old Broad Street
London
EC2M 1QS

INDEPENDENT AUDITOR

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Central Square
29 Wellington Street
Leeds
LS1 4DL

GATENBYSANDERSON MIDCO LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Principal activities

The principal activity of GatenbySanderson Midco Limited ("the company") during the year was that of a holding company. On 21 April 2015 the company changed its name from Newincco 1307 Limited to GatenbySanderson Midco Limited. The activities of GatenbySanderson Midco Limited and the subsidiary undertaking are consolidated in the financial statements of the parent company, GatenbySanderson Holdings Limited.

The directors are not aware at the date of this report of any likely changes in the company's activities in the forthcoming year.

Financial performance

The loss for the year of £2.1m (2015: £2.2m) as shown on page 7 is attributable to administrative expenses and interest repayments accruing on financing.

As detailed in the balance sheet on page 8, at the year ended 31 December 2016 there were net liabilities of £4.9m (year ended 31 December 2015: £2.7m).

Key Performance Indicators

In the opinion of the directors as the company's principal activity is that of a holding company there are no Key Performance Indicators which are used to monitor performance.

Financial risks and uncertainties

The principal risks facing the company are liquidity and interest rate risk arising from external borrowings. The company does not hedge this risk as its subsidiary is cash generative and will ensure there are sufficient funds to meet repayments as they fall due, through intercompany transfer.

Principal risks and uncertainties

The company has external borrowings and is therefore subject to liquidity and interest rate risk. The company does not hedge this risk and will ensure there are sufficient funds to meet repayments as they fall due.

Results and dividends

The loss for the year after taxation was £2.1m (2015: £2.2m). The directors are unable to recommend the payment of a final dividend (2015: £nil) and propose that the loss sustained for the year of £2.1m (2015: £2.2m) is taken to reserves.

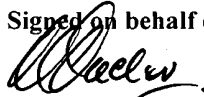
Going concern

After making enquiries, and with support provided from its subsidiary undertaking, the directors believe that the company has the appropriate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements. Further details are shown in note 1 to the financial statements.

Future developments

The company will continue to act as a holding company for the foreseeable future.

Signed on behalf of the board


M A Tucker
Director

GATENBYSANDERSON MIDCO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their annual report and the audited financial statements of the company the year ended 31 December 2016.

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

S J Ellis
A K Handa
D M Kemsley (resigned 15 April 2016)
M A Tucker
M J Turner
M Gascoigne (10 April 2017)

Future developments

Information about future developments can be found in the strategic report.

Dividends

Information about dividends can be found in the strategic report.

Financial risk management

The key financial risks to the Group are the availability of cashflows to meet business requirements and fluctuations in interest rates.

Liquidity risk

Liquidity risk is the risk that the Group will not have the level of liquid funding available to meet its requirements. Maintaining an inadequate amount of liquidity and being unable to access the debt markets when required exposes the Group to the risk of being unable to finance its functions whilst maintaining excess liquidity potentially exposes the Group to the risk of inefficient funding costs.

The Group looks to manage its liquidity by ensuring debt is held with a range of durations and the maturity profile is actively managed by the Group's treasury function.

Interest rate risk

The Group does not consider there to be a material exposure to changes in interest rates.

Disclosure of information to the auditors

Each of the persons who are a director at the date of approval of this report confirms that:

- So far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- The director has taken all the steps that he/ she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Disclosure of statements about dividends, financial risk management and going concern can be found in the Strategic Report.

During the year PricewaterhouseCoopers LLP were appointed as auditors. PricewaterhouseCoopers LLP has expressed their willingness to continue in office as auditor and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Directors' indemnities

As permitted by the Articles of Association the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Signed on behalf of the board



M.A. Tucker
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GATENBYSANDERSON MIDCO LIMITED

Report on the financial statements

Our opinion

In our opinion, GatenbySanderson Midco Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2016;
- the profit and loss account for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the strategic report and the directors' report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GATENBYSANDERSON MIDCO LIMITED (CONTINUED)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the directors' responsibilities statement set out on page 4, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the strategic report and directors' report, we consider whether those reports include the disclosures required by applicable legal requirements.

Arif Ahmad

Arif Ahmad (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

25 April 2017

GATENBYSANDERSON MIDCO LIMITED

PROFIT AND LOSS ACCOUNT For the year ended 31 December 2016

	Note	2016 £	2015 £
Administrative expenses		(312,063)	(507,807)
Other operating income		243,280	462,713
OPERATING LOSS	3	(68,783)	(45,094)
Interest payable and similar charges	5	(2,057,105)	(2,138,321)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(2,125,888)	(2,183,415)
Tax on loss on ordinary activities	6	-	(901)
LOSS FOR THE FINANCIAL YEAR		(2,125,888)	(2,184,316)

All activities derive from continuing operations. There are no other recognised gains and losses and therefore no separate statement of comprehensive income is presented.

GATENBYSANDERSON MIDCO LIMITED

BALANCE SHEET

As at 31 December 2016

	Note	2016 £	2015 £
FIXED ASSETS			
Investment	7	<u>34,387,937</u>	<u>34,605,779</u>
CURRENT ASSETS			
Debtors	8	<u>423</u>	<u>1,786</u>
CREDITORS: amounts falling due within one year	9	(19,458,593)	(13,182,550)
NET CURRENT LIABILITIES		<u>(19,458,170)</u>	<u>(13,180,764)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>14,929,767</u>	<u>21,425,015</u>
CREDITORS: amounts falling after more than one year	10	(19,804,418)	(24,173,778)
NET LIABILITIES		<u>(4,874,651)</u>	<u>(2,748,763)</u>
CAPITAL AND RESERVES			
Called up equity share capital	14	1	1
Profit and loss account		<u>(4,874,652)</u>	<u>(2,748,764)</u>
TOTAL SHAREHOLDERS' DEFICIT		<u>(4,874,651)</u>	<u>(2,748,763)</u>

The notes on pages 10 to 16 form part of the financial statements.

These financial statements of GatenbySanderson Midco Limited, registered number 9083901 were approved by the Board of Directors and authorised for issue on 25 April 2017.

Signed on behalf of the Board of Directors



M A Tucker
Director

GATENBYSANDERSON MIDCO LIMITED

STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2016

	Share capital £	Profit and loss account £	Total shareholders' deficit £
At 1 January 2015	1	(564,448)	(564,447)
Loss for the financial year	-	(2,184,316)	(2,184,316)
Total comprehensive expense	-	(2,184,316)	(2,184,316)
At 31 December 2015	1	(2,748,764)	(2,748,763)
Loss for the financial year	-	(2,125,888)	(2,125,888)
Total comprehensive expense	-	(2,125,888)	(2,125,888)
At 31 December 2016	1	(4,874,652)	(4,874,651)

GATENBYSANDERSON MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies are summarised below. The accounting policies disclosed below have been applied consistently in the financial statements for both the current and prior year, unless otherwise stated.

General information and basis of accounting

GatenbySanderson Midco Limited is a limited company incorporated in the United Kingdom under the Companies Act. GatenbySanderson Midco Limited is registered at 14 King Street, Leeds, West Yorkshire, LS1 2HL.

The financial statements have been prepared under the historical cost convention as modified by the recognition of certain financial assets and liabilities measured at fair value and in compliance with United Kingdom Accounting Standards including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS 102) issued by the Financial Reporting Council and in accordance with the Companies Act 2006.

GatenbySanderson Midco Limited is consolidated in the financial statements of its parent, GatenbySanderson Holdings Limited. Copies of the financial statements of GatenbySanderson Holdings Limited are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

The company is a wholly owned subsidiary of GatenbySanderson Holdings Limited and is included in the consolidated financial statements of GatenbySanderson Holdings Limited. Consequently the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

Exemptions for qualifying entities under FRS 102

The company is a qualifying entity under FRS 102 and therefore has taken advantage of disclosure exemptions available to it. Exemptions have been taken in relation to: preparing a statement of cash flows for the company, related party transactions and from disclosing the remuneration of the company key management personnel and the company intends to take the same exemption in future financial periods.

Preparation of the financial statements - going concern

At the year end the company has net current liabilities and net liabilities. However, its subsidiary has sufficient funds to ensure that financing repayments can be met as they fall due. The principal risk facing the subsidiary company is that in the current economic climate and uncertainty relating to government policy the company may not be able to generate sufficient income from recruitment and associated offerings to cover all its expenditure.

The directors have reviewed the cash position of the subsidiary and the company, together the group, and the cash forecasts at the date of signing the financial statements and consider there is sufficient cash to meet liabilities of the group as they fall due. The debt repayments will be funded by intercompany transactions as required. As a consequence the directors believe the company is well placed to manage its business risks successfully.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Investment

Investment in subsidiaries is measured at cost less impairment.

Financial instruments

Financial liabilities are recognised when the group becomes party to the contractual arrangements of the instrument. Financial liabilities are derecognised only when the contractual terms expire.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs, except where instruments are measured at fair value through profit and loss), unless the arrangement constitutes a financing transaction. Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2016

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets and liabilities (continued)

Financial liabilities are recognised at amortised cost. These include bank borrowings which are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability in the balance sheet. The shareholder loan notes issued by the company are accounted for as financial liabilities at amortised cost. Shareholder loans are classified as debt due to their fixed term nature.

The group holds a draw down facility – the commitment to receive a loan is measured at cost less accumulated impairment.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Retirement benefits

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessment in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

GATENBYSANDERSON MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

3. OPERATING LOSS

	2016 £	2015 £
Operating loss is stated after charging:		
Fees payable to the company's auditor for the audit of the company's annual financial statements	6,100	6,100
Fees payable to the company's auditor for other services to the company	-	1,750
	<u>6,100</u>	<u>7,850</u>

4. STAFF NUMBERS AND COSTS

	2016 £	2015 £
Directors' emoluments		
Salary	215,850	382,260
Benefits in kind	577	617
Pension costs	20,781	35,078
	<u>237,208</u>	<u>417,955</u>

	2016 £	2015 £
Emoluments of the highest paid director		
Salary	115,850	100,000
Benefits in kind	-	617
Pension costs	3,281	17,500
	<u>119,131</u>	<u>118,117</u>

	2016	2015
Staff costs during the year (including directors)		
Wages and salaries	201,527	382,260
Social security costs	21,261	45,601
Pension costs	20,781	35,078
	<u>243,569</u>	<u>462,939</u>

The company made contributions to a pension scheme on behalf of 2 directors (2015: 3 directors). At 31 December 2016 £1,458 of pension contributions were outstanding (2015: £nil).

	2016 No.	2015 No.
Monthly average number of persons employed		
Partner and consultants	<u>1</u>	<u>3</u>

The remuneration of Ajay Handa, one of the directors, is borne by GatenbySanderson Limited.

GATENBYSANDERSON MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2016

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2016 £	2015 £
Interest payable and similar charges		
Bank loans	393,475	457,881
Shareholder loan notes	1,534,638	1,539,726
Other finance costs	128,992	140,714
	<u>2,057,105</u>	<u>2,138,321</u>

6. TAX ON LOSS ON ORDINARY ACTIVITIES

	2016 £	2015 £
CURRENT TAX:		
In respect of the year:		
UK Corporation tax based on results for the year at 20% (2015: 20.25%)	-	-
Total current tax	<u>-</u>	<u>-</u>
DEFERRED TAX:		
Origination and reversal of timing differences	27,469	912
Adjustment in respect of previous periods	(27,469)	-
Effect of changes in tax rates	-	(11)
Total deferred tax (see note 11)	<u>-</u>	<u>901</u>
Tax charge on loss on ordinary activities	<u>-</u>	<u>901</u>

The average standard rate of tax applied to reported loss on ordinary activities is 20% (2015: 20.25%). From 1 April 2015, the main rate of corporation tax reduced to 20%. Further reductions in the corporation tax rate from 20% to 19% from 1 April 2017 and 19% to 17% from 1 April 2020 have been substantively enacted. Accordingly, deferred tax balances have been revalued to the lower rate of 17% in these accounts to the extent that timing differences are expected to reverse after this date.

	2016 £	2015 £
Loss on ordinary tax activities before taxation	<u>(2,125,888)</u>	<u>(2,183,415)</u>
Loss on ordinary activities multiplied by the standard average rate of tax of 20.00% (2015: 20.25%)	(425,177)	(442,067)
Expenses not deductible for tax purposes	184,654	119,237
Effects of group relief/other reliefs	267,992	323,742
Adjustments from previous periods	(27,469)	-
Tax rate changes	-	(11)
Total tax charge	<u>-</u>	<u>901</u>

GATENBYSANDERSON MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

7. FIXED ASSETS INVESTMENT

	2016 £	2015 £
Subsidiary undertaking	34,387,937	34,605,779

Principal investment

The company has an investment in the following subsidiary undertaking.

Subsidiary undertaking	Country of incorporation	Principal activity	Holding
GatenbySanderson Limited	United Kingdom	Trading company	100%

GatenbySanderson Limited is registered at 14 King Street, Leeds, West Yorkshire, LS1 2HL.

8. DEBTORS

	2016 £	2015 £
Trade debtors	40	-
Prepayments and accrued income	383	1,786
	423	1,786

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Bank loans	936,355	935,981
Trade creditors	-	15
Bank overdraft	5,017,540	-
Amounts owed to Group undertakings	13,467,721	12,231,028
Other taxes and social security	4,832	9,446
Accruals and deferred income	32,145	6,080
Total creditors due within one year	19,458,593	13,182,550

Amounts owed to Group undertakings are interest free, unsecured and have no fixed date of repayment.

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016 £	2015 £
Shareholder loan notes	17,780,418	16,245,778
Bank loans	2,024,000	7,928,000
Total creditors due after more than one year	19,804,418	24,173,778

The interest charged on the shareholder loan notes is between 9.50% and 11.35% dependent on the recipient. The loan notes are repayable on 8 November 2020.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2016

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

During the year ended 31 December 2016 PIK notes were issued to pay the accrued interest on the shareholder loan notes. The amounts issued were £708,856 9.5% unsecured A1 PIK Notes 2020 (8 November 2020), £573,973 10% unsecured A2 PIK notes 2020 (8 November 2020), £120,534 10.5 % unsecured A3 PIK notes 2020 (8 November 2020), and £260,584 11.35% unsecured A4 PIK notes 2020 (8 November 2020). The PIK notes are all listed on the Channel Islands Securities Exchange and remain in the same ownership as the original loan notes.

The bank loans are secured by legal mortgages, fixed charges and floating charges over in aggregate the whole of property, assets and rights (including uncalled capital). The terms of the loans restrict the company from making significant acquisitions or disposals without the consent of the lender. Interest is payable on the bank loans at a variable rate of LIBOR + 4% on the principal amount of the A loan due for repayment by variable instalments and fully by 8 November 2019, and LIBOR + 4.5% on the principal amount of the B loan due for repayment by variable instalments and fully by 8 November 2020.

The revolving Loan B Facility (classified within bank loans above) of £5m due to be drawn down on 31 December 2016, was drawn down on 3 January 2017 due to timing differences.

Borrowings are repayable as follows:

	2016 £	2015 £
Between one and two years	904,000	904,000
Between two and five years	18,900,418	2,024,000
After five years	-	21,245,778
	19,804,418	24,173,778
On demand or within one year	936,355	935,981
	<u>20,740,773</u>	<u>25,109,759</u>

11. DEFERRED TAXATION

The movement in the deferred taxation asset during the year was:

	2016 £	2015 £
Balance brought forward	-	(901)
Adjustments in respect of prior years	(27,469)	-
Deferred tax charge to income statement for the year	27,469	901
Balance carried forward	-	-

12. RELATED PARTY TRANSACTIONS

The company's only related party transactions were with other wholly owned subsidiaries of GatenbySanderson Holdings Limited and as such are not required to be disclosed.

13. CONTROLLING PARTY

The directors believe there is no ultimate controlling party. The company's parent company is GatenbySanderson Holdings Limited, a company incorporated in the United Kingdom. The parent undertaking of the largest and smallest group, which includes the company and for which group financial statements are prepared, is GatenbySanderson Holdings Limited, a company incorporated in the United Kingdom. Copies of the financial statements of GatenbySanderson Holdings Limited are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

GATENBYSANDERSON MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

14. CALLED UP EQUITY SHARE CAPITAL & RESERVES

	2016		2015	
	No.	£	No.	£
Allotted, called up and fully paid				
Ordinary share of £1 each	1	1	1	1
	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

The profit and loss reserve represents cumulative profits or losses.