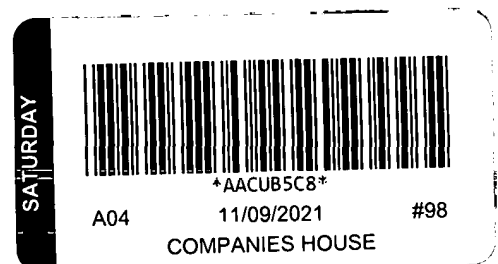


Company Registration No. 03126380 (England and Wales)

LATCOM LIMITED (FORMERLY LATCOM PLC)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020



LATCOM LIMITED (FORMERLY LATCOM PLC)

COMPANY INFORMATION

Director	Mr S M Horn
Company number	03126380
Registered office	Enterprise House Beeson's Yard Bury Lane Rickmansworth Hertfordshire WD3 1DS
Auditor	Dickinsons Chartered Accountants Enterprise House Beeson's Yard Bury Lane Rickmansworth Hertfordshire WD3 1DS
Bankers	Barclays Bank Plc 11 Bank Court Hemel Hempstead Hertfordshire HP1 1BX

LATCOM LIMITED (FORMERLY LATCOM PLC)

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LATCOM LIMITED (FORMERLY LATCOM PLC)

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The director presents the strategic report for the year ended 31 December 2020.

Fair review of the business

Company performance is directly affected by the strength of the UK economy and depends on the ability to compete in what is a very competitive market place. The company continues to diversify by targeting new market sectors and investing in resources to enable the provision of quality permanent and contract personnel. With the constant introduction of new regulation and compliance in the industry, together with other factors such as the UK leaving the EU and the effects of the Coronavirus pandemic it is very difficult to predict trading in the short term. The directors anticipate in the medium term that future turnover and profitability will return to levels consistent with prior periods .

Principal risks and uncertainties

Principal risks and uncertainties are continually assessed by management. These risks, including market and competition risk, are managed through maintaining close sensitivity to the market and to changes in demand, customer interests and competitive pressures.

The directors monitor performance on a weekly basis using a range of financial and non financial indicators. Working capital management is the primary indicator which is reviewed on a weekly basis to monitor cashflow and the recovery of trade debtors.

Each month, the directors review the management accounts and compare actual performance with historic and budgeted performance. Costs and gross margins are also reviewed to monitor profitability.

Coronavirus

The advent of the Coronavirus and consequential sudden interruption in business activity is forecast to have a significant and deleterious effect on the company's financial performance. The directors anticipate a steady progression back to normal levels of activity over the course of the next twelve months.

On the basis of the directors' projections, they are confident the company has sufficient reserves, cash and liquidity to ensure the company can remain operational and a going concern for the foreseeable future.

Key performance indicators

Turnover has decreased to £694,859 (2019: £1,754,137) and gross profit margin is 30.94% (2019: 33.56%).

Net assets at 31 December 2020 are £59,479 (2019: £628,637).

Other information and explanations

The company repurchased 47,224 'A' Ordinary shares during the year for cash consideration of £495,852.

On behalf of the board



Mr S M Horn
Director

Date: 6th Sept 2021

LATCOM LIMITED (FORMERLY LATCOM PLC)

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The director presents his annual report and financial statements for the year ended 31 December 2020.

Principal activities

The principal activity of the company continued to be the provision of recruitment and agency services primarily in the I.T sector.

Results and dividends

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £4,442. The director does not recommend payment of a final dividend.

Director

The directors who held office during the year and up to the date of signature of the financial statements was as follows:

Mr S A Smith	(Resigned 22 May 2020)
Mr P D Wiltshire	(Resigned 22 May 2020)
Mr C L Pearcy	(Resigned 21 April 2020)
Mr S M Horn	

Future developments

The directors continue to evaluate the performance of the business for trading activities and profitability.

During the year, the company completed a sale and leaseback of the investment property and, continue to receive rental income under a sub-lease.

Energy and carbon report

As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

LATCOM LIMITED (FORMERLY LATCOM PLC)

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Statement of director's responsibilities

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 these financial statements, the director is 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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. He is 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.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Mr S M Horn
Director

Date: 6th Sept 2021

LATCOM LIMITED (FORMERLY LATCOM PLC)

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LATCOM LIMITED (FORMERLY LATCOM PLC)

Opinion

We have audited the financial statements of Latcom Limited (formerly Latcom PLC) (the 'company') for the year ended 31 December 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The director is responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 our audit:

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

LATCOM LIMITED (FORMERLY LATCOM PLC)

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF LATCOM LIMITED (FORMERLY LATCOM PLC)

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 the director's report.

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, 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the entity and determined that the most significant are those that relate to the Companies Act 2006 and Financial Reporting Standard 102.

We assessed the risks for material misstatement in respect of fraud in particular reference to management override of controls.

We considered the risk of fraud through the risk of fraud from management override by following these transactions through to the financial statements.

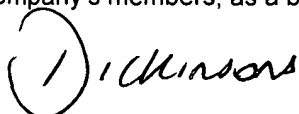
A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

LATCOM LIMITED (FORMERLY LATCOM PLC)

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF LATCOM LIMITED (FORMERLY LATCOM PLC)

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 him 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.



Dominic Cader (Senior Statutory Auditor)
For and on behalf of Dickinsons
Chartered Accountants
Statutory Auditor

9 September 2021

Enterprise House
Beeson's Yard
Bury Lane
Rickmansworth
Hertfordshire
WD3 1DS

LATCOM LIMITED (FORMERLY LATCOM PLC)

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	3	694,860	1,754,137
Cost of sales		(479,838)	(1,165,506)
Gross profit		215,022	588,631
Administrative expenses		(391,609)	(582,459)
Other operating income		95,680	29,952
Operating (loss)/profit	4	(80,907)	36,124
Interest receivable and similar income	7	324	1
Interest payable and similar expenses	8	(467)	(9,963)
Amounts written off investments	9	-	(21,176)
(Loss)/profit before taxation		(81,050)	4,986
Tax on (loss)/profit	10	12,186	(14,636)
Loss for the financial year		(68,864)	(9,650)

The statement of total comprehensive income has been prepared on the basis that all operations are continuing operations.


LATCOM LIMITED (FORMERLY LATCOM PLC)

BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	13		8,132		344,422
Investment property	14		-		261,000
			<u>8,132</u>		<u>605,422</u>
Current assets					
Debtors	16	107,902		244,113	
Cash at bank and in hand		73,371		15,252	
		<u>181,273</u>		<u>259,365</u>	
Creditors: amounts falling due within one year	17	(83,613)		(234,993)	
Net current assets			<u>97,660</u>		<u>24,372</u>
Total assets less current liabilities			<u>105,792</u>		<u>629,794</u>
Creditors: amounts falling due after more than one year	18		(46,313)		-
Provisions for liabilities					
Deferred tax liability	20	-		1,157	
		<u>-</u>	<u>-</u>	<u>1,157</u>	<u>(1,157)</u>
Net assets			<u>59,479</u>		<u>628,637</u>
Capital and reserves					
Called up share capital	22		2,776		50,000
Capital redemption reserve			47,224		-
Profit and loss reserves			9,479		578,637
Total equity			<u>59,479</u>		<u>628,637</u>

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

 6th Sept 2021
Mr S M Horn
Director

Company Registration No. 03126380

LATCOM LIMITED (FORMERLY LATCOM PLC)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2019		50,000	-	609,347	659,347
Year ended 31 December 2019:					
Loss and total comprehensive income for the year		-	-	(9,650)	(9,650)
Dividends	11	-	-	(21,060)	(21,060)
Balance at 31 December 2019		50,000	-	578,637	628,637
Year ended 31 December 2020:					
Loss and total comprehensive income for the year		-	-	(68,864)	(68,864)
Dividends	11	-	-	(4,442)	(4,442)
Redemption of shares	22	(47,224)	47,224	-	-
Purchase of own shares		-	-	(495,852)	(495,852)
Balance at 31 December 2020		2,776	47,224	9,479	59,479

LATCOM LIMITED (FORMERLY LATCOM PLC)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from operations	25		24,454		148,159
Interest paid			(467)		(9,963)
Income taxes paid			(15,648)		(21,668)
Net cash inflow from operating activities			8,339		116,528
Investing activities					
Purchase of tangible fixed assets		-		(400)	
Proceeds on disposal of tangible fixed assets		338,750		-	
Proceeds on disposal of investment property		261,000		-	
Interest received		324		1	
Net cash generated from/(used in) investing activities			600,074		(399)
Financing activities					
Redemption of shares		(495,852)		-	
Repayment of borrowings		(100,000)		(96,381)	
Proceeds from new bank loan		50,000		-	
Dividends paid		(4,442)		(21,060)	
Net cash used in financing activities			(550,294)		(117,441)
Net increase/(decrease) in cash and cash equivalents			58,119		(1,312)
Cash and cash equivalents at beginning of year			15,252		16,564
Cash and cash equivalents at end of year			73,371		15,252

LATCOM LIMITED (FORMERLY LATCOM PLC)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

Latcom Limited (formerly Latcom PLC) is a private limited company domiciled and incorporated in England and Wales. The registered office is at Enterprise House, Beeson's Yard, Bury Lane, Rickmansworth, Hertfordshire, WD3 1DS. The trading office is at Cleveland House, Cleveland Way, Hemel Hempstead, Herts, HP2 7EY.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

Having considered the current and anticipated economic impact of Coronavirus on the company's activities the director has adopted the going concern basis of accounting in preparing the financial statements; the director is satisfied the company has access to the financial support necessary to meet working capital requirements and enable the company to remain in operational existence for the foreseeable future.

1.3 Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Turnover represents fixed placement fee income for recruitment services and turnover generated from contract placements arising from the ordinary course of business.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	No depreciation
Office equipment	25% written down value
Fixtures and fittings	20% written down value
Motor vehicles	25% written down value

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Freehold and leasehold land and buildings have not been depreciated which is a departure from the Companies Act 2006 and FRS 102 which requires all tangible assets to be depreciated. Freehold and leasehold land and buildings have not been depreciated on the basis that any depreciation would be immaterial and reduce the carrying value to a level lower than its realisable amount.

LATCOM LIMITED (FORMERLY LATCOM PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

1.5 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

LATCOM LIMITED (FORMERLY LATCOM PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

LATCOM LIMITED (FORMERLY LATCOM PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

LATCOM LIMITED (FORMERLY LATCOM PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Depreciation of Land and Buildings

The directors have concluded that the depreciation of land and buildings is immaterial to provide for in the financial statements on the basis that any depreciation would reduce the carrying value to lower than its realisable amount.

LATCOM LIMITED (FORMERLY LATCOM PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2020 £	2019 £
Turnover analysed by class of business		
Recruitment services	694,860	1,754,137

	2020 £	2019 £
Other significant revenue		
Interest income	324	1
Grants received	70,083	-

	2020 £	2019 £
Turnover analysed by geographical market		
United Kingdom	694,860	1,754,137

4 Operating (loss)/profit

	2020 £	2019 £
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	-	31
Government grants	(70,083)	-
Depreciation of owned tangible fixed assets	2,705	8,536
Impairment of owned tangible fixed assets	-	45,529
(Profit)/loss on disposal of tangible fixed assets	(5,166)	197

5 Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	2,500	3,000
For other services		
All other non-audit services	900	1,300

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Sales staff	4	4
Administrative Staff	3	4
Directors	1	4
Total	8	12

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	225,936	346,258
Social security costs	19,786	34,480
Pension costs	9,484	13,543
	255,206	394,281

7 Interest receivable and similar income

	2020 £	2019 £
Interest income		
Interest on bank deposits	324	1

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	324	1
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8 Interest payable and similar expenses

	2020 £	2019 £
Interest on financial liabilities measured at amortised cost:		
Other interest on financial liabilities	467	9,963

9 Fair value losses on investment property

	2020 £	2019 £
Changes in the fair value of investment properties	-	(21,176)

LATCOM LIMITED (FORMERLY LATCOM PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

10 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	(9,428)	15,594
Adjustments in respect of prior periods	54	-
	<u>(9,374)</u>	<u>15,594</u>
Deferred tax		
Origination and reversal of timing differences	(2,812)	(958)
	<u>(2,812)</u>	<u>(958)</u>
Total tax (credit)/charge	<u>(12,186)</u>	<u>14,636</u>

The actual (credit)/charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
(Loss)/profit before taxation	(81,050)	4,986
	<u>(81,050)</u>	<u>4,986</u>
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(15,400)	947
Tax effect of expenses that are not deductible in determining taxable profit	2,209	1,125
Change in deferred tax assets	-	11,644
Permanent capital allowances in excess of depreciation	25	(702)
Depreciation on assets not qualifying for tax allowances	514	1,622
Capital allowances	466	-
	<u>(12,186)</u>	<u>14,636</u>
Taxation (credit)/charge for the year	<u>(12,186)</u>	<u>14,636</u>

11 Dividends

	2020 Per share £	2019 Per share £	2020 Total £	2019 Total £
'A' Ordinary Shares				
Interim paid	1.60	0.42	4,442	21,060
	<u>1.60</u>	<u>0.42</u>	<u>4,442</u>	<u>21,060</u>

LATCOM LIMITED (FORMERLY LATCOM PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

12 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2020 £	2019 £
In respect of:			
Property, plant and equipment	13	-	45,529
Recognised in:			
Administrative expenses		-	45,529

13 Tangible fixed assets

	Leasehold land and buildings £	Office equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 January 2020	319,000	40,813	6,802	30,750	397,365
Disposals in the year	(319,000)	(7,245)	-	(30,750)	(356,995)
At 31 December 2020	-	33,568	6,802	-	40,370
Depreciation and impairment					
At 1 January 2020	-	28,424	6,742	17,778	52,944
Depreciation charged in the year	-	2,696	9	-	2,705
Eliminated in respect of disposals	-	(5,633)	-	(17,778)	(23,411)
At 31 December 2020	-	25,487	6,751	-	32,238
Carrying amount					
At 31 December 2020	-	8,081	51	-	8,132
At 31 December 2019	319,000	12,390	60	12,972	344,422

14 Investment property

	2020 £
Fair value	
At 1 January 2020	261,000
Disposals in the year	(261,000)
At 31 December 2020	-

LATCOM LIMITED (FORMERLY LATCOM PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

15 Financial instruments

	2020 £	2019 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	79,176	211,448
Carrying amount of financial liabilities		
Measured at amortised cost	58,136	141,993

16 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	77,562	209,614
Corporation tax recoverable	9,428	-
Other debtors	400	1,834
Prepayments and accrued income	18,857	32,665
	106,247	244,113

	2020 £	2019 £
Amounts falling due after more than one year:		
Deferred tax asset (note 20)	1,655	-

Total debtors	107,902	244,113
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17 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Bank loan instalments	19	3,687	-
Other borrowings	19	-	100,000
Trade creditors		3,463	40,780
Corporation tax		-	15,594
Other taxation and social security		39,168	48,711
Other creditors		4,674	1,213
Accruals and deferred income		32,621	28,695
		83,613	234,993

LATCOM LIMITED (FORMERLY LATCOM PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

18 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Bank loan instalments	19	46,313	-

Amounts included above which fall due after five years are as follows:

Payable by instalments	5,594	-
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19 Loans and overdrafts

	2020 £	2019 £
Bank loan instalments	50,000	-
Other loans	-	100,000
	50,000	100,000
Payable within one year	3,687	100,000
Payable after one year	46,313	-

20 Deferred taxation

The following is the analysis of the deferred tax balances for financial reporting purposes:

	Liabilities 2020 £	Liabilities 2019 £	Assets 2020 £	Assets 2019 £
Balances:				
Accelerated capital allowances	-	1,157	-	-
Depreciation in excess of accelerated capital allowances	-	-	1,655	-
	-	1,157	1,655	-

LATCOM LIMITED (FORMERLY LATCOM PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

20 Deferred taxation (Continued)

	2020 £
Movements in the year:	
Liability at 1 January 2020	1,157
Credit to profit or loss	(2,812)
Asset at 31 December 2020	<u>(1,655)</u>

The deferred tax asset set out above is expected to reverse within 12 months and relates to the utilisation of tax losses against future expected profits of the same period.

21 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>9,484</u>	<u>13,543</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

22 Share capital

	2020 Number	2019 Number	2020 £	2019 £
Ordinary share capital Issued and fully paid				
'A' Ordinary Shares of £1 each	<u>2,776</u>	<u>50,000</u>	<u>2,776</u>	<u>50,000</u>

The 'A' Ordinary shares of the company have full voting rights, full dividend rights, full entitlement on a capital distribution and the company is entitled to buy back its shares.

23 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 £	2019 £
Within one year	44,451	-
Between two and five years	106,426	-
	<u>150,877</u>	<u>-</u>

LATCOM LIMITED (FORMERLY LATCOM PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

23 Operating lease commitments (Continued)

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

	2020 £	2019 £
Within one year	18,500	18,500
Between two and five years	18,500	37,000
	<u>37,000</u>	<u>55,500</u>

24 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, who are also directors, is as follows.

	2020 £	2019 £
Aggregate compensation	<u>53,256</u>	<u>109,985</u>

The company has traded with UK System Design Limited a company in which Mr P D Wiltshire and Mr S A Smith are directors and hold a controlling interest, until 22 May 2020 when they resigned as directors of Latcom Limited. The company also traded with S A Smith Computer and Accountancy, an unincorporated business in which S A Smith has an equity involvement.

Sales made during the year ended 31 December 2020, until the date of resignation were as follows:

UK System Design Limited £25,244 (2018: £95,197)

Purchases from these businesses during the year were as follows:

UK System Design Ltd £Nil (2019: £3,438)

S A Smith Computer and Accountancy £288 (2019: £238)

The balances owed by related parties as at 31 December 2020 were as follows:

UK System Design Limited £7,647 (2019: £6,474)

During the year the company paid dividends to the directors as follows:

Mr P D Wiltshire £221 (2019: £10,004)

Mr S A Smith £221 (2019: £10,004)

Mr S M Horn £4,000 (2019: £1,052)

LATCOM LIMITED (FORMERLY LATCOM PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

25 Cash generated from operations

	2020 £	2019 £
Loss for the year after tax	(68,863)	(9,650)
Adjustments for:		
Taxation (credited)/charged	(12,186)	14,636
Finance costs	467	9,963
Investment income	(324)	(1)
(Gain)/loss on disposal of tangible fixed assets	(5,166)	197
Depreciation and impairment of tangible fixed assets	2,705	54,065
Other gains and losses	-	21,176
Movements in working capital:		
Decrease in debtors	147,294	54,500
(Decrease)/increase in creditors	(39,473)	3,273
Cash generated from operations	24,454	148,159

26 Analysis of changes in net debt

	2020 £
Opening net funds/(debt)	
Cash at bank and in hand	15,252
Borrowings excluding overdrafts	(100,000)
	(84,748)
Changes in net debt arising from:	
Cash flows of the entity	108,119
Closing net funds/(debt) as analysed below	23,371
Closing net funds/(debt)	
Cash at bank and in hand	73,371
Borrowings excluding overdrafts	(50,000)
	23,371