GTI Recruiting Solutions Limited

Report and Financial Statements

30 April 2017

Registered No: 3977847

Directors
M Halliday
M Tims
G Storey
J Mallott
H Harrison

Secretary
M Halliday

Auditors
Ernst & Young LLP
Bedford House
16 Bedford Street
Belfast BT2 7DT

Bankers
Barclays Bank PLC
1 Churchill Place
London E14 5HP

Solicitors
Travers Smith
10 Snow Hill
London ECIA 2AL

Registered Office
The Fountain Building
Howbery Park
Benson Lane
Wallingford OX10 8BA

Registered No. 3977847

Directors' report

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

Results and dividends

The profit for the year after taxation amounted to £67,108 (2016 – Profit of £10,911). The directors do not recommend a final dividend (2016 – £nil).

Principal activity and review of the business

The principal activity of the company in the year under review was the provision of computer database software and the provision of recruitment services.

Directors

The directors who served the company during the year were as follows:

M Halliday
M Tims
G Storey
J Mallott
H Harrison

Disclosure of information to the auditors

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

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

Small company exemptions

This report has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime within Part 15 of the Companies Act 2006.

On behalf of the Board

Director
26 January 2018

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

Independent auditors' report

to the members of GTI Recruiting Solutions Limited

We have audited the financial statements of GTI Recruiting Solutions Limited for the year ended 30 April 2017 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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. In addition, we read all the financial and non-financial information in the Report and Financial Statements 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.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

the Directors' Report have been prepared in accordance with applicable legal requirements.

Independent auditors' report (continued)

to the members of GTI Recruiting Solutions Limited

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Directors' 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

Ernst & Young LLP

Michael Kidd (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast

29 January 2018

Statement of Comprehensive Income

for the year ended 30 April 2017

	Notes	2017 £	2016 £
Turnover	2	4,107,093	3,751,857
Cost of sales		(893,103)	(685,988)
Gross profit		3,213,990	3,065,869
Administrative expenses		(2,485,495)	(2,398,832)
Operating profit before amortisation of intangibles		728,495	667,037
Amortisation of intangibles		(663,621)	(655,171)
Operating profit	3	64,874	11,866
Interest receivable and similar income		39	133
Profit on ordinary activities before taxation		64,913	11,999
Tax	6	2,195	(1,088)
Profit on ordinary activities after taxation		67,108	10,911
Other comprehensive income:		–	–
Total comprehensive income for the year		67,108	10,911

All amounts relate to continuing activities.

Balance sheet

Registered No: 3977847

at 30 April 2017

	Notes	*2017* £	*2016* £
Fixed assets			
Intangible assets	7	800,814	1,251,183
Current assets			
Debtors	8	7,032,953	6,655,760
Cash at bank and in hand		140,393	44,771
		7,173,346	6,700,531
Creditors: amounts falling due within one year	9	(5,321,980)	(1,151,176)
Net current assets		1,851,366	5,549,355
Total assets less current liabilities		2,652,180	6,800,538
Creditors: amounts falling due within one year	10	–	(4,215,466)
Net assets		2,652,180	2,585,072
Capital and reserves			
Called up share capital	11	2	2
Profit and loss account		2,652,178	2,585,070
Shareholders' funds		2,652,180	2,585,072

The notes on page 9 to 16 form part of these financial statements.

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

Director

G.Storey

Date 26/1/2018

Director

M.Halliday

Date 26/1/18

Statement of Changes in Equity

For the year ended 30 April 2017

	Called up Share Capital	*Profit and Loss account*	*Total shareholders' funds*
	£	£	£
At 1 May 2015	2	2,574,159	2,574,161
Profit for the year	–	10,911	10,911
At 30 April 2016	2	2,585,070	2,585,072
Profit for the year	–	67,108	67,108
At 30 April 2017	2	2,652,178	2,652,180

Notes to the financial statements

At 30 April 2017

1. Accounting policies

Statement of compliance

The Company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Group for the year ended 30 April 2017.

Basis of preparation

The Company's financial statements are prepared on a going concern basis under the historical cost convention and in accordance with applicable accounting standards. The financial statements of GTI Recruiting Solutions were authorised for issue by the Board of Directors on 26 January 2018. The financial statements are prepared in sterling which is the functional currency of the company.

Reduced disclosure framework

The Company has taken advantage of the following disclosure exemptions under FRS 102:

(a) The requirements of Section 7 *Statement of Cash Flows* and Section 3 *Financial Statement Presentation* paragraph 3.17(d).

(b) The requirements of Section 11 *Basic Financial Instruments* paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c) and Section 12 paragraphs 12.26

The shareholders of the company have been notified in writing about, and do not object to, the use of the disclosure exemptions. The parent undertaking of the smallest and largest group of which the company is a member and for which group financial statements are prepared is Group GTI Limited, a company incorporated in the United Kingdom.

Going concern

The company has remained profitable and its balance sheet shows a net current asset position of £1,851,366 (2016– net current assets of £5,549,355). Furthermore, certain fellow group undertakings have indicated their intention not to request repayment of intercompany balances in the foreseeable future, and to provide funding in order to enable the company to continue trading and meet its liabilities as they fall due. Accordingly the directors have prepared the financial statements on a going concern basis.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Goodwill and intangible assets

The Group establishes a reliable estimate of the useful life of goodwill and intangible assets arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected usual life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Notes to the financial statements

At 30 April 2017

1. Accounting policies (continued)

Judgements and key sources of estimation uncertainty (continued)

Impairment of non-financial assets

Where there are indicators of impairment of individual assets, the company performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

Taxation

The company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 6.

Research and development

Expenditure on research and development is written off in the year in which it is incurred, except that development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised in line with the expected future sales from the related project.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

- 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 differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Intangible fixed assets

Publishing titles, and events rights are capitalised at cost and amortised evenly over their estimated useful life of 10 years and 9 years respectively.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable for the year are charged to the profit and loss account.

Notes to the financial statements

At 30 April 2017

1. Accounting policies (continued)

Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other debtors and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

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 the statement of comprehensive income.

If there is 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 the statement of comprehensive income.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables 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.

Trade payables are obligations to pay for goods or services that have been received in the ordinary course of business from suppliers. Trade payables are classified into amounts falling due within one year if payment is due within one year or less. If not, they are presented as amounts falling due after one year. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

2. Turnover

Turnover, which arises from the continuing principal activities of the provision of computer database software and recruitment services, comprises the invoice value of goods and services supplied by the company exclusive of value added tax.

Disclosure of the turnover for each business and geographical segment is not given because in the opinion of the directors, such disclosure would be seriously prejudicial to the interests of the company.

Revenue is recognised:

- Upon the delivery of computer database software and recruitment services to customers.
- Upon the renewal of licences and subscriptions.
- On a straight-line basis in relation to income received for maintenance and hosting services over the period of the service.

Notes to the financial statements

At 30 April 2017

3. Operating profit

This is stated after charging/(crediting):

		2017	2016
		£	£
Auditors' remuneration –	audit of the company's financial statements*	14,004	10,506
Amortisation of intangibles		663,621	655,171

* Fees paid to the company's auditor, Ernst & Young LLP, for services other than the statutory audit of the company are not disclosed in GTI Recruiting Solutions Limited's financial statements since the group financial statements of GTI Recruiting Solutions Limited's ultimate parent, Group GTI Limited, are required to disclose non-audit fees on a group basis.

4. Directors' remuneration

Directors' remuneration (excluding pension contributions) of £690,398 (2016 – £737,787) is paid to the company's directors by other Group GTI Limited undertakings. The directors do not believe that it is practical to apportion this remuneration between their services as directors of the company and their services as directors of other Group GTI Limited undertakings.

5. Staff costs

	2017	2016
	£	£
Wages and salaries	2,252,899	1,776,738
Social security costs	233,095	185,785
Other pension costs	72,920	60,645
	2,558,914	2,023,168

The average monthly number of employees during the year was made up as follows:

	No.	No.
Managers	8	5
Staff	34	27
	42	32

Notes to the financial statements

At 30 April 2017

6. Tax

(a) Tax on charge on ordinary activities

The tax charge is made up as follows:

	2017	2016
	£	£
Group relief:		
Group relief payable	–	1,088
Prior year group relief	(2,195)	–
Current tax for the year (note 6(b))	(2,195)	1,088
Tax on profit on ordinary activities	(2,195)	1,088

(b) Factors affecting current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19.9% (2016 – 20%). The differences are explained below:

	2017	2016
	£	£
Profit/(loss) on ordinary activities before tax	64,913	11,999
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.9% (2016 – 20%)	12,918	2,399
Effects of:		
Disallowed expenses and non-taxable income	732	(22,346)
Movement in deferred tax not recognised	(11,660)	17,952
Deferred tax rate change	(1,990)	1,995
Adjustments in respect of previous periods	(2,195)	1,088
Total tax for the year (note 6(a))	(2,195)	1,088

(c) Deferred tax

The elements of the unprovided deferred tax asset at 30 April are as follows:

	2017	2016
	£	£
Accelerated capital allowances	10,678	11,306
Short-term timing differences	9,258	9,500
Losses carried forward	14,357	–
	34,293	20,806

(d) Factors that may affect future tax charges

Deferred tax has been calculated at 17% as at 30 April 2017 reflecting the rate that was substantively enacted at the balance sheet date. The main rate of corporate tax has reduced to 19% from 1 April 2017, therefore a hybrid rate has been calculated for the current period. It is expected that the main rate of corporation tax will reduce further to 17% from 1 April 2020.

Notes to the financial statements

At 30 April 2017

7. Intangible fixed assets

	Purchased goodwill	*Development expenditure*	*Total*
	£	*£*	*£*
Cost:			
At 1 May 2016	4,163,287	1,082,839	5,246,126
Additions	–	213,252	213,252
At 30 April 2017	4,163,287	1,296,091	5,459,378
Amortisation:			
At 1 May 2016	3,273,725	721,218	3,994,943
Charge for the year	431,700	231,921	663,621
At 30 April 2017	3,705,425	953,139	4,658,564
Net book value:			
At 30 April 2017	457,862	342,952	800,814
At 1 May 2016	889,562	361,621	1,251,183

The intangible asset arising on acquisition of purchased goodwill has been capitalised and is being amortised over its estimated useful economic life from the date of acquisition. The directors have estimated that the useful economic life of the goodwill is 10 years.

8. Debtors

	2017	*2016*
	£	*£*
Trade debtors	810,963	1,064,333
Prepayments and accrued income	14,146	3,142
Other debtors	31,829	31,858
Amounts owed by group undertakings	6,176,015	5,556,427
	7,032,953	6,655,760

9. Creditors: amounts falling due within one year

	2017	*2016*
	£	*£*
Trade creditors	49,313	200,081
Other creditors	247,550	233,442
Other taxes and social security costs	147,842	155,446
Group relief payable	427,094	428,468
Amounts owing to group undertakings*	4,215,466	–
Accruals and deferred income	234,715	133,739
	5,321,980	1,151,176

*In the current year, the directors deemed the intercompany loan to be payable on demand, however the relevant fellow group undertakings have indicated their intention not to request repayment within the foreseeable future.

Notes to the financial statements

At 30 April 2017

10. Creditors: amounts falling due after more than one year

	2017	2016
	£	£
Amounts owing to group undertakings	–	4,215,466
	–	4,215,466

11. Issued share capital

		2017		2016
Allotted, called up and fully paid	No.	£	No.	£
Ordinary shares of £1 each	2	2	2	2

12. Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Nature and Purpose
Called up equity share capital	Nominal value of share capital subscribed for.
Profit and Loss account	This reserve records the cumulative profits and losses of the company.

For movement in reserves during the year, refer to 'Statement of Changes in Equity' page 8.

13. Pensions

The company operates a defined contribution pension scheme. Contributions during the year amounted to £72,920 (2016 – £60,645). At the year-end there were no pension contributions outstanding (2016 – £nil outstanding).

14. Related party transactions

Transactions with related parties are as follows (note that companies within the Group may also pay amounts on behalf of other entities, for which a corresponding intercompany balance is recognised):

	Sales	*Purchases and management charges*	*Balance owed to related party at 30 April*	*Balance due from related party at 30 April*
	£	£	£	£
2017:				
Parent undertakings	–	130,000	–	3,105,219
Other group undertakings	–	–	4,215,466	3,070,796
2016:				
Parent undertakings	–	130,000	–	2,477,324
Other group undertakings	–	–	4,215,466	3,079,103

Notes to the financial statements

At 30 April 2017

15. Ultimate parent undertaking and controlling party

The parent undertaking of the smallest and largest group of which the company is a member and for which group financial statements are prepared is Group GTI Limited, a company incorporated in the United Kingdom.

A copy of the group financial statements of Group GTI Limited is available from

The Fountain Building
Howbery Park
Benson Lane
Wallingford OX10 8BA

The ultimate controlling party of the company is Exponent Private Equity Partners, LLP, a partnership registered in the United Kingdom.