

Registration number: 04012805

KEEN THINKING LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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KEEN THINKING LIMITED

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KEEN THINKING LIMITED

COMPANY INFORMATION

Directors	T Atkinson
	D Thornhill
Registered office	The Aspen Building Vantage Point Business Village Mitcheldean GL17 0DD
Auditors	Hazlewoods LLP Staverton Court Staverton Cheltenham GL51 0UX

KEEN THINKING LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

The directors present their strategic report for the year ended 31 March 2021.

Principal activity

The principal activity of the company is that of providing funding and accounting services to recruitment agencies and facilitating the provision of temporary staff on behalf of recruitment agencies.

Fair review of the business

The directors consider the results for the year to be satisfactory.

The company has continued to improve its infrastructure with a view to increasing its market share. The directors are confident that their strategy will continue to give improved results for the year.

The company's key financial and other performance indicators during the year were as follows:

	Unit	2021	2020
Turnover	£ '000	3,608	4,464
Gross profit margin	%	60	55
Operating profit / (loss) margin	%	9	1
Current assets as a percentage of current liabilities	%	113	110

Change of ownership

Following a restructuring, on 20 March 2021 the company became a 76% subsidiary of Simplicity Tech Group Limited.

Principal risks and uncertainties

The management of the company and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to the general economic climate, and competition from other providers.

The company is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures.

KEEN THINKING LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

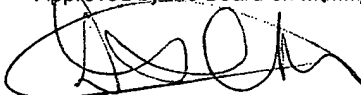
Going Concern

In accordance with Financial Reporting Council's 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2006' the directors of all companies are now required to provide disclosures regarding the adoption of the going concern basis of accounting.

As with most businesses, the Covid-19 pandemic has had a significant effect on the company, especially in the early stages of the first lockdown, when sales reduced by over 50% in a matter of weeks. In the face of such a significant change in trading, the directors immediately implemented a full review and restructure of the company whilst also taking advantage of many of the available Government Covid-19 support. This review included a full analysis of costs and improvements to internal procedures to bring about business efficiencies, but also required a number of staff redundancies. These steps have been successful to a point where, at the date of signing this report, trading has increased back to almost 100% of pre Covid-19 levels, whilst coupled with a significantly reduced cost base.

The company continues to enjoy the full support of its funders. It has more than sufficient financial resources available and is generating both profit and cash. The directors have prepared forecasts for the next 12 months and, while they acknowledge the continued current uncertainty surrounding the impact of Covid-19, these indicate that the company is well positioned to enjoy continued growth and profitability, due to the actions initially taken. The directors believe that the company has more than sufficient resources to continue for the foreseeable future and have therefore continued to adopt the going concern basis for the preparation of the financial statements.

Approved by the Board on 2/8/21 and signed on its behalf by:



D Thornhill
Director

KEEN THINKING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021

The directors present their report and the financial statements for the year ended 31 March 2021.

Directors of the company

The directors who held office during the year were as follows:

T Atkinson

D Thornhill

Future developments

The company has continued to improve its infrastructure, as set out in the Strategic Report. The directors are confident that their strategy will give improved results for the year ending 31 March 2022.

Research and development

The group undertakes an element of research and development in development of new software products.

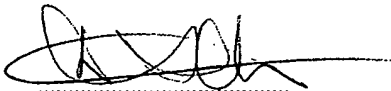
Disclosure of information to the auditors

Each director has taken 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. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors

Hazlewoods LLP have expressed their willingness to continue in office.

Approved by the Board on 2/8/21 and signed on its behalf by:



D Thornhill
Director

KEEN THINKING LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, Directors' 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has 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.

KEEN THINKING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KEEN THINKING LIMITED

Opinion

We have audited the financial statements of Keen Thinking Limited (the 'company') for the year ended 31 March 2021, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 original financial statements were authorised for issue.

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

KEEN THINKING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KEEN THINKING LIMITED

Matters on which we are required to report by exception

In the light of our 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 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 applicable to the company financial statements or that had a fundamental effect on the operations of the company. We determined that the most significant laws and regulations included UK GAAP, UK Companies Act 2006, and taxation laws;
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included challenging assumptions and judgements made by management in its significant accounting estimates and identifying and testing journal entries, in particular any journal entries posted with unusual characteristics.

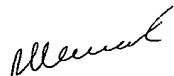
A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

KEEN THINKING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KEEN THINKING LIMITED

Use of this report

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



.....
Ryan Hancock (Senior Statutory Auditor)
For and on behalf of Hazlewoods LLP, Statutory Auditor

Staverton Court
Staverton
Cheltenham
GL51 0UX

Date: 17/08/2021.....

KEEN THINKING LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2021 £	2020 £
Turnover	3	3,608,061	4,464,470
Cost of sales		<u>(1,437,270)</u>	<u>(1,990,326)</u>
Gross profit		2,170,791	2,474,144
Administrative expenses		(1,961,154)	(2,415,206)
Other operating income	4	<u>105,752</u>	<u>-</u>
Operating profit	5	315,389	58,938
Interest payable and similar charges	7	<u>(150,155)</u>	<u>(343,937)</u>
Profit/(loss) before tax		165,234	(284,999)
Taxation	10	<u>19,772</u>	<u>156,242</u>
Profit/(loss) for the financial year		<u>185,006</u>	<u>(128,757)</u>

The above results were derived from continuing operations.

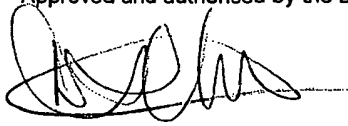
The company has no other comprehensive income for the year.

KEEN THINKING LIMITED

**(REGISTRATION NUMBER: 04012805)
BALANCE SHEET AS AT 31 MARCH 2021**

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	11	24,852	43,444
Investment property	12	-	15,000
		<u>24,852</u>	<u>58,444</u>
Current assets			
Debtors	13	13,714,750	15,385,052
Debtors: Amounts falling due after more than one year	13	40,017	71,644
Cash at bank and in hand		<u>204,235</u>	<u>136,094</u>
		13,959,002	15,592,790
Creditors: Amounts falling due within one year	14	<u>(12,387,268)</u>	<u>(14,278,011)</u>
Net current assets		<u>1,571,734</u>	<u>1,314,779</u>
Total assets less current liabilities		1,596,586	1,373,223
Creditors: Amounts falling due after more than one year	14	(42,094)	-
Provisions for liabilities	10	<u>(4,432)</u>	<u>(8,169)</u>
Net assets		<u>1,550,060</u>	<u>1,365,054</u>
Capital and reserves			
Called up share capital	16	189	189
Capital redemption reserve		167,511	167,511
Profit and loss account		<u>1,382,360</u>	<u>1,197,354</u>
Total equity		<u>1,550,060</u>	<u>1,365,054</u>

Approved and authorised by the Board on 2/8/21 and signed on its behalf by:



D Thornhill
Director

The notes on pages 13 to 22 form an integral part of these financial statements.

KEEN THINKING LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 April 2019	189	167,511	1,326,111	1,493,811
Loss for the year	-	-	(128,757)	(128,757)
At 31 March 2020	<u>189</u>	<u>167,511</u>	<u>1,197,354</u>	<u>1,365,054</u>

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 April 2020	189	167,511	1,197,354	1,365,054
Profit for the year	-	-	185,006	185,006
At 31 March 2021	<u>189</u>	<u>167,511</u>	<u>1,382,360</u>	<u>1,550,060</u>

The notes on pages 13 to 22 form an integral part of these financial statements.

KEEN THINKING LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Profit/(loss) for the year		185,006	(128,757)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	18,592	24,379
Profit from disposals of investments		(2,005)	-
Finance costs	7	150,155	343,937
Income tax expense	10	(19,772)	(156,242)
		331,976	83,317
Working capital adjustments			
Decrease in trade debtors		1,939,652	4,840,930
Decrease in trade creditors		(1,507,151)	(675,632)
Cash generated from operations		764,477	4,248,615
Income taxes received	10	159,053	210,294
Net cash flow from operating activities		923,530	4,458,909
Cash flows from investing activities			
Proceeds from sale of investment		17,005	-
Acquisitions of tangible assets		-	(11,919)
Net cash flows from investing activities		17,005	(11,919)
Cash flows from financing activities			
Interest paid	7	(150,155)	(343,937)
Increase / (decrease) in borrowings		(722,239)	(4,130,742)
Net cash flows from financing activities		(872,394)	(4,474,679)
Net increase/(decrease) in cash and cash equivalents		68,141	(27,689)
Cash and cash equivalents at 1 April		136,094	163,783
Cash and cash equivalents at 31 March		204,235	136,094

	At 1 April 2020 £	Cash flows £	Other non cash changes £	At 31 March 2021 £
Analysis of changes in net debt				
Cash and cash equivalents				
Cash	136,094	68,141	-	204,235
Borrowings				
Due within one year	(8,475,544)	772,239	-	(7,703,305)
Total net debt	(8,339,450)	840,380	-	(7,499,070)

The notes on pages 13 to 22 form an integral part of these financial statements.

KEEN THINKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:
The Aspen Building
Vantage Point Business Village
Mitcheldean
GL17 0DD

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except for, where disclosed in these accounting policies, certain items that are shown at fair value.

The presentational currency of the financial statements is Pounds Sterling, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest Pound.

Going concern

Having implemented a full business review and restructure, along with taking advantage of many of the available Government Covid-19 support schemes, the directors believe that the company has more than sufficient resources to continue for the foreseeable future and therefore should continue to adopt the going concern basis in preparing its financial statements.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, 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.

Judgements

No significant judgements have been made by management in preparing these financial statements.

Key sources of estimation uncertainty

No key sources of estimation uncertainty have been identified by management in preparing these financial statements other than those detailed in these accounting policies.

Revenue recognition

Turnover represents commissions and fees receivable, net of value added tax, for the provision of finance and administration services.

Fee income represents revenue earned under a wide variety of administrative services and for the provision of finance. Revenue is recognised at the point where the services provided are processed and completed.

KEEN THINKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Plant and machinery	25% Straight-line basis

Investment property

Investment property is carried at fair value, derived from the current market prices for comparable real estate determined annually by external valuers. The valuers use observable market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. All trade debtors are repayable within one year and hence are included at the undiscounted cost of cash expected to be received. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtors.

KEEN THINKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

KEEN THINKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Financial instruments

Classification

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Impairment

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

A non financial asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2021	2020
	£	£
Rendering of services	<u>3,608,061</u>	<u>4,464,470</u>

The total turnover of the company has been derived from its principal activity wholly undertaken in the UK.

KEEN THINKING LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021****4 Other operating income**

The analysis of the company's other operating income for the year is as follows:

	2021 £	2020 £
Government grants	<u>105,752</u>	<u>-</u>

5 Operating profit

Arrived at after charging:

	2021 £	2020 £
Depreciation expense	18,592	24,379
Research and development cost	195,595	750,138
Foreign exchange losses	8,242	-
Operating lease expense - property	190,866	172,667
Loss on disposal of property, plant and equipment	<u>2,005</u>	<u>-</u>

6 Auditors' remuneration

	2021 £	2020 £
Audit of the financial statements	<u>10,500</u>	<u>10,300</u>

7 Interest payable and similar expenses

	2021 £	2020 £
Interest on bank overdrafts and borrowings	<u>150,155</u>	<u>343,937</u>

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2021 £	2020 £
Wages and salaries	1,173,109	1,552,277
Social security costs	102,045	149,469
Pension costs, defined contribution scheme	20,314	27,173
Redundancy costs	<u>27,417</u>	<u>-</u>
	<u>1,322,885</u>	<u>1,728,919</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2021 No.	2020 No.
Administration and support	<u>50</u>	<u>68</u>

9 Key Management remuneration

The key management remuneration for the year was as follows:

KEEN THINKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
Remuneration	186,268	337,406
Contributions paid to money purchase schemes	1,313	2,632
	<u>187,581</u>	<u>340,038</u>

10 Taxation

Tax credited in the profit and loss account

	2021 £	2020 £
Current taxation		
UK corporation tax	(6,982)	(150,000)
UK corporation tax adjustment to prior periods	<u>(9,053)</u>	<u>(5,294)</u>
	<u>(16,035)</u>	<u>(155,294)</u>
Deferred taxation		
Arising from origination and reversal of timing differences	(3,468)	(948)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	<u>(269)</u>	<u>-</u>
Total deferred taxation	<u>(3,737)</u>	<u>(948)</u>
Tax receipt in the income statement	<u>(19,772)</u>	<u>(156,242)</u>

The corporation tax credit for the year and the corporation tax adjustment to prior periods arising as a result of enhanced R&D allowances available to the company.

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2020 - lower than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £	2020 £
Profit/(loss) before tax	<u>165,234</u>	<u>(284,999)</u>
Corporation tax at standard rate	31,394	(54,150)
Effect of expense not deductible in determining taxable profit (tax loss)	4,586	2,888
Deferred tax credit from unrecognised temporary difference from a prior period	(269)	-
Decrease in UK and foreign current tax from adjustment for prior periods	(9,053)	(5,294)
Tax decrease from effect of capital allowances and depreciation	(381)	-
Tax increase from other short-term timing differences	96	12,828
Tax increase from effect of unrelieved tax losses carried forward	-	37,486
Tax decrease from effect of adjustment in research and development tax credit	<u>(46,145)</u>	<u>(150,000)</u>
Total tax credit	<u>(19,772)</u>	<u>(156,242)</u>

Deferred tax

Deferred tax assets and liabilities

KEEN THINKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

10 Taxation (continued)

	Liability £
2021	
Fixed asset timing difference	<u>4,432</u>
2020	
Fixed asset timing difference	<u>8,169</u>

11 Tangible assets

	Furniture, fittings and equipment £
Cost	
At 1 April 2020	186,690
Depreciation	
At 1 April 2020	143,246
Charge for the year	<u>18,592</u>
At 31 March 2021	<u>161,838</u>
Carrying amount	
At 31 March 2021	<u>24,852</u>
At 31 March 2020	<u>43,444</u>

12 Investment properties

	Investment Properties £
At 1 April 2020	15,000
Disposals	<u>(15,000)</u>
At 31 March 2021	<u>-</u>

13 Debtors

	Note	2021 £	2020 £
Amounts owed by related parties	18	640,578	-
Other debtors		13,087,676	15,428,906
Prepayments		19,531	27,790
Corporation tax asset	10	<u>6,982</u>	<u>-</u>
		13,754,767	15,456,696
Less non-current portion		<u>(40,017)</u>	<u>(71,644)</u>
Total current trade and other debtors		<u>13,714,750</u>	<u>15,385,052</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

14 Creditors

		2021 £	2020 £
Due within one year			
Loans and borrowings		7,711,211	8,475,544
Trade creditors		35,080	51,677
Amounts due to related parties	18	629,615	-
Social security and other taxes		253,513	167,849
Other creditors		3,633,173	5,463,599
Accrued expenses		124,676	119,342
		<u>12,387,268</u>	<u>14,278,011</u>
Due after one year			
Loans and borrowings		<u>42,094</u>	<u>-</u>

Loans and borrowings

Loans and borrowings relate to an invoice discounting facility which is secured over the company's other debtors.

Included in loans and borrowings is £50,000 (2020 - £nil) in relation to the Coronavirus Bounce Back Loan Scheme. The amount due in under one year was £7,906 (2020 - £nil) and the amount due in over one year was £42,094 (2020 - £nil).

15 Pension and other schemes

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £20,314 (2020 - £27,173).

16 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	<u>189</u>	<u>189</u>	<u>189</u>	<u>189</u>

17 Obligations under leases

Company

The total of future minimum lease payments is as follows:

	2021 £	2020 £
Not later than one year	111,059	108,672
Later than one year and not later than five years	592,001	575,582
Later than five years	<u>211,747</u>	<u>375,970</u>
	<u>914,807</u>	<u>1,060,224</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £190,866 (2020 - £172,667).

KEEN THINKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

18 Related party transactions

Summary of transactions with key management

Key management personnel are considered to be the directors of the company and key management personnel compensation is disclosed in note 9 to the financial statements.

Purple Factors Limited

(The directors have material interest)

During the year the company incurred management charges of £265,500 (2020 - £228,000) from and charged rent of £66,603 (2020 - £41,795) to Purple Factors Limited. At the balance sheet date the amount due to Purple Factors Limited was £622,670 (2020 - £nil).

Infinity Skills LLP

(The directors have material interest)

During the year the company made sales of £nil (2020 - £nil) to Infinity Skills LLP. At the balance sheet date the amount due to Infinity Skills LLP was £16,908 (2020 - £nil).

Partner Together Limited

(The directors have material interest)

During the year the company made sales of £5,000 (2020 - £12,000) to Partner Together Limited. At the balance sheet date the amount due from Partner Together Limited was £nil (2020 - £14,400).

Recruitment Staffing Solutions LLP

(The directors have material interest)

During the year the company made sales of £12,000 (2020 - £35,850) to Recruitment Staffing Solutions LLP. At the balance sheet date the amount due to Recruitment Staffing Solutions LLP was £nil (2020 - £nil).

KEEN THINKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

18 Related party transactions (continued)

Simplicity Tech Group Limited

(The director has material interest)

During the year the directors loan account with Thomas Atkinson was novated to parent company Simplicity Tech Group Limited. As at 31 March 2021 the balance owed was £242,429 (2020 - £nil).

Director Loan Accounts

During the year ended 31 March 2021 the company entered into a loan agreement with D.Thornhill (a director in the company). As at the 31 March 2021, the company was owed £380,741 (2020: £nil) by the director. No interest was charged on the loan.

19 Parent and ultimate parent undertaking

On 20 March 2021, as part a management buy out, the immediate and ultimate parent company became Simplicity Tech Group Limited, a company registered in England and Wales. The financial statements of Simplicity Tech Group Limited are available from Companies House.