Registered number: 04018096

4C ASSOCIATES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

4C ASSOCIATES LIMITED

COMPANY INFORMATION

Directors	S J P Terry R Moudgil
Registered number	04018096
Registered office	5th Floor Kings House 174 Hammersmith Road London England W6 7JP
Independent auditor	Nexia Smith & Williamson Statutory Auditor & Chartered Accountants 25 Moorgate London EC2R 6AY

4C ASSOCIATES LIMITED

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

The directors present the Strategic Report for 4C Associates Limited (the "Company") for the year ended 31 December 2020.

Business review

The Company's profit for the year was £59,278 *(2019: £400,301)*. 2020 has been a difficult year for the Company as a result of the impact of the COVID-19 pandemic, however this is consistent with the experience of a number of UK businesses and industries. Worldwide, the impact of Coronavirus since March has been unprecedented, and in the immediate aftermath, the Company had to make changes to its business to cope with the loss of revenue. However, having adjusted its strategy to focus on the public sector, the second 6 months of the year saw a strong recovery in performance levels and the directors are confident this will continue for 2021 and beyond.

Principal risks and uncertainties

The principal risk facing the Company is the continuingly challenging conditions being experienced in the UK economy as a result of COVID-19.

The Company's operations expose it to a variety of financial risks including credit risk and liquidity risk. The policies set by the Board of Directors are implemented by the Company's finance department.

Credit risk
The Company's credit risk is primarily attributable to its trade debtors. The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The carrying amount of financial assets represents the maximum credit exposure.

Liquidity risk
The Company continues to invest in its operations and therefore has to closely monitor its liquidity in order to ensure working capital requirements are met. Cash forecasts are maintained which include a range of possible outcomes and scenarios, with the outputs discussed at operational and board levels such that any operational or financing requirements are agreed in advance of any large spend. The Company monitors its levels of working capital to ensure that it can meet its liabilities and obligations as they fall due.

Interest rate risk
The Company has both interest-bearing assets and interest-bearing liabilities. Interest bearing assets comprise only cash at bank and in hand which earn interest at a variable rate. The Company has a policy of maintaining debt at fixed rates to ensure certainty of future interest cash flows. The directors will revisit the appropriateness of this policy should the Company's operations change in size or nature.

Foreign exchange risk
The Company is exposed to foreign currency exchange rate risk as a result of trade debtors and trade creditors which are settled in foreign currencies. The Company has no material Financial exposure to foreign exchange gains and losses on financial assets or liabilities at year-end and does not hedge any of its trading activities.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

Key performance indicators

The directors use several KPIs which they consider are effective in measuring delivery of the strategy of the business. The following main financial and non-financial KPIs are used in assessing the performance of the Company:

Revenue and operating profit:
The Company's revenue for the year ended 31 December 2020 was £7.1m *(2019: 8.2m)*. The Company's Operating profit for the year was £0.1m *(2019: £0.4m)*. The primary driver of the decrease in both of these financial metrics was COVID-19 and the unprecedented impact it had on the global economy. As most businesses adjusted to the difficult environment, their discretionary spending was significantly reduced, and the Company's revenues therefore suffered. Despite the significant impact COVID-19 had on the Company in Q2 when the pandemic first emerged, the Company was able to recover in the second half of the financial year and had returned to pre-COVID performance levels by Q4. This was achieved through a change of strategy and through continuing to invest in the business and grow the staff base. Management are optimistic of further improvement in both KPI's in 2021.

Staff turnover:
Staff headcount during 2020 was 67 employees *(2019: 67)*. The ability of the company to maintain staffing at pre covid levels is evidence of companies recovery in second half of 2020 providing a strong base for growth in 2021.

New clients:
The Company targets the winning of new clients and new contracts on an annual basis. In 2020, the company secured 5 new clients in Public sector as part of its new strategy of strengthening its public sector offering. The new client wins were a significant contributing factor to the recovery in performance seen in Q4.

This report was approved by the board and signed on its behalf.

R Moudgil
Director

Date: 30/09/2021

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Principal activities

The principal activities of the Company during the year was acting as consultants in respect of procurement/sourcing and supply chain management.

Results and dividends

The profit for the year, after taxation, amounted to £59,278 *(2019: £400,301)*.

A dividend of £72,136 *(2019: £116,280)* was paid during the year.

Directors

The directors who served during the year were:

S J P Terry
R Moudgil

Future developments

The directors intend to continue to grow the Company's operations with a view to increasing turnover and returning to profitability. No changes to the Company's principal activities are foreseen at the time of writing, and the directors, having considered the impact of COVID-19 and the support provided to the business by shareholders, as detailed in note 2.2, are aware of no significant threats to the Company's ability to continue to operate.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

Going concern

Information regarding the Company's going concern status is included in note 2.2.

Post balance sheet events

See note 26 for details of significant events affecting the Company since the year end.

Auditor

The auditor, Nexia Smith & Williamson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

This report was approved by the board and signed on its behalf.

R Moudgil
Director

Date: 30/09/2021

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors are responsible for preparing the Strategic Report, the 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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 AUDITOR'S REPORT TO THE MEMBERS OF 4C ASSOCIATES LIMITED

Opinion
We have audited the financial statements of 4C Associates Limited (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, the Analysis of Net Debt and the 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 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 directors' 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 directors 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 and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report and financial statements. 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 the audit:

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

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 or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the Directors' Responsibilities Statement 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 a general understanding of the Company's legal and regulatory framework through enquiry of management in respect of their understanding of the relevant laws and regulations. We obtained an understanding of the entity's policies and procedures in relation to compliance with relevant laws and regulations.

We also drew on our existing understanding of the Company's industry and regulation. We understand that the company complies with the framework through:

- Updating operating procedures, manuals and internal controls as legal and regulatory requirements change; and
- The directors' close involvement in the day-to-day running of the business, meaning that any litigation or claims would come to their attention directly.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the Company's ability to conduct business and where failure to comply could result in material penalties. We have identified the following laws and regulations as being of significance in the context of the company:

- The Companies Act 2006 and FRS 102 in respect of the preparation and presentation of the financial statements.

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations above;

- We enquired with the Company's management as to the existence of litigation and no material items were identified;
- We reviewed board meeting minutes of the Company for evidence of non-compliance and no material items were identified; and
- We obtained written management representations regarding the adequacy of procedures in place.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were with regard to the manipulation of the financial statements through manual journal entries and incorrect recognition of revenue.

The procedures carried out to gain evidence in the above areas included;

- Testing revenue transactions to underlying documentation; and
- Testing of a sample of manual journal entries, selected through applying specific risk assessments applied based on the Company's processes and controls surrounding manual journal entries.

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.

Use of our report

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

Nexia Smith & Williamson

Timothy Adams (Senior Statutory Auditor)

for and on behalf of
Nexia Smith & Williamson

Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY
Date: 30/09/2021

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	*2019* *£*
Turnover	4	**7,142,949**	*8,172,805*
Cost of sales		**(5,324,892)**	*(5,644,526)*
Gross profit		**1,818,057**	*2,528,279*
Administrative expenses		**(1,908,501)**	*(2,102,651)*
Other operating income	5	**153,684**	*-*
Operating profit	6	**63,240**	*425,628*
Interest receivable and similar income		**143**	*89*
Interest payable and similar expenses	10	**(135,299)**	*(68,935)*
(Loss)/profit before tax		**(71,916)**	*356,782*
Tax on (loss)/profit	11	**131,194**	*43,519*
Profit for the year		**59,278**	*400,301*

There was no other comprehensive income for 2020 *(2019: £Nil)*.

The notes on pages 16 to 37 form part of these financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note		2020 £		*2019 £*
Fixed assets					
Intangible assets	12		**1,387,884**		*1,256,399*
Tangible assets	13		**192,533**		*254,216*
			1,580,417		*1,510,615*
Current assets					
Debtors: amounts falling due after more than one year	14	-		*55,756*	
Debtors: amounts falling due within one year	14	**3,910,002**		*3,581,824*	
Bank and cash balances		**1,195,832**		*223,820*	
		5,105,834		*3,861,400*	
Creditors: amounts falling due within one year	15	**(2,947,495)**		*(2,438,316)*	
Net current assets			**2,158,339**		*1,423,084*
Total assets less current liabilities			**3,738,756**		*2,933,699*
Creditors: amounts falling due after more than one year	16		**(1,085,001)**		*(285,000)*
Provisions for liabilities					
Deferred tax	18	**(280,084)**		*(262,170)*	
Net assets			**2,373,671**		*2,386,529*
Capital and reserves					
Called up share capital	19		**8,442**		*8,442*
Share premium account	20		**652,655**		*652,655*
Other reserves	20		**47,586**		*47,586*
Profit and loss account	20		**1,664,988**		*1,677,846*
Shareholders' funds			**2,373,671**		*2,386,529*

4C ASSOCIATES LIMITED
REGISTERED NUMBER:04018096

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2020

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

R Moudgil
Director

Date: 30/09/2021

The notes on pages 16 to 37 form part of these financial statements.

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

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2019	**8,442**	**652,655**	**47,586**	**1,393,825**	**2,102,508**
Comprehensive income for the year					
Profit for the year	-	-	-	**400,301**	**400,301**
Transactions with owners					
Dividends	-	-	-	**(116,280)**	**(116,280)**
At 1 January 2020	**8,442**	**652,655**	**47,586**	**1,677,846**	**2,386,529**
Comprehensive income for the year					
Profit for the year	-	-	-	**59,278**	**59,278**
Transactions with owners					
Dividends	-	-	-	**(72,136)**	**(72,136)**
At 31 December 2020	**8,442**	**652,655**	**47,586**	**1,664,988**	**2,373,671**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
Cash flows from operating activities		
Profit for the financial year	**59,278**	*400,301*
Adjustments for:		
Amortisation of intangible assets	**291,116**	*61,000*
Depreciation of tangible assets	**96,513**	*103,648*
Interest paid	**135,299**	*68,935*
Interest received	**(143)**	*(89)*
Taxation charge	**(131,194)**	*(43,519)*
Increase in debtors	**(123,314)**	*(816,839)*
Increase in creditors	**1,218,082**	*161,012*
Corporation tax received	**-**	*170,822*
Net cash generated from operating activities	**1,545,637**	*105,271*
Cash flows from investing activities		
Purchase of intangible fixed assets	**(422,601)**	*(485,152)*
Purchase of tangible fixed assets	**(34,830)**	*(83,440)*
Interest received	**143**	*89*
Net cash from investing activities	**(457,288)**	*(568,503)*
Cash flows from financing activities		
Repayment of debenture loans	**(766,256)**	*(144,187)*
Repayment of/new finance leases	**828,104**	*-*
Dividends paid	**(72,136)**	*(116,280)*
Interest paid	**(106,049)**	*(68,935)*
Net cash used in financing activities	**(116,337)**	*(329,402)*
Net increase/(decrease) in cash and cash equivalents	**972,012**	*(792,634)*
Cash and cash equivalents at beginning of year	**223,820**	*1,016,454*
Cash and cash equivalents at the end of year	**1,195,832**	*223,820*
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**1,195,832**	*223,820*
	1,195,832	*223,820*

ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2020

	At 1 January 2020	Cash flows	New finance leases	At 31 December 2020
	£	£	£	£
Cash at bank and in hand	223,820	972,012	-	1,195,832
Bank loans and overdraft	(766,256)	766,256	-	-
Finance leases	-	-	(28,103)	(28,103)
Intercompany loans	(285,000)	-	(800,001)	(1,085,001)
	(827,436)	1,738,268	(828,104)	82,728

1. *General information*

4C Associates Limited is a private limited company, limited by shares, domiciled and incorporated in England and Wales (registered number: 04018096). The registered office address is 5th Floor, Kings House, 174 Hammersmith Road, London, England, W6 7JP.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on a going concern basis. The Company made a profit after tax for the year ended 31 December 2020 of £59,278 *(2019: £400,301)* and had net current assets of £2,158,339 *(2019: £1,423,084)*. In making their going concern assessment, the directors have given consideration to current performance, cash reserves held by the business, market conditions, future profit & loss forecasts and the potential continued impact of the COVID-19 pandemic on the Company.

The impact and duration of COVID-19 remains uncertain. It is widely accepted that the full economic impact of this pandemic will be severe and therefore, the directors have given due consideration to the impact that COVID-19 could have on the Company. Whilst the forecasts prepared show future profitability, having also reviewed cash flow projections it is clear that even when considering reasonable downside scenarios the Company would have sufficient liquidity with which to meet all of its outstanding liabilities and obligations as they fall due, for a period of at least 12 months from the date of the authorisation of these financial statements.

On this basis, the directors of the Company have concluded that there are no material uncertainties that may cast doubt on the Company's ability to continue as a going concern. Consequently, the directors have prepared these financial statements on a going concern basis.

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Turnover derived from the provision of procurement consultancy and outsourcing services is recognised over the period in which the work is performed.

Performance related fees are recognised in the period in which the performance targets have been met.

2. Accounting policies (continued)

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Leased assets: the Company as lessee

Assets obtained under hire purchase contract and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2. Accounting policies (continued)

2.9 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to profit or loss over its useful economic life.

Development Costs

Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits, and are amortised on the straight-line basis over the anticipated life of the benefits arising from the completed product or project.

Development costs are reviewed annually and where future benefits are deemed to have ceased or to be in doubt, the balance of any related development is written off to profit or loss.

The estimated useful lives range as follows:

Computer software	-	5	years
Goodwill	-	10	years

2. Accounting policies (continued)

2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	- 20% straight-line
Office equipment	- 33% straight-line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.11 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.12 Employee Benefits

Short term employee benefits including holiday pay and annual bonuses are accrued as services are rendered. Contributions to defined contribution pension schemes are charged to profit or loss as they become payable in accordance with the rules of the scheme. Differences between contributions payable in the year and those actually paid are shown as either accruals or prepayments in the Balance Sheet.

2. Accounting policies (continued)

2.13 Financial instruments

Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Company's cash management.

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

2.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2. Accounting policies (continued)

2.15 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The Company reflects the economic cost of awarding share options to employees by recording an expense in respect of the services received from employees in profit or loss at an amount equal to the fair value of the awarded options.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

See note 21 for details of share options granted to employees/directors of the Company.

No share option charge has been recognised in profit or loss as it is immaterial to the financial statements.

2. Accounting policies (continued)

2.16 Current and deferred taxation

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

Judgements
Financial instruments classification
The classification of financial instruments as "basic" or "other" requires judgement as to whether all the applicable conditions for classification are met. This includes consideration of the form of the instrument and its return.

Key sources of estimation uncertainty
Bad debt provisions
The trade debtors balance of £2,934,201 *(2019: £1,802,749)* recorded in the Company's Balance Sheet comprises one large balance and a number of smaller balances. A full review of trade debtors is carried out at the end of the year and whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts that ultimately prove to be uncollectable. The provision as at 31 December 2020 was £112,764 *(2019: £Nil)*.

Accrued income
Accrued income is only recognised when it can be measured reliably. A review of all accrued income is carried out at the end of the financial year and whilst every attempt is made to ensure that the balance is appropriately stated, there is a risk that the amount recognised does not prove to be collectable. The amount recorded in the Company's Balance Sheet in respect of accrued income was £62,001 *(2019: £1,095,742)*.

Impairment of goodwill
As at 31 December 2020, the Company held goodwill of £168,541 *(2019: £229,541)* in respect of previous business combinations undertaken by the Company. The directors have assessed these balances for impairment and have concluded that on the basis of the continued contribution the acquired businesses make to the performance of the Company, the carrying value is considered to be recoverable and accordingly, no impairment charge has been recognised in the year *(2019: £Nil)*.

4. Turnover

An analysis of turnover by class of business is as follows:

	2020	*2019*
	£	*£*
Procurement consultancy services	**7,142,949**	*8,172,805*

All turnover arose within the United Kingdom.

5. Other operating income

	2020	2019
	£	£
Coronavirus job retention scheme income	153,684	-

6. Operating profit

The operating profit is stated after charging:

	2020	2019
	£	£
Amortisation	291,116	61,000
Depreciation	96,513	103,648
Exchange differences	(12,411)	15,886
Other operating lease rentals	208,811	202,152

7. Auditor's remuneration

	2020	2019
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	22,000	20,000

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2020	*2019*
	£	*£*
Wages and salaries	**4,008,088**	*4,170,114*
Social security costs	**499,704**	*522,295*
Cost of defined contribution scheme	**196,795**	*196,834*
	4,704,587	*4,889,243*

The average monthly number of employees, including the directors, during the year was as follows:

	2020	*2019*
	No.	*No.*
Procurement, consulting and outsourcing	**49**	*49*
Administration	**6**	*6*
Management	**12**	*12*
	67	*67*

9. Directors' remuneration

	2020	*2019*
	£	*£*
Directors' emoluments	**337,100**	*327,332*
Directors' pensions costs	**6,767**	*6,775*
	343,867	*334,107*

During the year retirement benefits were accruing to 1 director *(2019: 1)* in respect of defined contribution pension schemes.

The highest paid director received remuneration of £195,000 *(2019: £195,000)*.

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil *(2019: £Nil)*.

10. Interest payable and similar expenses

	2020 £	*2019* *£*
Bank interest payable	**2,226**	*2,443*
Loans from group undertakings	**133,073**	*66,492*
	135,299	*68,935*

11. Current and deferred taxation

	2020 £	*2019* *£*
Corporation tax		
Current tax on profits for the year	**(6,651)**	*(170,822)*
Deferred tax		
Deferred tax movement	**(124,543)**	*127,303*
Taxation on loss/(profit) on ordinary activities	**(131,194)**	*(43,519)*

11. Current and deferred taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2019: lower than)* the standard rate of corporation tax in the UK of 19% *(2019: 19%)*. The differences are explained below:

	2020 £	*2019* *£*
(Loss)/profit on ordinary activities before tax	**(71,916)**	*356,782*
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% *(2019: 19%)*.	**(13,664)**	*67,789*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**287**	*11,955*
Capital allowances for year in excess of depreciation	**-**	*690*
Surrender of tax losses for R&D credit refund	**-**	*17,244*
Additional deduction for R&D expenditure	**(86,450)**	*(64,220)*
Adjustments to tax charge in respect of prior periods	**(6,651)**	*(76,977)*
Adjustments to tax charge in respect of prior periods - deferred tax	**(24,716)**	*-*
Total tax charge for the year	**(131,194)**	*(43,519)*

Factors that may affect future tax charges

The Finance Bill 2021 includes legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023. These changes are not included above as the Finance Bill 2021 was not substantively enacted by the year end.

12. Intangible assets

	Computer software £	Goodwill £	Total £
Cost			
At 1 January 2020	1,026,858	610,000	1,636,858
Additions	422,601	-	422,601
At 31 December 2020	1,449,459	610,000	2,059,459
Amortisation			
At 1 January 2020	-	380,459	380,459
Charge for the year	230,116	61,000	291,116
At 31 December 2020	230,116	441,459	671,575
Net book value			
At 31 December 2020	1,219,343	168,541	1,387,884
At 31 December 2019	*1,026,858*	*229,541*	*1,256,399*

13. Tangible fixed assets

	Fixtures and fittings £	Office equipment £	Total £
Cost			
At 1 January 2020	**224,872**	**259,988**	**484,860**
Additions	**-**	**34,830**	**34,830**
At 31 December 2020	**224,872**	**294,818**	**519,690**
Depreciation			
At 1 January 2020	**51,014**	**179,630**	**230,644**
Charge for the year	**45,411**	**51,102**	**96,513**
At 31 December 2020	**96,425**	**230,732**	**327,157**
Net book value			
At 31 December 2020	**128,447**	**64,086**	**192,533**
At 31 December 2019	*173,858*	*80,358*	*254,216*

14. Debtors

	2020 £	*2019 £*
Due after more than one year		
Other debtors	-	*55,756*
	-	*55,756*
Due within one year		
Trade debtors	**2,934,201**	*1,802,749*
Amounts owed by group undertakings	**281,197**	*274,799*
Other debtors	**94,099**	*33,491*
Prepayments and accrued income	**263,597**	*1,282,985*
Tax recoverable	**62,217**	*55,566*
Deferred taxation	**274,691**	*132,234*
Total debtors	**3,910,002**	*3,637,580*

15. Creditors: Due within one year

	2020 £	*2019 £*
Bank loans and overdraft	-	*766,256*
Trade creditors	**515,908**	*484,328*
Amounts owed to group undertakings	**258,037**	*212,414*
Other taxation and social security	**1,345,980**	*288,256*
Obligations under finance lease and hire purchase contracts	**28,103**	-
Other creditors	**177,807**	*169,393*
Accruals and deferred income	**621,660**	*517,669*
	2,947,495	*2,438,316*

The bank facility is secured by way of a charge over the assets of the Company.

16. Creditors: Due after more than one year

	2020 £	*2019 £*
Amounts owed to group undertakings	**1,085,001**	*285,000*

£285,000 of the amounts owed to group undertakings is repayable in 1 year and 1 day from the balance sheet date. Interest of 9% is being charged on this amount. The remaining £800,001 is due for repayment on 31 January 2022 and also attracts interest at a rate of 9%.

17. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2020 £	*2019 £*
Within one year	**28,103**	-

18. Deferred taxation

	2020 £	*2019 £*
At beginning of year	**(129,936)**	*(40,907)*
Charged/ (credited) to profit or loss	**124,543**	*(89,029)*
At end of year	**(5,393)**	*(129,936)*

The deferred tax balance is made up as follows:

	2020 £	*2019 £*
Accelerated capital allowances	**(280,084)**	*(262,170)*
Losses and other deductions	**274,691**	*132,234*
	(5,393)	*(129,936)*
Comprising:		
Deferred tax asset	**274,691**	*132,234*
Deferred tax liability	**(280,084)**	*(262,170)*
	(5,393)	*(129,936)*

19. Share capital

	2020	2019
	£	£
Allotted, called up and fully paid		
782,664 'A' Ordinary shares of £0.01 each	**7,827**	*7,827*
28,953 'B' Ordinary shares of £0.01 each	**290**	*290*
31,370 'C' Ordinary shares of £0.01 each	**314**	*314*
1,120 'E' Ordinary shares of £0.01 each	**11**	*11*
	8,442	*8,442*

Voting rights

The A shares carry full voting and distribution rights. The voting rights to which the holders of 'A' ordinary shares are entitled shall be increased (if required) by a multiple to be applied on a cumulative basis such that every one 'A' ordinary share held by the holder shall be entitled to such number of votes as to give the 'A' shareholders in aggregate 50.3% of the votes as reflect the proportion that the existing 'A' ordinary shares bears to the total amount of shares in issue with voting rights whichever is the greater in the Company spread between the 'A' shareholders pro rata to their current shareholding rounded up to nearest whole number.

The B, C and E shares carry full voting and distribution rights.

20. Reserves

Share premium account

The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued at an amount in excess of nominal value.

Other reserves

This reserve is a share-based payment reserve and relates to the fair value of the options granted which has been charged to profit or loss over the vesting period of the options.

Profit and loss account

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

21. Share based payments

During the year ended 31 December 2014, a new scheme was set up by the parent company 4C Global Limited ("4CG") and registered with H M Revenue and Customs as an Enterprise Management Incentive Scheme under the provision of schedule 5 Income Tax (Earnings and Pension Act 2003). A total of 13,225 options were issued. These were issued to 1 director and 2 other individuals of 4CG but also 3 employees of the Company. As at 31 December 2020 most of the options had either expired or been exercised. 6,000 options had conditions relating to the sale of the business above a certain value. As this valuation was not achieved when the business was sold, the options expired.

During the year ended 31 December 2017, an employee of the Company, was granted a total of 4,000 options over ordinary shares in 4CG. All 4,000 options under this scheme had an exercise price of £1 per share and were granted on 25 October 2017. 2,000 options vested between 25 October 2017 and 30 September 2019 and had vesting conditions linked to the individual's employment within the Company at that date. These 2,000 options were exercised in 2020 contributing to the share capital increase identified in note 19. As this valuation was not achieved when the business was sold, the options expired.

During the year ended 31 December 2018, 2 employees of the Company, were granted a total of 1,600 options over ordinary shares in 4CG. All 1,600 under this scheme had an exercise price of £1 per share and were granted on 4 June 2018. During 2019, 800 of these options expired as the individual left the company. In 2020, 800 options were exercised from this scheme.

At 31 December 2020, all schemes had ended with the options either having expired or been exercised on sale of 4CG. No share option charge (2019: £Nil) has been recognised in respect of any of the above schemes on the basis that it is considered immaterial.

22. Pension commitments

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. The pension cost charge represents contributions payable by the Company to the fund and amounted to £194,054 *(2019: £196,834)*. Contributions totalling £163,849 *(2019: £130,085)* were payable to the fund at the balance sheet date and are included in creditors.

23. Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	*2019 £*
Land and buildings		
Not later than 1 year	**185,853**	*223,024*
Later than 1 year and not later than 5 years	**-**	*185,853*
	185,853	*408,877*

	2020 £	*2019 £*
Other		
Not later than 1 year	**13,333**	*3,200*
Later than 1 year and not later than 5 years	**18,489**	*4,800*
	31,822	*8,000*

24. Commitments under finance leases

At 31 December 2020 the Company had future minimum payments due under non-cancellable finance leases for each of the following periods:

	2020 £	*2019 £*
Computer equipment		
Not later than 1 year	**10,133**	*-*
Later than 1 year and not later than 5 years	**16,889**	*-*
	27,022	*-*

25. Related party transactions

During 2020, the Company was invoiced for management services by a company under common control of shareholders of the Parent Company 4C Global Limited ("4CG") at a total cost of £Nil *(2019: £360,000)*.

During the year entities controlled by key management personnel of either the Company or 4CG provided consultancy services to the Company at a total cost of £18,400 *(2019: £71,970)*.

Entities controlled by key management personnel owed the Company £144,565 at year end *(2019: £129,600)*.

26. Post balance sheet events

Post year-end, the Company declared a dividend of £34,625 to its parent, 4C Global Limited.

27. Controlling party

The immediate parent undertaking is 4C Global Limited ("4CG"), a company registered in England and Wales.

The ultimate parent undertaking is Ansor Fund I LP, a Private Fund Limited Partnership registered in England and Wales. The registered office of the ultimate parent undertaking is 85 Great Portland Street, London, England, W1W 7LT.

The directors do not consider there to be an ultimate controlling party.