

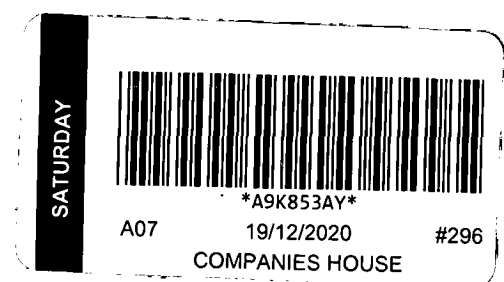
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**EXTRASTAFF LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**



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## EXTRASTAFF LIMITED

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### COMPANY INFORMATION

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<b>Directors</b>	T M Millward S Hill D Wilson I W Thompson
<b>Registered number</b>	04063881
<b>Registered office</b>	Unit 1 Sandridge Park, Porters Wood St. Albans Hertfordshire AL3 6PH
<b>Independent auditors</b>	Barnes Roffe LLP Chartered Accountants & Statutory Auditor 3 Brook Business Centre Cowley Mill Road Uxbridge Middlesex UB8 2FX

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**EXTRASTAFF LIMITED**

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## EXTRASTAFF LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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#### Introduction

The directors present the strategic report and financial statements for the year ended 31 December 2019

#### Business review

Extrastaff Ltd is a recruitment business specialising in the supply of driving and industrial temporary workers over 30 UK locations, a combination of High Street branches and a number of client sites.

The company's strategy continues to be to become the UK's number one high street specialist in the supply of driving and industrial personnel.

In 2019 turnover increased by 14.2% entirely organically to £45,264,327, with some larger onsite contracts gained during the year tightening margins slightly to around 16.5%.

During the year, Extrastaff were awarded the biz4Biz 'Best Employment Services Provider' and the SME Silver Award for 'Employer of the Year'.

We are proud to maintain 80% plus staff retention; very unusual in recruitment, which traditionally has very high attrition and we continue to invest heavily in our own unique recruitment IT solution.

#### NORMALISED EBITDA

Normalised earnings before interest, tax, depreciation and amortisation ('EBITDA') are shown below:

	2019 £000	2018 £000
Turnover	45,264	39,627
Operating profit	1,124	1,462
Depreciation	152	144
Amortisation	Nil	Nil
Normalised EBITDA	1,276	1,606

#### Principal risks and uncertainties

The continued growth of the business and the execution of the company's strategy are subject to a number of risks. Many of these risks are common in other companies. Careful risk management is fundamental to the ability of the business to execute its strategic objectives.

#### Financial key performance indicators

The directors monitor turnover which has increased by 14.2% from 2018, gross profit percentage has decreased to 16.5% (2018: 18.2%) and the level of net profit after tax has decreased to £913k (2018: £1,092k), principally as result of investment in IT and our on-site capabilities.

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## EXTRASTAFF LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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#### FUTURE DEVELOPMENTS

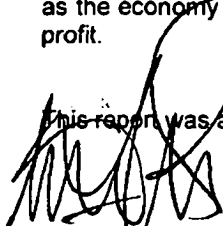
The business plan remains to expand the branch network organically and increase the scale of our onsite customer offering when strategic opportunities arise.

We have continued our investment in EFOS, our unique IT system, enhancing our candidate and client experience. We have added functionality such as remote registration of candidates and electronic time and attendance reporting, linked to our payroll systems. This continued investment, along with planned upgrades to our back-office systems, will enhance efficiency in our processes and provide our clients with critical management information, further differentiating us from our competition.

The Board is delighted with the performance in 2019 particularly putting in place infrastructure improvements, which will enable the business to grow confidently. There was an improvement in market conditions during 2019, resulting in a growth of approximately 14.2% in revenue.

Whilst recognising the need to manage the cost base, the business continues to invest in sectors where there is long term growth potential and evidence of strong post pandemic recovery. With the impact of Coronavirus, 2020 has been an unusual year thus far, but our trading volumes have continued to increase, after the initial lockdown period, particularly within the onsite contracts. The board believes the company is strongly positioned as the economy rebuilds and anticipates the full year 2020 results will show improvements in both turnover and profit.

This report was approved by the board on 17 Dec 2020 and signed on its behalf.



T M Millward  
Director

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## EXTRASTAFF LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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The directors present their report and the financial statements for the year ended 31 December 2019.

#### Directors' responsibilities statement

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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The 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.

#### Results and dividends

The profit for the year, after taxation, amounted to £913,363 (2018 - £1,091,846).

During the year, the company paid dividends of £1,935,480 (2018 - £Nil).

#### Directors

The directors who served during the year were:

T M Millward  
S Hill  
G K Prince (resigned 18 May 2020)  
D Wilson

On 16 July 2020 I W Thompson was appointed as a director

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## EXTRASTAFF LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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#### Matters covered in the strategic report

The company has chosen, in accordance with section 414C of the Companies Act 2006, to set out the following information which would otherwise be required to be contained in the director's report within strategic report:

Likely financial risk management objective and policies; business review and future developments in the business of the company.

#### Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

#### Post balance sheet events

Due to the Coronavirus, the company has had to react to the lockdown that was imposed within the UK during April-June and again in November. This included accelerating the introduction of technology to facilitate remote working and the digitisation of certain operational processes. After the initial lockdown the company has seen trading volumes continue to increase and expect 2020 to show turnover and profits ahead of 2019 levels.

#### Auditors

The auditors, Barnes Beffe LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 17 DEC 2020 and signed on its behalf.



T.M. Millward  
Director

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## EXTRASTAFF LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EXTRASTAFF LIMITED

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#### Opinion

We have audited the financial statements of Extrastaff Limited (the 'Company') for the year ended 31 December 2019, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity and the related notes, 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 December 2019 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### 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 Auditors' 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



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## EXTRASTAFF LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EXTRASTAFF LIMITED (CONTINUED)

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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 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 on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

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## EXTRASTAFF LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EXTRASTAFF LIMITED (CONTINUED)

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#### Auditors' 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 Auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' report.

#### Use of our report

This report is made solely to the Company's members 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 Auditors' 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 for our audit work, for this report, or for the opinions we have formed.



Nigel Goodman (Senior statutory auditor)  
for and on behalf of  
**Barnes Roffe LLP**  
Chartered Accountants & Statutory Auditor  
3 Brook Business Centre  
Cowley Mill Road  
Uxbridge  
Middlesex  
UB8 2FX

Date: 18th December 2020

EXTRASTAFF LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Turnover	3	45,264,327	39,627,074
Cost of sales		(37,809,481)	(32,382,432)
<b>Gross profit</b>		<b>7,454,846</b>	<b>7,244,642</b>
Administrative expenses		(6,330,358)	(5,782,526)
<b>Operating profit</b>	4	<b>1,124,488</b>	<b>1,462,116</b>
Interest receivable and similar income	8	39,738	15,357
Interest payable and similar charges	9	(66,338)	(62,788)
<b>Profit before tax</b>		<b>1,097,888</b>	<b>1,414,685</b>
Tax on profit	10	(184,525)	(322,839)
<b>Profit for the financial year</b>		<b>913,363</b>	<b>1,091,846</b>
<b>Total comprehensive income for the year</b>		<b>913,363</b>	<b>1,091,846</b>

The notes on pages 14 to 30 form part of these financial statements.

**EXTRASTAFF LIMITED**  
**REGISTERED NUMBER:04063881**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

	Note	£	2019 £	£	2018 £
<b>Fixed assets</b>					
Intangible assets	12	-	-	-	-
Tangible assets	13	1,590,985		1,642,376	
			<u>1,590,985</u>	<u>1,642,376</u>	
<b>Current assets</b>					
Debtors: amounts falling due within one year	14	5,412,484		5,995,985	
Cash at bank and in hand	15	667,462		226,424	
			<u>6,079,946</u>	<u>6,222,409</u>	
			<u>7,670,931</u>	<u>7,864,785</u>	
<b>Capital and reserves</b>					
Called up share capital	22	54,347		54,347	
Profit and loss account	23	1,479,992		2,502,109	
			<u>1,534,339</u>	<u>2,556,456</u>	
<b>Provisions for liabilities</b>					
Deferred tax	21		32,946		43,564
<b>Liabilities</b>					
Creditors: amounts falling due within one year	16	5,509,104		4,597,741	
Creditors: amounts falling due after more than one year	17	594,542		667,024	
			<u>6,103,646</u>	<u>5,264,765</u>	
			<u>7,670,931</u>	<u>7,864,785</u>	

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**EXTRASTAFF LIMITED**  
**REGISTERED NUMBER: 04063881**

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**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 DECEMBER 2019**

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



**T M Millward**  
Director

17/12/2020

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EXTRASTAFF LIMITED

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STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019

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	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2019	54,347	2,502,109	2,556,456
<b>Comprehensive income for the year</b>			
Profit for the year	-	913,363	913,363
<b>Total comprehensive income for the year</b>	-	913,363	913,363
Dividends: Equity capital	-	(1,935,480)	(1,935,480)
<b>Total transactions with owners</b>	-	(1,935,480)	(1,935,480)
<b>At 31 December 2019</b>	<b>54,347</b>	<b>1,479,992</b>	<b>1,534,339</b>

The notes on pages 14 to 30 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018

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	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018	54,347	1,410,263	1,464,610
<b>Comprehensive income for the year</b>			
Profit for the year	-	1,091,846	1,091,846
<b>Total comprehensive income for the year</b>	-	1,091,846	1,091,846
<b>Total transactions with owners</b>	-	-	-
<b>At 31 December 2018</b>	<b>54,347</b>	<b>2,502,109</b>	<b>2,556,456</b>

The notes on pages 14 to 30 form part of these financial statements.

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EXTRASTAFF LIMITED

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STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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	2019 £	2018 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	913,363	1,091,846
<b>Adjustments for:</b>		
Depreciation of tangible assets	151,886	143,722
Loss on disposal of tangible assets	577	-
Interest payable	66,338	62,788
Interest receivable	(39,738)	(15,357)
Taxation charge	184,525	322,839
Decrease/(increase) in debtors	583,501	(2,418,916)
Increase in creditors	377,733	341,094
Corporation tax (paid)	(282,154)	(257,923)
<b>Net cash generated from/(used in) operating activities</b>	<b>1,956,031</b>	<b>(729,907)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(101,072)	(105,304)
Interest received	39,738	15,357
HP interest paid	(4,149)	(5,434)
<b>Net cash used in investing activities</b>	<b>(65,483)</b>	<b>(95,381)</b>

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EXTRASTAFF LIMITED

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STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019

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	2019 £	2018 £
<b>Cash flows from financing activities</b>		
Repayment of loans	(31,679)	(44,070)
Repayment of/new finance leases	(40,803)	(39,518)
Dividends paid	(1,935,480)	-
Interest paid	(62,189)	(57,354)
<b>Net cash used in financing activities</b>	<b>(2,070,151)</b>	<b>(140,942)</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(179,603)</b>	<b>(966,230)</b>
Cash and cash equivalents at beginning of year	(707,876)	258,354
<b>Cash and cash equivalents at the end of year</b>	<b>(887,479)</b>	<b>(707,876)</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	667,462	226,424
Bank overdrafts	(1,554,941)	(934,300)
	<b>(887,479)</b>	<b>(707,876)</b>

The notes on pages 14 to 30 form part of these financial statements.



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## EXTRASTAFF LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1. Accounting policies

##### 1.1 General information and basis of preparation of financial statements

Extrastaff Limited is a company limited by shares, incorporated in England and Wales. The address of the registered office is Unit 1 Sandridge Park, Porters Wood, St. Albans, Hertfordshire, AL3 6PH.

The company specialises in supply of drivers and industrial temporary workers.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006 and on the assumption that the company is a going concern. The company's functional and presentation currency is the pound sterling.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

##### 1.2 Going concern

The directors have taken consideration of the impact of the Coronavirus on the business and note that the company has seen trading volumes continue to increase and expect 2020 to be profitable and that the company has sufficient working capital and other finance available to continue for a period of not less than 12 months from the Statement of financial position date. As such the directors believe that there are no significant uncertainties in their assessment of whether the business is a going concern and therefore have prepared the accounts on a going concern basis.

##### 1.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue 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 revenue is recognised:

##### Rendering of services

Revenue 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 revenue 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.

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## EXTRASTAFF LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1. Accounting policies (continued)

##### 1.4 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The development expenditure is amortised over 3 years.

##### 1.5 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 on the following bases:

Freehold property	- over 50 years
Long-term leasehold property	- over 50 years
Long term leasehold improvements	- over the length of the lease
Motor vehicles	- straight line over five years
Fixtures and fittings	- straight line over five years
Office equipment	- straight line over five years
Computer equipment	- straight line over three to five years

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 the Statement of comprehensive income.

##### 1.6 Leasing and hire purchase

Assets obtained under hire purchase contracts 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 or 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.

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## EXTRASTAFF LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1. Accounting policies (continued)

##### 1.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 1.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

##### 1.9 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, and loans to related parties.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### 1.10 Creditors

Creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### 1.11 Finance costs

Finance costs are charged to the Statement of comprehensive income 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.

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## EXTRASTAFF LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1. Accounting policies (continued)

##### 1.12 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.

##### 1.13 Operating lease

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

##### 1.14 Pensions

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

##### 1.15 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the statement of financial position date.

##### 1.16 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

##### 1.17 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

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## EXTRASTAFF LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1. Accounting policies (continued)

##### 1.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, 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 reporting 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 Statement of financial position 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 reporting date.

##### 1.19 Debtors - linked presentation

The company has entered into a recourse invoice discounting agreement with integrated credit insurance protection on certain debtors at approved limits. The substance of this arrangement makes it similar in nature to a non-recourse arrangement and therefore the finance is shown as linked presentation as a deduction from debtors. Repayment of the finance and related interest is solely from the funds generated by items financed. Some debts within this facility fall outside of the credit insurance arrangement and therefore presented in creditors in line with a normal invoice discounting arrangement.

#### 2. Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgements in applying the above accounting policies that have had the most significant effect on the amounts recognised in the financial statements:

1. Determine whether there are indicators of impairments of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected further financial performance of the assets.
2. Determine whether trade debtors are recoverable. Factors taken into consideration include credit insurance and expected recovery.
3. Holiday pay is calculated using the last 12 week period that temporary employees have worked, if an employee has not worked after 10 weeks, they are removed from holiday pay calculation. This is to cover the amount of un-utilised holiday.

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EXTRASTAFF LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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**3. Turnover**

The whole of the turnover relates to the company's principal activity and arose within the UK.

**4. Operating profit**

The operating profit is stated after charging

	2019 £	2018 £
Depreciation of tangible fixed assets	151,886	143,722
Operating lease rentals	391,532	342,955
Defined contribution pension cost	313,807	238,778
Loss on disposal of tangible assets	577	-
	<u>1,057,802</u>	<u>726,455</u>

**5. Auditors' remuneration**

	2019 £	2018 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	14,604	14,520
	<u>14,604</u>	<u>14,520</u>

**6. Employees**

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

	2019 £	2018 £
Wages and salaries	39,345,627	33,947,774
Social security costs	2,286,764	2,170,606
Cost of defined contribution scheme	313,807	238,778
	<u>41,946,198</u>	<u>36,357,158</u>

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

	2019 No.	2018 No.
Administrative staff	98	88
	<u>98</u>	<u>88</u>

The number of employees relates to those staff that have a contract of employment whereas the staff costs above include the temporary staff as well.

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**EXTRASTAFF LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**7. Directors' remuneration**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Directors' emoluments	<b>684,744</b>	634,535
Company contributions to defined contribution pension schemes	<b>9,330</b>	8,430
	<b>694,074</b>	<b>642,965</b>

During the year retirement benefits were accruing to 4 directors (2018 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £235,552 (2018 - £219,623).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £250 (2018 - £Nil).

**8. Interest receivable and similar income**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Bank interest receivable	<b>1,874</b>	616
Other interest receivable	<b>37,864</b>	14,741
	<b>39,738</b>	<b>15,357</b>

**9. Interest payable and similar expenses**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Bank overdraft interest payable	<b>38,812</b>	33,716
Bank loan interest payable	<b>23,377</b>	23,638
Finance leases and hire purchase contracts	<b>4,149</b>	5,434
	<b>66,338</b>	<b>62,788</b>

**EXTRASTAFF LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**10. Taxation**

	2019 £	2018 £
<b>Corporation tax</b>		
Current tax on profits for the year	194,900	281,900
Adjustments in respect of previous periods	243	(7)
	<u>195,143</u>	<u>281,893</u>
Deferred tax (credit) / charge for the year	<u>(10,618)</u>	<u>40,946</u>
<b>Taxation on profit on ordinary activities</b>	<u>184,525</u>	<u>322,839</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2018 - *higher than*) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>1,097,888</u>	<u>1,414,685</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	208,599	268,790
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	18,550	22,785
Decelerated / (Accelerated) capital allowances	11,923	8,889
Short-term timing difference leading to a increase in taxation	2,565	925
Other timing differences leading to an increase / (decrease) in taxation	45	-
Adjustment in research and development tax credit leading to a decrease in the tax charge	(46,782)	(19,489)
Deferred tax	(10,618)	40,946
Under/(over) provision in prior year	243	(7)
<b>Total tax charge for the year</b>	<u>184,525</u>	<u>322,839</u>

**Factors that may affect future tax charges**

There were no material factors that may affect future tax charges.



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EXTRASTAFF LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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11. Dividends

	2019 £	2018 £
Dividends paid on equity capital	1,935,480	-
	<u>1,935,480</u>	<u>-</u>

Directors interests in the dividends are as follows:

S Hill - £116,135 (2018 - £Nil)  
T M Millward - £1,800,007 (2018 - £Nil)  
D Wilson - £19,338 (2018 - £Nil)

12. Intangible assets

	Development costs £
<b>Cost</b>	
At 1 January 2019	135,060
At 31 December 2019	<u>135,060</u>
<b>Amortisation</b>	
At 1 January 2019	135,060
At 31 December 2019	<u>135,060</u>
<b>Net book value</b>	
At 31 December 2019	<u>-</u>
At 31 December 2018	<u>-</u>

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**EXTRASTAFF LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**13. Tangible fixed assets**

	Freehold property £	Long term leasehold property £	Long term leasehold improvements £	Motor vehicles £
<b>Cost</b>				
At 1 January 2019	576,390	937,984	15,662	247,785
Additions	-	-	-	-
Disposals	-	-	(3,488)	-
At 31 December 2019	<u>576,390</u>	<u>937,984</u>	<u>12,174</u>	<u>247,785</u>
<b>Depreciation</b>				
At 1 January 2019	119,913	79,080	14,318	109,611
Charge for the year on owned assets	11,527	18,760	563	928
Charge for the year on financed assets	-	-	-	44,512
Disposals	-	-	(2,913)	-
At 31 December 2019	<u>131,440</u>	<u>97,840</u>	<u>11,968</u>	<u>155,051</u>
<b>Net book value</b>				
At 31 December 2019	<u><u>444,950</u></u>	<u><u>840,144</u></u>	<u><u>206</u></u>	<u><u>92,734</u></u>
At 31 December 2018	<u><u>456,477</u></u>	<u><u>858,904</u></u>	<u><u>1,344</u></u>	<u><u>138,174</u></u>

**EXTRASTAFF LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**13. Tangible fixed assets (continued)**

	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
<b>Cost</b>				
At 1 January 2019	309,052	34,875	157,295	2,279,043
Additions	42,583	2,269	56,220	101,072
Disposals	(26,132)	(19,089)	(21,985)	(70,694)
At 31 December 2019	<u>325,503</u>	<u>18,055</u>	<u>191,530</u>	<u>2,309,421</u>
<b>Depreciation</b>				
At 1 January 2019	191,230	33,189	89,326	636,667
Charge for the year on owned assets	43,979	1,528	30,089	107,374
Charge for the year on financed assets	-	-	-	44,512
Disposals	(26,131)	(19,089)	(21,984)	(70,117)
At 31 December 2019	<u>209,078</u>	<u>15,628</u>	<u>97,431</u>	<u>718,436</u>
<b>Net book value</b>				
At 31 December 2019	<u>116,425</u>	<u>2,427</u>	<u>94,099</u>	<u>1,590,985</u>
At 31 December 2018	<u>117,822</u>	<u>1,686</u>	<u>67,969</u>	<u>1,642,376</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2019 £	2018 £
Motor vehicles	92,733	137,245
	<u>92,733</u>	<u>137,245</u>

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**EXTRASTAFF LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**14. Debtors**

	2019 £	2018 £
Trade debtors	6,477,051	6,851,758
Non-recourse debts	(1,464,943)	(2,133,093)
Other debtors	201,316	1,105,773
Prepayments and accrued income	199,060	171,547
	<u>5,412,484</u>	<u>5,995,985</u>

**Non-recourse borrowings**

Extrastaff Limited has in substance due to integrated credit insurance, a non-recourse discounting arrangement. Under the terms of the agreement, Extrastaff Limited is obliged to support a first loss of £500. Repayment of finance and related interest is solely from funds generated by items financed.

**15. Cash and cash equivalents**

	2019 £	2018 £
Cash at bank and in hand	667,462	226,424
Less: ID line	(1,554,941)	(934,300)
	<u>(887,479)</u>	<u>(707,876)</u>

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**EXTRASTAFF LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**16. Creditors: Amounts falling due within one year**

	2019 £	2018 £
ID line	1,554,941	934,300
Bank loans	54,363	54,363
Trade creditors	178,524	230,150
Corporation tax	194,889	281,900
Other taxation and social security	2,076,054	1,751,143
Obligations under finance lease and hire purchase contracts	44,952	44,952
Other creditors	959,870	861,617
Accruals and deferred income	445,511	439,316
	<u>5,509,104</u>	<u>4,597,741</u>

**Secured Loans**

The ID line represents the portion of the invoice discounting arrangement that is beyond agreed credit limits.

Bank loans and ID line disclosed under creditors falling due within one year of £1,609,304 (2018 - £988,663) are secured by the way of a legal and a fixed and floating charge over the properties and assets of the company.

Net obligations under finance leases and hire purchase contracts of £44,952 (2018 - £44,952) are secured by the assets to which they relate.

**17. Creditors: Amounts falling due after more than one year**

	2019 £	2018 £
Bank loans	546,141	577,820
Net obligations under finance leases and hire purchase contracts	48,401	89,204
	<u>594,542</u>	<u>667,024</u>

Bank loans disclosed under creditors falling due after more than one year of £546,141 (2018 - £577,820) are secured by the way of a legal and a fixed and floating charge over the properties and assets of the company.

Net obligations under finance leases and hire purchase contracts of £48,401 (2018 - £89,204) are secured by the assets to which they relate.

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EXTRASTAFF LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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**18. Loans**

Analysis of the maturity of loans is given below:

	2019 £	2018 £
<b>Amounts falling due within one year</b>		
Bank loans	54,363	54,363
	<u>54,363</u>	<u>54,363</u>
<b>Amounts falling due 1-2 years</b>		
Bank loans	54,363	54,363
	<u>54,363</u>	<u>54,363</u>
<b>Amounts falling due 2-5 years</b>		
Bank loans	163,090	163,090
	<u>163,090</u>	<u>163,090</u>
<b>Amounts falling due after more than 5 years</b>		
Bank loans	328,688	360,367
	<u>328,688</u>	<u>360,367</u>
	<u>600,504</u>	<u>632,183</u>

**19. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	2019 £	2018 £
Within one year	44,952	44,952
Between 1-5 years	48,401	89,204
	<u>93,353</u>	<u>134,156</u>

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EXTRASTAFF LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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20. Financial instruments

	2019 £	2018 £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<u>5,213,424</u>	<u>5,824,438</u>
<b>Financial liabilities</b>		
Financial liabilities that are credit instruments measured at amortised cost	<u>3,387,192</u>	<u>2,792,406</u>

Financial assets that are debt instruments measured at amortised cost comprises trade debtors and other debtors.

Financial liabilities measured at amortised cost comprises ID line, bank loans, trade creditors, other creditors and obligations under finance lease and hire purchase contracts.

21. Deferred taxation

	2019 £
At beginning of year	43,564
Credited to the Statement of comprehensive income	(10,618)
<b>At end of year</b>	<u><u>32,946</u></u>

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	55,169	45,755
Short term timing differences	(22,223)	(2,191)
	<u><u>32,946</u></u>	<u><u>43,564</u></u>

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EXTRASTAFF LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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22. Share capital

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
54,347 Ordinary shares of £1 each	<u>54,347</u>	<u>54,347</u>

23. Reserves

**Profit and loss account**

The profit and loss account includes all current and prior year retained profits and losses.

24. Pension commitments

The company operates a defined contributions 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 £313,807 (2018 - £238,778). Contributions totalling £47,951 (2018 - £34,452) were payable to the fund at the reporting date and are included in creditors.

25. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
<b>Land &amp; buildings</b>		
Not later than 1 year	243,046	243,283
Later than 1 year and not later than 5 years	658,396	644,650
Later than 5 years	160,000	216,000
	<u>1,061,442</u>	<u>1,103,933</u>

	2019 £	2018 £
<b>Other</b>		
Not later than 1 year	14,443	24,032
Later than 1 year and not later than 5 years	2,501	17,002
	<u>16,944</u>	<u>41,034</u>



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**EXTRASTAFF LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**26. Transactions with directors**

Included with other debtors due within one year are loans to directors amounting to £174,012 (2018 - £1,082,924). During the year, interest amounting to £27,791 (2018 - £16,445) was charged on the loans.

**27. Related party transactions**

Total remuneration of key management, who are only the directors, during the year is disclosed in Note 7.

**28. Post balance sheet events**

Due to the Coronavirus pandemic, the company has had to react to the lockdown that was imposed within the UK during April-June and again in November. This included accelerating the introduction of technology to facilitate remote working and the digitisation of certain operational processes. After the initial lockdown the company has seen trading volumes continue to increase and expect 2020 to show turnover and profits ahead of 2019 levels.

**29. Controlling party**

The ultimate controlling party is T Millward by virtue of his majority shareholding in the company.