

# Financial Statements Atlantic Umbrella Company Limited

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**For the Year Ended 5 April 2016**



**Registered number: 04445010**

**Atlantic Umbrella Company Limited**

## Company Information

**Directors**

P L Benson  
C M Howell  
A S Little

**Registered number**

04445010

**Registered office**

Unitum House  
1 The Chase  
John Tate Road  
Hertford  
Hertfordshire  
SG13 7NN

**Independent auditor**

Grant Thornton UK LLP  
Chartered Accountants & Statutory Auditor  
Grant Thornton House  
202 Silbury Boulevard  
Milton Keynes  
MK9 1LW

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# Strategic Report

## For the Year Ended 5 April 2016

### **Introduction**

The directors present their strategic report on the group for the year ended 5 April 2016.

### **Business review**

The Company's principal activity continues to be the provision of consultancy services performed by an employed workforce, and all necessary functions to acquire, provide and manage that employed workforce.

### **Results and performance**

The results of the company for the year, as set out on page 9, show a profit on ordinary activities before taxation of £0.02m (2015: profit £0.17m).

The performance of the company during 2016 has been satisfactory and reflective of the distraction of external legislative outlook towards the end of the financial year. Significant investment was made into our software to ensure continued compliance with legislation. This together with the time taken to ensure that our models and procedures reflected the forthcoming legislation both had an adverse effect on the business growth and this together with the uncertainty that legislation change brings resulted in a drop in revenues for the company.

### **Business environment**

The UK intermediaries industries is highly competitive with many companies offering similar services giving rise to aggressive discounting and it is essential that we keep abreast of advances within this area to ensure we remain competitive whilst ensuring that our margins are protected. The forthcoming changes within the marketplace will create an uneven market and the directors believe that the investment in to the company's models will enable the group of which the company is a subsidiary to set itself apart from its competition.

### **Strategy**

The company's success is dependent on the proper selection and recruitment of flexible workers together with successful acquisition of work assignments from new and existing preferred supplier lists. We believe it is important to continue to invest time and energy in to consolidating our existing relationships whilst also seeking new opportunities to consolidate our position in the market place.

The company will continue to consolidate its position and concentrate its efforts on achieving maximum growth in its existing market segments whilst exploring new markets. We aim to improve efficiency in all areas of our operations through disciplined overhead management and more effective account management. Customer service remains a top priority whilst remaining at the forefront of compliance.

# Strategic Report

For the Year Ended 5 April 2016

## Principal risks and uncertainties

The business has a wide and deep exposure to the UK economy, and specifically to the level of employment of interim and short term contract staff. During the period the general economy has been stable. The company continued to manage these risks through careful management of customer, product design and operating costs. The company found 2016 to be challenging due to both the uncertainty the United Kingdom leaving the European Union will bring, together with the time required to understand and accept the legislation changes affecting our marketplace.

In common with other businesses in the sector, the company is exposed to significant risk and uncertainty from changes in legislation, and specifically changes in the regulation of UK payroll and corporate taxation. The company has seen significant legislative challenges during the year and expects this to continue to be reflective of the general economic climate in the 12 months after the reporting date.

## Financial key performance indicators

We have made significant progress throughout the year in relation to key elements of our strategy. The Board monitors the progress of the group by reference to the following KPIs:

	2016	2015
Gross Margin	£1.1m	£1.3m
Operating Profit before Management Charge	£1.0m	£1.1m
Debtor Days	12 days	17 days

# Strategic Report

For the Year Ended 5 April 2016

## Going concern

The company is part of the Unitum Group, a collection of companies subject to common control. There is a significant level of inter-dependency between the companies within the Unitum Group in terms of banking arrangements and financial support. The group has made a profit before tax of £0.34m and has net assets of £0.41m as at the year end.

The industry sector that the company operates is subject to legislative change and the company needs to constantly innovate and remain proactive to change. Recent legislative changes in 2016 have arisen in relation to both salary sacrifice and travel expense claims (for contracts that are subject to the new 'supervision, direction or control' regulations. Since the year end the Unitum Group has reviewed its systems and processes, ensuring it continues to remain compliant with the latest legislation, but the new conditions led to a loss in contractor workers resulting in a 40% drop in turnover and margin generated in the remainder of 2016. In reaction to this, redundancies were made starting in June 2016 alongside various other cost cutting measures to reduce our monthly overhead. Whilst these cost savings would be sufficient to ensure our continued profitability, the one-off costs involved and the timescales required to implement have led to financial losses for the 2016/17 year to date. This has also had a significant impact on the cash flow of the business and resulted in us requiring extended time to pay some of our creditors.

Additionally, the outcomes of the European referendum have had an impact on the sector and this together with the legislative changes described above has led to losses being incurred since the year end. The directors have taken steps to align the business with new market conditions, and have also reduced overhead spending to reflect these new conditions. Following these actions by the directors, the Group's cash flow forecasts indicate that in its current state, in order to continue to pay its debts as they fall due, the company will need to demonstrate growth in revenue from workers in the next six months. Should this growth not be forthcoming, the directors will be required to introduce further cost cutting measures. The working capital arrangements of the group are such that should there be a significant decrease in revenue from workers, the group may not be able to repay its debts as they fall due, given net current liabilities at both the balance sheet date and the date of approval of the financial statements. While the directors do not expect such a decrease, the market conditions coupled with the group's net current liabilities indicate the existence of a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern.

However, the directors are confident that the impact of these changes has now subsided and are forecasting a period of growth from the second quarter of 2017. On the basis of cash flow forecasts and resources available at the date of approval of the financial statements, the directors consider it appropriate to prepare the financial statements on a going concern basis.

This report was approved by the board on

3 February 2017

and signed on its behalf.

C M Howell  
Director



## Directors' Report

For the Year Ended 5 April 2016

The directors present their report and the financial statements for the year ended 5 April 2016.

### 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Results and dividends

The loss for the year, after taxation, amounted to £32,000 (2015 -profit £118,000).

No dividends were declared or paid for the year ended 5 April 2016.

### Directors

The directors who served during the year were:

P L Benson

C M Howell

A S Little

T J Cumberland (resigned 31 August 2016)

## Directors' Report (continued)

For the Year Ended 5 April 2016

### Future developments

Although the growth of the UK economy stabilised in 2016, the risks to the UK economic growth remain significant and future prospects may be influenced by developments in the Eurozone and the United Kingdom leaving the European Union. Interest rates are predicted to remain low in the short term whilst employment indicators are seeing improvement in all areas which is expected to impact contract labour.

Overall in the coming year, we expect to see a small decline within our market place with new opportunities arising as the legislation gains momentum and so we look to capitalise on these opportunities. We will continue to develop our relationships with our customers and our workforce, generating new business where possible and increasing retention levels while navigating the pressure on discounting from our competitors. The level of profitability in the coming year is expected to be impacted by these external factors and we will continue to review our operating costs as appropriate throughout the coming year.

### Financial instruments

The company is not materially exposed to financial instruments or derivatives.

#### Liquidity risk

The company has systems to forecast and manage liquidity over the normal operating cycle of the business. The major liquidity events to which it is exposed are the payments of lump sums to UK HMRC on a quarterly or annual basis. The company monitors cash on hand or in short term deposits with major UK banks at all times to satisfy its liquidity needs.

#### Interest rate risk

The company is not materially exposed to interest rate risk.

#### Foreign currency risk

The company has an immaterial exposure to Euro exchange risks over the normal billing cycle.

#### Credit risk

The company has effective credit control procedures and has no material losses or exposure to credit risk from customers or employees. The company benefits from the receipt of significant payments in advance of the matching expenditure, and is able to control its exposure to third party credit risk effectively.

### Employee involvement

The company, along with all others in the Unitum group, have multiple channels of engagement with employees at a group, company, department and individual level, including whole group meetings, notices, discussion groups and an independent human resources forum, and it actively encourages participation in decision making and strategy from all employees. The company has proactive Health and Safety and Environmental Policies which include employees at all levels and in all areas of operations.

### Disabled employees

The company, along with all others in the Unitum group, give full and independent consideration to applications for employment within the requirements of each role. Where an employee becomes disabled the group would, wherever practical, provide continuing employment under the terms and conditions available to all employees.



## Directors' Report (continued)

For the Year Ended 5 April 2016

### Qualifying third party indemnity provisions

The directors benefit from a qualifying indemnity provision in the form permitted by The Companies (Audit, Investigations and Community Enterprise) Act 2004 ("CAICE") new sections 309A, 309B and 309C in respect of certain third party actions against directors. No claim or notice of claim in respect of these indemnities has been received in the period.

### 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.

### Post balance sheet events

There have been no significant events affecting the Company since the year end.

### Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on

3 February 2017

and signed on its behalf.

C M Howell  
Director



## Independent Auditor's Report to the Members of Atlantic Umbrella Company Limited

We have audited the financial statements of Atlantic Umbrella Company Limited for the year ended 5 April 2016, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is the applicable law and the 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'.

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

### **Respective responsibilities of Directors and Auditor**

As explained more fully in the Directors' Responsibilities Statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 5 April 2016 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.



## Independent Auditor's Report to the Members of Atlantic Umbrella Company Limited (continued)

### **Emphasis of matter - Going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2.4 to the financial statements concerning the ability of the group, of which the company is a part, to continue as a going concern. The Unitum group of companies generated a profit of £245,000 during the year ended 5 April 2016 and, at that date, the group's total assets exceeded its liabilities by £411,000. However, at that date the group had net current liabilities of £2,554,000, and since the year end has incurred losses whilst adapting to changes in market conditions caused by legislative changes. The group's future profitability, and ability to repay its debts as they fall due, will depend on its ability to provide services which are suitable for the new market conditions, and growth in the numbers of workers. These conditions, along with the other matters explained in note 2.4 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion 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 those financial statements.

### **Matters on which we are required to report by exception**

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

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

Grant Thornton UK LLP

Jeremy Read (Senior statutory auditor)

for and on behalf of

**Grant Thornton UK LLP**

Statutory Auditor

Chartered Accountants

Milton Keynes

Date: 3 February 2017

# Statement of Comprehensive Income

For the Year Ended 5 April 2016

	Note	2016 £000	2015 £000
Turnover	4	20,850	25,761
Cost of sales		(19,797)	(24,488)
<b>Gross profit</b>		<b>1,053</b>	<b>1,273</b>
Administrative expenses		(1,041)	(1,108)
<b>Operating profit</b>	5	<b>12</b>	<b>165</b>
Interest receivable and similar income	7	9	9
Interest payable and expenses	8	(1)	(1)
<b>Profit before tax</b>		<b>20</b>	<b>173</b>
Tax on profit	9	12	(55)
<b>Profit for the year</b>		<b>32</b>	<b>118</b>
<b>Other comprehensive income for the year</b>			
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>32</b>	<b>118</b>

The notes on pages 12 to 24 form part of these financial statements.

# Statement of Financial Position

As at 5 April 2016

	Note	2016 £000	2015 £000
<b>Fixed assets</b>			
Intangible assets	10	51	88
Tangible assets	11	-	1
Investments	12	500	500
		<u>551</u>	<u>589</u>
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	13	300	292
Debtors: amounts falling due within one year	13	1,897	2,242
Cash at bank and in hand		126	273
		<u>2,323</u>	<u>2,807</u>
Creditors: amounts falling due within one year	14	(2,830)	(3,357)
<b>Net current liabilities</b>		<u>(507)</u>	<u>(550)</u>
<b>Total assets less current liabilities</b>		<u>44</u>	<u>39</u>
<b>Provisions for liabilities</b>			
Deferred tax	15	-	(27)
		<u>-</u>	<u>(27)</u>
<b>Net assets</b>		<u><u>44</u></u>	<u><u>12</u></u>
<b>Capital and reserves</b>			
Profit and loss account	18	44	12
<b>Shareholders' funds</b>		<u><u>44</u></u>	<u><u>12</u></u>

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

3 February 2017.

C M Howell  
Director



The notes on pages 12 to 24 form part of these financial statements.

# Statement of Changes in Equity

For the Year Ended 5 April 2016

	Profit and loss account	Total equity
	£000	£000
At 1 April 2014	(106)	(106)
<b>Comprehensive income for the year</b>		
Profit for the year	118	118
<b>Total comprehensive income for the year</b>	<u>118</u>	<u>118</u>
At 6 April 2015	12	12
<b>Comprehensive income for the year</b>		
Profit for the year	32	32
<b>Total comprehensive income for the year</b>	<u>32</u>	<u>32</u>
<b>At 5 April 2016</b>	<u><u>44</u></u>	<u><u>44</u></u>

# Notes to the Financial Statements

For the Year Ended 5 April 2016

## 1. General information

Atlantic Umbrella Company Limited (the Company), is a private company limited by share capital incorporated in England and Wales. Its registered office is Unitum House, 1 The Chase, John Tate Road, Hertford, Hertfordshire, SG13 7NN.

## 2. Accounting policies

### 2.1 Basis of preparation of financial statements

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 UK and the Republic of Ireland and the Companies Act 2006. These are the Company's first financial statements prepared in accordance with FRS 102.

The financial statements are presented in Sterling (£) in round thousands.

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 3).

The following principal accounting policies have been applied:

### 2.2 Consolidated financial statements

The financial statements contain information about Atlantic Umbrella Company Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption conferred by section 400 of the Companies Act 2006 not to produce consolidated financial statements as it is included in EEA group accounts of a larger group.

### 2.3 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Unitum Limited as at 5 April 2016 and these financial statements may be obtained from Unitum House, 1 The Chase, John Tate Road, Hertford, Hertfordshire, SG13 7NN.

# Notes to the Financial Statements

For the Year Ended 5 April 2016

## 2. Accounting policies (continued)

### 2.4 Going concern

The company is part of the Unitum Group, a collection of companies subject to common control including Aqua Bubble Ltd and Atlantic Umbrella Ltd. There is a significant level of inter-dependency between the companies within the Unitum Group in terms of banking arrangements and financial support. The group has made a profit before tax of £0.34m and has net assets of £0.41m as at the year end.

The industry sector that the company operates is subject to legislative change and the company needs to constantly innovate and remain proactive to change. Recent legislative changes in 2016 have arisen in relation to both salary sacrifice and travel expense claims (for contracts that are subject to the new 'supervision, direction or control' regulations. Since the year end the Unitum Group has reviewed its systems and processes, ensuring it continues to remain compliant with the latest legislation, but the new conditions led to a loss in contractor workers resulting in a 40% drop in turnover and margin generated in the remainder of 2016. In reaction to this, redundancies were made starting in June 2016 alongside various other cost cutting measures to reduce our monthly overhead. Whilst these cost savings would be sufficient to ensure our continued profitability, the one-off costs involved and the timescales required to implement have led to financial losses for the 2016/17 year to date. This has also had a significant impact on the cash flow of the business and resulted in us requiring extended time to pay some of our creditors.

Additionally, the outcomes of the European referendum have had an impact on the sector and this together with the legislative changes described above has led to losses being incurred since the year end. The directors have taken steps to align the business with new market conditions, and have also reduced overhead spending to reflect these new conditions. Following these actions by the directors, the Group's cash flow forecasts indicate that in its current state, in order to continue to pay its debts as they fall due, the company will need to demonstrate growth in revenue from workers in the next six months. Should this growth not be forthcoming, the directors will be required to introduce further cost cutting measures. The working capital arrangements of the group are such that should there be a significant decrease in revenue from workers, the group may not be able to repay its debts as they fall due, given net current liabilities at both the balance sheet date and the date of approval of the financial statements. While the directors do not expect such a decrease, the market conditions coupled with the group's net current liabilities indicate the existence of a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern.

However, the directors are confident that the impact of these changes has now subsided and are forecasting a period of growth from the second quarter of 2017. On the basis of cash flow forecasts and resources available at the date of approval of the financial statements, the directors consider it appropriate to prepare the financial statements on a going concern basis.

### 2.5 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:

Revenue from a contract to provide employment services is recognised in the period in which the services are provided.



# Notes to the Financial Statements

For the Year Ended 5 April 2016

## 2. Accounting policies (continued)

### 2.6 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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 five years.

The estimated useful lives range as follows:

Software	-	2 to 6 years
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### 2.7 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	- over 2 years
Computer equipment	- over 2 to 6 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.

### 2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

### 2.9 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.

# Notes to the Financial Statements

For the Year Ended 5 April 2016

## 2. Accounting policies (continued)

### 2.10 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.

### 2.11 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 debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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 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.

### 2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

### 2.13 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.

# Notes to the Financial Statements

For the Year Ended 5 April 2016

## 2. Accounting policies (continued)

### 2.14 Pensions

#### Defined contribution pension plan

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.

### 2.15 Interest income

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

### 2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

# Notes to the Financial Statements

For the Year Ended 5 April 2016

## 2. Accounting policies (continued)

### 2.17 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.

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

The preparation of financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates include assessing the carrying value of investments, recoverability of debtors, current and deferred taxation, and depreciation of tangible fixed assets.

## 4. Turnover

Turnover is wholly attributable to the principal activity of the company.

All turnover arose within the United Kingdom.

# Notes to the Financial Statements

For the Year Ended 5 April 2016

## 5. Operating profit

The operating profit is stated after charging:

	2016 £000	2015 £000
Depreciation of tangible fixed assets	1	1
Amortisation of intangible assets	38	43
Defined contribution pension cost	418	353
	<u>418</u>	<u>353</u>

During the year, no director received any emoluments (2015 -£NIL).

Auditors' remuneration has been borne by a fellow group company.

## 6. Employees

Staff costs were as follows:

	2016 £000	2015 £000
Wages and salaries	15,008	18,330
Social security costs	1,650	1,951
Cost of defined contribution scheme	418	353
	<u>17,076</u>	<u>20,634</u>

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

	2016 No.	2015 No.
Directors	4	4
Contractor labour	471	602
	<u>475</u>	<u>606</u>

## 7. Interest receivable

	2016 £000	2015 £000
Interest on loans to group undertakings	9	9
	<u>9</u>	<u>9</u>

## Notes to the Financial Statements

For the Year Ended 5 April 2016

**8. Interest payable and similar charges**

	2016 £000	2015 £000
Interest on loans from group undertakings	<u>1</u>	<u>1</u>

**9. Taxation**

	2016 £000	2015 £000
<b>Corporation tax</b>		
Current tax on profits for the year	8	43
Adjustments in respect of previous periods	7	-
<b>Total current tax</b>	<u>15</u>	<u>43</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	12
Adjustments in respect of prior periods	(27)	-
<b>Total deferred tax</b>	<u>(27)</u>	<u>12</u>
<b>Taxation on profit on ordinary activities</b>	<u>(12)</u>	<u>55</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2015 -higher than) the standard rate of corporation tax in the UK of 20% (2015 - 21%). The differences are explained below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	<u>20</u>	<u>173</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 -21%)	4	36
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	6
Adjustments to tax charge in respect of prior periods	(20)	1
Other differences	-	12
Deferred tax not recognised	4	-
<b>Total tax charge for the year</b>	<u>(12)</u>	<u>55</u>

# Notes to the Financial Statements

For the Year Ended 5 April 2016

## 9. Taxation (continued)

### Factors that may affect future tax charges

During the year, Finance Act 2015 was enacted and included legislation to reduce the main rate of corporation tax to 19% with effect from 1 April 2017, and by a further 1%, reaching 18% with effect from 1 April 2020. Where deferred tax is expected to unwind after 1 April 2017 or 1 April 2020, deferred tax has been calculated at the expected enacted rate of 19% or 18% respectively. All other deferred tax has been recognised at 20%.

## 10. Intangible assets

	Software £000
<b>Cost</b>	
At 6 April 2015	251
At 5 April 2016	251
<b>Amortisation</b>	
At 6 April 2015	162
Charge for the year	38
At 5 April 2016	200
<b>Net book value</b>	
At 5 April 2016	51
At 5 April 2015	88

# Notes to the Financial Statements

For the Year Ended 5 April 2016

## 11. Tangible fixed assets

	Fixtures and fittings £000	Computer equipment £000	Total £000
<b>Cost or valuation</b>			
At 6 April 2015	8	116	124
At 5 April 2016	8	116	124
<b>Depreciation</b>			
At 6 April 2015	8	115	123
Charge for the period on owned assets	-	1	1
At 5 April 2016	8	116	124
<b>Net book value</b>			
At 5 April 2016	-	-	-
At 5 April 2015	-	1	1

## 12. Fixed asset investments

	Investments in subsidiary companies £000
<b>Cost or valuation</b>	
At 6 April 2015	500
At 5 April 2016	500
<b>Net book value</b>	
At 5 April 2016	500
At 5 April 2015	500



## Notes to the Financial Statements

For the Year Ended 5 April 2016

**12. Fixed asset investments (continued)****Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Atlantic Lifeguard Limited	England and Wales	Ordinary	83 %	Consultancy services performed by an employed workforce

The aggregate of the share capital and reserves as at 5 April 2016 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £000	Profit/(loss) £000
Atlantic Lifeguard Limited	(322)	13

**13. Debtors**

	2016 £000	2015 £000
<b>Due after more than one year</b>		
Amounts owed by group undertakings	300	292
<b>Due within one year</b>		
Trade debtors	714	1,225
Amounts owed by group undertakings	389	198
Other debtors	1	-
Prepayments and accrued income	793	819
	<b>1,897</b>	<b>2,242</b>

Amounts owed by group undertakings falling due after more than one year accrue interest of 3% per annum and are repayable on 30 March 2022.

# Notes to the Financial Statements

For the Year Ended 5 April 2016

## 14. Creditors: Amounts falling due within one year

	2016 £000	2015 £000
Amounts owed to group undertakings	394	-
Corporation tax	16	47
Taxation and social security	1,066	1,572
Other creditors	3	2
Accruals and deferred income	1,351	1,736
	<u>2,830</u>	<u>3,357</u>

HSBC has security for all banking facilities (including BACS payments) by way of fixed and floating charge over the assets of the company, including cash deposits, and further by way of a continuing multilateral guarantee from other group companies (note 20).

## 15. Deferred taxation

	2016 £000	2015 £000
At beginning of year	(27)	(15)
Charged to profit or loss	27	(12)
	<u>27</u>	<u>(12)</u>

The deferred taxation balance is made up as follows:

	2016 £000	2015 £000
Accelerated capital allowances	2	3
Short-term timing differences	(2)	(30)
	<u>-</u>	<u>(27)</u>

## 16. Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £418,000 (2015 - £352,000). Contributions amounting to £29,000 (2015 - £42,000) were payable to the fund and are included in creditors.

# Notes to the Financial Statements

For the Year Ended 5 April 2016

## 17. Share capital

	2016 £000	2015 £000
Shares classified as equity		
Allotted, called up and fully paid		
1 Ordinary share of £1	-	-

## 18. Reserves

### Profit and loss account

This reserve includes all current and prior period retained profits and losses.

## 19. Controlling party

The company is a subsidiary of Atlantic Operations Limited which is the immediate parent company incorporated in England and Wales. The company's ultimate parent undertaking and ultimate controlling party company is Unitum Limited, a company registered in England and Wales. There is no single controlling party of Unitum Limited.

The largest and smallest group in which the results of the company are consolidated is Unitum Limited. The consolidated accounts of this company are available to the public and may be obtained from Unitum House, 1 The Chase, John Tate Road, Hertford, Hertfordshire, SG13 7NN.

## 20. Guarantees

The company has given an unlimited multilateral guarantee to its bankers in respect of all amounts due to them from Unitum Limited, Atlantic Umbrella SPV Limited, Atlantic Operations Limited and Atlantic Lifeguard Limited. The amounts due are secured against all assets of the companies and the exposure at the year-end was £223,000 (2015 - £221,000).

## 21. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss. There has been a presentational adjustment in respect of the comparative period in that costs of capitalised software have been reclassified as intangible assets rather than tangible assets at the same net book value as before.