

**Sanderson Government and Defence Limited**  
**Annual report and financial statements**  
Registered number 04546820  
30 June 2017



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## Strategic report

### Review of the Business

Turnover increased by 15% to £14.3 million from £12.5 million in 2016. As a result of the expected renegotiation of certain long running contracts some re-pricing of business occurred during the period, which led to a significant drop in the gross profit margin. However, the overall revenue growth and tight control of overheads enabled the company to mitigate the full impact of this change. The Company maintained a robust working capital position and strong liquidity during the period. It remains the directors' policy to sustain high levels of liquidity during a period of considerable change in the wider market, giving the company strong defensive qualities.

### Key performance indicators

Many of the company's key performance indicators are soft or qualitative measures that do not always lend themselves easily to numeric analysis. The company believes in the original ethos on which it was founded over 30 years ago, namely to understand the client needs, to operate with honesty and integrity at all times and to treat every candidate, successful or not, as we would wish to be treated ourselves. The company believes that it is performing well as an organisation within each of these criteria.

For the KPIs that do lend themselves to numerical measurement, the company targets:

- Year on year revenue growth;
- Year on year profit growth;
- Zero indebtedness: and
- Staff turnover below 20%

These KPIs are monitored closely by the directors to ensure the company is operating effectively and at the optimum level and indeed, in the current year all of the above KPIs have been achieved.

### Principal risks and uncertainties

The Board keeps all risks under constant review. The company is exposed to normal trading and compliance risks in common with others operating in this sector. The future of the UK economy post 'Brexit' remains an unknown quantity and whilst there is every possibility this may bring opportunity to the company, there is also risk around the potential impact of UK passport changes, both internally and externally.

There is also considerable uncertainty over how businesses will respond to interest rate rises when they come. The company manages this risk by maintaining high levels of cash liquidity and a light cost structure, ensuring it remains nimble to react swiftly to changing market conditions.

## Strategic report (continued)

### Future Developments

By continuing to focus on quality of service and listening to the needs of our customers, the Company is expected to grow turnover and contractor numbers in this niche market. The Company is investing heavily in the future, recruiting staff with both experience and great potential. We continue to invest heavily in training and developing our workforce, improving staff retention and supporting organic growth from within. The Company is focusing more and more on wider Corporate Social Responsibility ("CSR") issues (Employee, Community and Environment) and continually investing in its own IT infrastructure, systems and processes, ensuring they are robust, secure and efficient by way of design, implementation and operation. Client retention is a key performance indicator ("KPI") across the Resource Solutions Group ("RSG") Group and this is supported by ensuring the Company maintains the highest possible standards in all areas of management, relationship and delivery, backed up by calling upon the vast experience and resources available across the Group. Furthermore, Sanderson Government and Defence Limited has International Organisation for Standardisation ("ISO") accreditation and is committed to the Recruitment and Employment Confederation ("REC") code of professional practise and conduct.



K W Dawe  
Director

First Floor  
Clifton Down House  
54a Whiteladies Road  
Clifton  
Bristol  
BS8 2NH

18 December 2017

## Directors' report

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

### Principal activities

The principal activity of the company during the year was the provision of IT support staff.

### Proposed dividend

The directors recommended a payment of a £684,000 dividend in the year (2016: £nil).

### Political contributions

The company made no political contributions in either year.

### Directors

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

N Walrond  
MW Griffiths  
K W Dawe

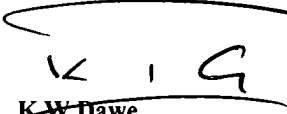
### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



**K W Dawe**  
Director

First Floor  
Clifton Down House  
54 Whiteladies Road  
Clifton  
Bristol  
BS8 2NH  
18 December 2017

## **Statement of directors' responsibilities in respect of the strategic report, directors' report and financial statements**

The directors are responsible for preparing the strategic report, the directors' report and 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 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 and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## **Independent auditor's report to the members of Sanderson Government and Defence Limited**

### **Opinion**

We have audited the financial statements of Sanderson Government and Defence Limited for the year ended 30 June 2017 which comprises the Profit and loss account and other comprehensive income, Balance sheet, Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

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

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

# **Independent auditor's report to the members of Sanderson Government and Defence Limited (*continued*)**

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

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

## **Directors' responsibilities**

As explained more fully in their statement set out 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

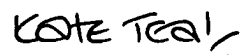
## **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## **The purpose of our audit work and to whom we owe our responsibilities**

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.

  
**Kate Teal (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
66 Queen Square  
Bristol  
BS1 4BE

19 December 2017



**Profit and loss account and other comprehensive income**  
*for the year ended 30 June 2017*

	<i>Note</i>	<b>2017 £000</b>	<b>2016 £000</b>
<b>Turnover</b>	<b>2</b>	<b>14,342</b>	<b>12,486</b>
Cost of sales		(11,215)	(8,940)
<b>Gross profit</b>		<b>3,127</b>	<b>3,546</b>
Other operating income	<b>3</b>	-	16
Administrative expenses		(1,536)	(1,490)
<b>Operating profit</b>	<b>4</b>	<b>1,591</b>	<b>2,072</b>
<b>Profit before taxation</b>		<b>1,591</b>	<b>2,072</b>
Taxation	<b>7</b>	(315)	(415)
<b>Profit for the financial year</b>		<b>1,276</b>	<b>1,657</b>
<b>Total comprehensive income for the year</b>		<b>1,276</b>	<b>1,657</b>

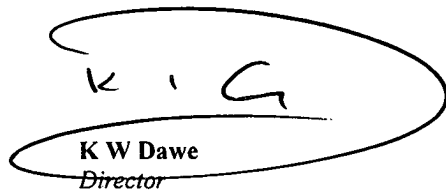
The results for the current and preceding financial year all arose from continuing operations.

The notes on pages 10 to 15 form part of the financial statements.

**Balance sheet**  
*at 30 June 2017*

	<i>Note</i>	<b>2017</b> <b>£000</b>	<b>2016</b> <b>£000</b>
<b>Current assets</b>			
Debtors	8	2,842	1,890
Cash at bank and in hand		2,953	3,530
		<u>5,795</u>	<u>5,420</u>
<b>Creditors: amounts falling due within one year</b>	9	(1,885)	(2,102)
<b>Net current assets</b>		<u>3,910</u>	<u>3,318</u>
<b>Total assets less current liabilities</b>		<u>3,910</u>	<u>3,318</u>
<b>Net assets</b>		<u>3,910</u>	<u>3,318</u>
<b>Capital and reserves</b>			
Called up share capital	13	-	-
Profit and loss account		3,910	3,318
<b>Shareholders' funds</b>		<u>3,910</u>	<u>3,318</u>

These financial statements were approved by the board of directors on 18 December 2017 and were signed on its behalf by:



**K W Dawe**  
*Director*

Company registered number: 04546820

## Statement of changes in equity

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
Balance at 1 July 2015	-	-	1,661	1,661
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	1,657	1,657
<b>Balance at 30 June 2016</b>	-	-	3,318	3,318
Balance at 1 July 2016	-	-	3,318	3,318
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	1,276	1,276
Dividend paid	-	-	(684)	(684)
<b>Balance at 30 June 2017</b>	-	-	3,910	3,910

The notes on pages 10 to 15 form part of the financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Sanderson Government and Defence Limited ("the Company") is a company limited by shares and incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2015. The amendments to FRS 102 issued in July 2016 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Resource Solutions Group Plc, includes the Company in its consolidated financial statements. The consolidated financial statements of Resource Solutions Group Plc are available to the public and may be obtained from 1st Floor, Clifton Down House, 54a Whiteladies Road, Clifton, Bristol, BS8 2NH. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Resource Solutions Group Plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The directors do not believe that any significant judgements were made in the application of these accounting policies that have significant effect on the financial statements. Therefore no further disclosure of judgements and accounting estimates is made in these financial statements.

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

#### 1.2 Going concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reason. The directors have reviewed the forecasts for a period of 12 months from the date these financial statements are signed and are satisfied that the company will be able to meet its liabilities as they fall due for payment.

#### 1.3 Basic financial instruments

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.4 Turnover

Turnover represents amounts receivable for services net of VAT and trade discounts. Turnover generated from permanent placements is recognised on commencement of the employment contract and turnover generated from temporary contractor placements is recognised as services are provided. Turnover amounts are invoiced in arrears, with amounts not invoiced for periods before the balance sheet date recorded as accrued income.

#### 1.5 Expenses

##### *Interest receivable and interest payable*

Interest payable and similar expenses include interest payable.

Other interest receivable and similar income include interest receivable on funds invested.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

#### 1.6 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

### 2 Turnover

Turnover is derived from the principal activity of the company and arises wholly within the United Kingdom.

### 3 Other operating income

	2017 £000	2016 £000
Other operating income	-	16

Other operating income reflects amounts written off from trade creditors following a review of old balances in the prior year.

## Notes (continued)

### 4 Expenses and auditor's remuneration

*Included in profit/loss are the following:*

*Auditor's remuneration*

	2017 £000	2016 £000
Audit of these financial statements	<u>6</u>	<u>4</u>

The amount paid to the auditor for the audit of these financial statements is borne by its parent company Resource Solutions Group Plc.

Amounts receivable by the company's auditor in respect of services to the company and its associates, other than the audit of the company's financial statements, have not been disclosed as the information is instead disclosed on a consolidated basis in the financial statements of the company's ultimate parent, Resource Solutions Group Plc.

### 5 Staff numbers and costs

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

	2017 No.	2016 No.
Consultancy	6	7
Directors	<u>3</u>	<u>2</u>

The aggregate payroll costs of these persons were as follows:

	2017 £000	2016 £000
Wages and salaries	578	584
Social security costs	70	73
Other pension costs	6	7
	<u>654</u>	<u>664</u>

### 6 Directors' remuneration

The directors received the following amounts for qualifying services to the Company, some of these amounts were borne by other Group Companies:

	2017 £000	2016 £000
Directors' emoluments	144	190
	<u>144</u>	<u>190</u>

Remuneration of highest paid director:

	2017 £000	2016 £000
Total emoluments	<u>127</u>	<u>113</u>

No director (2016: none) accrued benefits under money purchase pension schemes.

## Notes (continued)

### 7 Taxation on ordinary activities

Total tax expense recognised in the profit and loss account, other comprehensive income and equity.

	2017 £000	2016 £000
<i>Current tax</i>		
Current tax on income for the year	315	415
Total current tax	<u>315</u>	<u>415</u>

#### *Factors affecting current tax charge for the year*

The current tax charge for the period is higher (2016: higher) than the standard rate of UK corporation tax of 19.75% (2016: 20.00%). The differences are explained below.

	2017 £000	2016 £000
<i>Reconciliation of effective tax rate</i>		
Profit for the year	1,276	1,657
Total tax expense	315	415
Profit excluding taxation	<u>1,591</u>	<u>2,072</u>
Tax using the UK corporation tax rate of 19.75% (2016: 20.00%)	314	414
<i>Effects of:</i>		
Expenses not deductible for tax purposes	1	1
Total tax expense included in profit or loss	<u>315</u>	<u>415</u>

#### *Factors that may affect future tax charges*

A reduction in the UK corporation rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

### 8 Debtors

	2017 £000	2016 £000
Trade debtors	2,204	1,315
Prepayments and accrued income	638	575
	<u>2,842</u>	<u>1,890</u>

## Notes (continued)

### 9 Creditors: amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	894	1,184
Taxation and social security	317	428
Accruals and deferred income	575	391
VAT payable	99	99
	<u>1,885</u>	<u>2,102</u>

Amounts owed to group undertakings are interest-free and repayable on demand.

### 10 Contingent liabilities

The company is party to an Omnibus and Guarantee and Set-Off Agreement dated 11 May 2017 guaranteeing its and the other members of the RSG Group's liabilities under a facility letter provided by Lloyds Banking Group Plc in respect of the following group entities: Critical Path (London) Limited, ITF Solutions Limited, Intelligent Consulting (UK) Limited, Intelligent Resource Limited, Fuse Recruitment Limited, Recruitment Partnership (Bristol) Limited, Resource Solutions Group Plc, Resource Management (Solutions) Limited, RSG (International) Limited, RSG Management Limited, Sanderson Contract Management Limited, Sanderson Government and Defence Limited, Sanderson Recruitment Plc, Sterling Manhattan Limited, The HR World Limited, VFM Resource Limited and Westek IT Recruitment Ltd. At the year end the potential liability stood at £nil (2016: £nil).

### 11 Operating leases

During the year, £nil was recognised as an expense in the profit and loss account in respect of operating leases (2016: £nil).

The company had no commitments in respect of operating leases at the balance sheet date.

### 12 Related party transactions

#### *Identify related parties with which the Company has transacted*

The company routinely transacts with its ultimate parent, subsidiaries and associates within the Resource Solutions Group ("the Group") in order to carry out the continuing business activities of the Company and the Group.

The below represents transactions and balances with members of the Group.

	2017 £000	2016 £000
<i>Income generated from related parties:</i>		
VFM Resource Limited	-	40
<i>Costs incurred with related parties:</i>		
Resource Solutions Group Plc	838	570
Jackson Milne Limited	13	39
Westek IT Recruitment Limited	-	1
Resource Management Solutions	25	-
Sanderson Recruitment Plc	122	-
<i>Amounts owed by/(to) related parties:</i>		
Resource Solutions Group Plc	(228)	(397)
Jackson Milne Limited	-	(5)
Westek IT Recruitment Limited	-	(1)
Sanderson Recruitment Plc	(36)	-



## Notes (continued)

### 13 Capital and reserves

	2017 £	2016 £
<b>Allotted, called up and fully paid</b>		
100 ordinary shares of £1.00 each (2016: 100 ordinary share of £1.00 each)	100	100
	<u>100</u>	<u>100</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

### 14 Ultimate parent company

The Company is a subsidiary undertaking of Resource Solutions Group Plc, a company incorporated in the United Kingdom and registered in England and Wales.

The largest group in which the results of the Company are consolidated is that headed by Resource Solutions Group Plc, incorporated in the United Kingdom and registered in England and Wales. The smallest group in which they are consolidated is that headed by Resource Solutions Group Plc incorporated in the United Kingdom and registered in England and Wales. No other group financial statements include the results of the Company. The consolidated financial statements of these groups are available to the public and may be obtained from 1st Floor, Clifton Down House, 54a Whiteladies Road, Clifton, Bristol, BS8 2NH.

### 15 Post balance sheet events

There are no post balance sheet date events.