

Emblem Holdings Limited
Annual Report and Consolidated Financial Statements
Year Ended 31 March 2020
Registration number: 5587195



Emblem Holdings Limited

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Emblem Holdings Limited

Company Information

Directors J G Richardson
D J Richardson
N J Churchward

Company secretary N J Churchward

Registered office Emblem House
Pynes Hill
Exeter
EX2 5FD

Bankers National Westminster Bank plc
Exeter
59 High Street
EXETER
EX4 3DL

Auditors PKF Francis Clark
Statutory Auditor
Centenary House
Peninsula Park
Rydon Lane
Exeter
EX2 7XE

Emblem Holdings Limited

Strategic Report

Year Ended 31 March 2020

The directors present their strategic report for the year ended 31 March 2020.

Fair review of the business

The principal activity of the company is that of a holding company. The principal activity of the group is that of employment consultants at the leading edge of the technology sector.

The group's key performance indicators are turnover and gross profit, which can be seen in the Consolidated Profit and Loss Account on page 10. The current year has seen some difficult trading conditions as a result of the uncertainties created by Brexit and the impact of the coronavirus pandemic at the end of the year. UK revenues increased whilst overseas sales have fallen leading to lower turnover overall compared to the prior year. The nature of the business means a large portion of direct costs are variable and therefore reduced in line with turnover. This along with continued margin pressure has reduced gross profit for the year. Overheads continue to be closely managed and remain comparable to prior year.

No further KPI analysis is considered necessary for an understanding of the development, performance and position of the group.

The coronavirus pandemic is likely to have a significant impact on sales for 2020-21, and the directors have adjusted the group's budgets and financial plans accordingly. The group has made use of government support where possible, for instance through use of the Coronavirus Job Retention Scheme.

The directors are proud to be in their 32nd year of trading in this sector and are confident in the group's ability to remain successful in the year ahead.

Principal risks and uncertainties

The directors view the active management of risk as a key management process and recognise that managing business risk to deliver opportunities is critical to the strategic development of the business. It is ensured that such business risks, which are classified as strategic, operational, reputational, financial and environmental, are both understood and visible as far as practicable. The group's policy is to ensure that risk is taken on an informed basis rather than unintentional basis.

The main uncertainty remains economic trading conditions, the ongoing Brexit negotiations and the impact of COVID-19. The group continues to evolve with industry demands and its continued success comes from delivering first class levels of service to customers and candidates. There continues to be a growing demand for leading edge technology expertise but the market is competitive. Growth in domestic sales has come from a range of SME's to blue chip companies which demonstrates the group's ability to look after a wide range of customers.

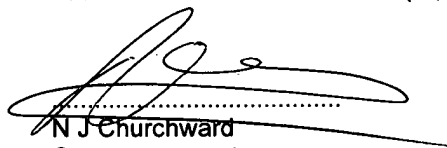
The group has several large clients, which form a substantial proportion of its turnover. This creates an exposure to a reduction in turnover if a contract was lost. The group continues to mitigate this risk by growing its customer base and working with new sectors.

Emblem Holdings Limited

Strategic Report

Year Ended 31 March 2020

Approved by the Board on 21/10/2020 and signed on its behalf by:


N J Churchward
Company secretary

Emblem Holdings Limited

Directors' Report

Year Ended 31 March 2020

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

Directors of the group

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

J G Richardson

D J Richardson

N J Churchward

Dividends

The directors recommend a final dividend of £nil per share be made in respect of the financial year ended 31 March 2020 (2019: £nil). An interim dividend of £600,000 has been paid in respect of the financial year ended 31 March 2020 (2019: £600,000).

Financial instruments

Objectives and policies

The group's principal financial instruments comprise bank balances, trade creditors, trade debtors, intercompany balances and hire purchase agreements. The main purpose of these instruments is to provide funds for the group's operations.

The group's activities expose it to a number of financial risks including cash flow risk, credit risk and liquidity risk. These are dealt with as follows:

Cash flow risk

The group's activities expose it to the financial risks of changes in foreign currency exchange rates. The group regularly monitors the position and the need for any hedging instruments.

Credit risk

The group's principal financial assets are bank balances, trade and other receivables.

The group's credit risk is primarily attributable to its trade debtors. Trade debtors are recognised and carried at the lower of their original invoiced value and recoverable amount. To manage this risk the group performs credit checks on new customers, puts credit limits in place, actively manages its customer ledger and has a credit insurance policy in place. The directors believe sufficient controls are in place to keep credit risk exposure to a minimum.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the group has an invoice discounting facility in place which has room for further draw-down.

Disclosure of information to the auditor

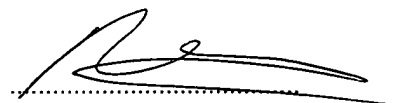
Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Emblem Holdings Limited

Directors' Report

Year Ended 31 March 2020

Approved by the Board on 21/01/2020 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'N J Churchward', written over a horizontal dotted line.

N J Churchward
Company secretary

Emblem Holdings Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

Emblem Holdings Limited

Independent Auditor's Report to the Members of Emblem Holdings Limited

Opinion

We have audited the financial statements of Emblem Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2020, which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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 group's or the parent 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 auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Emblem Holdings Limited

Independent Auditor's Report to the Members of Emblem Holdings Limited

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Emblem Holdings Limited

Independent Auditor's Report to the Members of Emblem Holdings Limited

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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. This description forms part of our auditor's report.

Use of our report

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



Glenn Nicol (Senior Statutory Auditor)
PKF Francis Clark, Statutory Auditor

Centenary House
Peninsula Park
Rydon Lane
Exeter
EX2 7XE

Date: 23 October 2020

Emblem Holdings Limited

Consolidated Profit and Loss Account

Year Ended 31 March 2020

	Note	2020 £	2019 £
Turnover	3	29,803,507	32,075,435
Cost of sales		<u>(26,330,381)</u>	<u>(28,189,571)</u>
Gross profit		3,473,126	3,885,864
Administrative expenses		<u>(2,915,284)</u>	<u>(2,906,574)</u>
Operating profit	4	<u>557,842</u>	<u>979,290</u>
Other interest receivable and similar income	8	20	20
Interest payable and similar charges	9	<u>(176,450)</u>	<u>(192,731)</u>
		<u>(176,430)</u>	<u>(192,711)</u>
Profit before tax		381,412	786,579
Taxation	10	<u>(119,943)</u>	<u>(191,526)</u>
Profit for the financial year		<u>261,469</u>	<u>595,053</u>
Profit/(loss) attributable to:			
Owners of the company		<u>261,469</u>	<u>595,053</u>

The group has no recognised gains or losses for the year other than the results above.

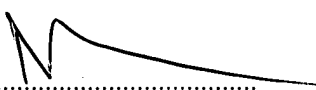
Emblem Holdings Limited

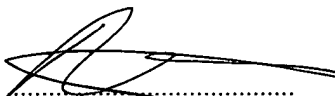
Consolidated Balance Sheet

31 March 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	11	1,068,513	1,261,037
Tangible assets	12	<u>525,668</u>	<u>488,973</u>
		<u>1,594,181</u>	<u>1,750,010</u>
Current assets			
Debtors	14	6,604,571	7,204,919
Cash at bank and in hand		<u>517,749</u>	<u>687,620</u>
		7,122,320	7,892,539
Creditors: Amounts falling due within one year	16	<u>(6,510,145)</u>	<u>(6,972,980)</u>
Net current assets		<u>612,175</u>	<u>919,559</u>
Total assets less current liabilities		2,206,356	2,669,569
Creditors: Amounts falling due after more than one year	16	(848,324)	(973,006)
Provisions for liabilities	19	<u>(13,000)</u>	<u>(13,000)</u>
Net assets		<u>1,345,032</u>	<u>1,683,563</u>
Capital and reserves			
Called up share capital	21	100	100
Capital redemption reserve		1,214,000	1,194,000
Profit and loss account		<u>130,932</u>	<u>489,463</u>
Equity attributable to owners of the company		<u>1,345,032</u>	<u>1,683,563</u>
Total equity		<u>1,345,032</u>	<u>1,683,563</u>

Approved and authorised by the Board on 21/10/2020 and signed on its behalf by:


D J Richardson
Director


N J Churchward
Director

Company Registration Number: 5587195

Emblem Holdings Limited

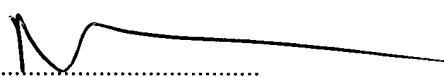
Balance Sheet

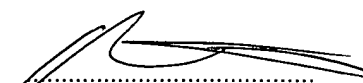
31 March 2020

	Note	2020 £	2019 £
Fixed assets			
Investments	13	4,324,685	4,324,685
Current assets			
Debtors	14	1,380,977	1,050,737
Creditors: Amounts falling due within one year	16	<u>(3,736,609)</u>	<u>(3,246,294)</u>
Net current liabilities		<u>(2,355,632)</u>	<u>(2,195,557)</u>
Total assets less current liabilities		1,969,053	2,129,128
Creditors: Amounts falling due after more than one year	16	<u>(598,608)</u>	<u>(795,608)</u>
Net assets		<u>1,370,445</u>	<u>1,333,520</u>
Capital and reserves			
Called up share capital		100	100
Capital redemption reserve		1,214,000	1,194,000
Profit and loss account		<u>156,345</u>	<u>139,420</u>
Total equity		<u>1,370,445</u>	<u>1,333,520</u>

The company made a profit after tax for the financial year of £636,925 (2019 - profit of £619,488).

Approved and authorised by the Board on 21/10/2020 and signed on its behalf by:


D J Richardson
Director


N J Churchward
Director

Company Registration Number: 5587195

Emblem Holdings Limited

Consolidated Statement of Changes in Equity

Year Ended 31 March 2020

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 April 2019	100	1,194,000	489,463	1,683,563
Profit for the year	-	-	261,469	261,469
Total comprehensive income	-	-	261,469	261,469
Dividends	-	-	(600,000)	(600,000)
Other capital redemption reserve movements	-	20,000	(20,000)	-
At 31 March 2020	100	1,214,000	130,932	1,345,032

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 April 2018	100	1,194,000	494,410	1,688,510
Profit for the year	-	-	595,053	595,053
Total comprehensive income	-	-	595,053	595,053
Dividends	-	-	(600,000)	(600,000)
At 31 March 2019	100	1,194,000	489,463	1,683,563

Emblem Holdings Limited

Statement of Changes in Equity

Year Ended 31 March 2020

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 April 2019	100	1,194,000	139,420	1,333,520
Profit for the year	-	-	636,925	636,925
Total comprehensive income	-	-	636,925	636,925
Dividends	-	-	(600,000)	(600,000)
Other capital redemption reserve movements	-	20,000	(20,000)	-
At 31 March 2020	100	1,214,000	156,345	1,370,445

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 April 2018	100	1,194,000	119,932	1,314,032
Profit for the year	-	-	619,488	619,488
Total comprehensive income	-	-	619,488	619,488
Dividends	-	-	(600,000)	(600,000)
At 31 March 2019	100	1,194,000	139,420	1,333,520

Emblem Holdings Limited

Consolidated Statement of Cash Flows

Year Ended 31 March 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Profit for the year		261,469	595,053
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	343,746	307,945
(Profit)/loss on disposal of tangible assets		(16,203)	2,616
Finance income	8	(20)	(20)
Finance costs	9	176,450	192,731
Income tax expense	10	119,943	191,526
		<u>885,385</u>	<u>1,289,851</u>
Working capital adjustments			
Decrease in trade debtors	14	808,137	34,184
Increase/(decrease) in trade creditors	16	424,056	(221,935)
Cash generated from operations		2,117,578	1,102,100
Income taxes paid	10	(80,517)	(293,212)
Net cash flow from operating activities		<u>2,037,061</u>	<u>808,888</u>
Cash flows from investing activities			
Interest received		20	20
Acquisitions of tangible assets		(321,814)	(243,764)
Proceeds from sale of tangible assets		150,100	40,499
Net cash flows from investing activities		<u>(171,694)</u>	<u>(203,245)</u>
Cash flows from financing activities			
Interest paid	9	(153,192)	(168,251)
Repayment of other borrowing		(197,000)	(111,700)
New finance lease loans		232,748	194,795
Payments to finance lease creditors		(160,605)	(120,897)
Interest on preference shares		(23,258)	(24,480)
Dividends paid	22	(600,000)	(600,000)
Net cash flows from financing activities		<u>(901,307)</u>	<u>(830,533)</u>
Net increase/(decrease) in cash and cash equivalents		964,060	(224,890)
Cash and cash equivalents at 1 April		<u>(3,030,446)</u>	<u>(2,805,556)</u>
Cash and cash equivalents at 31 March		<u><u>(2,066,386)</u></u>	<u><u>(3,030,446)</u></u>

The notes on pages 16 to 30 form an integral part of these financial statements.

Emblem Holdings Limited

Notes to the Financial Statements

Year Ended 31 March 2020

1 General information

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

The address of its principal and registered office is:

Emblem House
Pynes Hill
Exeter
EX2 5FD

2 Accounting policies

Basis of preparation

The financial statements have been prepared under the historic cost convention and in accordance with the recognition and measurement requirements of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

The presentational currency is considered to be pounds sterling as that is the primary economic environment in which the group operates.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 March 2020.

As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Summary of significant accounting policies and key accounting estimates

The directors have considered the judgements and estimation uncertainties included in these financial statements and the accounting policies applied and concluded that these do not have a significant effect on the amounts recognised in the financial statements or lead to a risk of causing a material misstatement of the carrying amounts of assets and liabilities within the next financial year. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects that period only, or in the period of revision and future periods if the revision affects both current and future periods.

Summary of disclosure exemptions

The Company meets the definition of a qualifying entity under FRS102 and has therefore taken advantage of the disclosure exemptions available to it. Exemptions have been taken in relation to company financial instruments and the company cash flow statement.

Emblem Holdings Limited

Notes to the Financial Statements

Year Ended 31 March 2020

Going concern

The group meets its day to day working capital requirements through its bank facilities. The banking relationship with NatWest remains strong, and in particular the group's invoice discounting facility remains in place and allows the group to convert sales into cash more quickly where required. The directors have also produced revised cash flow forecasts to allow for the impact of COVID-19 along with securing additional CBILS funding.

The directors have considered the financial projections for the group, including cash flow forecasts and the availability of committed bank facilities for a period of at least 12 months from the date of approval of these financial statements. Following this review and having made all necessary enquiries, based on the information available to date the directors are satisfied that the group is expected to maintain sufficient cash balances to meet its liabilities as they fall due. Accordingly, they are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements.

Revenue recognition

Turnover is the aggregate amount of revenue from consultancy work and other services supplied to customers in the ordinary course of business and is stated after trade discounts, other sales taxes and net of VAT. Consultancy revenue is recognised as earned through the placement of consultants. Other revenues are taken to the statement of income and retained earnings account as earned.

Foreign currency transactions and balances

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into Sterling at the average rate of exchange for the year. Exchange differences are taken into account in arriving at the operating profit.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date where transactions or events that result in an obligation to pay more tax in the future, or a right to pay less in the future have occurred at the balance sheet date.

Deferred tax is measured on an undiscounted basis at the rates that are expected to apply in the period in which timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

Emblem Holdings Limited

Notes to the Financial Statements

Year Ended 31 March 2020

Depreciation

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

Asset class	Depreciation method and rate
Leasehold Improvements	Over the remaining lease term
Fixtures & Fittings	33% reducing balance
Motor vehicles	25% reducing balance
Equipment	15% reducing balance

Intangible assets

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	5% straight line

Investments

Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Cash and cash equivalents

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

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Income and Retained Earnings on a straight-line basis over the period of the lease.

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the the statement of income and retained earnings at a constant rate of charge on the balance of capital repayments outstanding.

Defined contribution pension obligation

The group operates a defined contribution pension scheme. Contributions are recognised in the statement of income and retained earnings in the period in which they become payable in accordance with the rules of the scheme.

Emblem Holdings Limited

Notes to the Financial Statements

Year Ended 31 March 2020

Financial instruments

Financial assets and financial liabilities are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets, which comprise trade debtors, other debtors and cash at bank balances, are initially measured at transaction price (including transaction costs) and are subsequently measured at the undiscounted amount receivable.

Financial liabilities which comprise trade creditors, other creditors and short term intercompany balances are initially measured at transaction price (including transaction costs) and are subsequently measured at the undiscounted amount payable. Long term financial liabilities which comprise redeemable preference shares and other borrowings are measured at amortised cost.

3 Revenue

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

	2020 £	2019 £
Sale of consultancy work and services	<u>29,803,507</u>	<u>32,075,435</u>

The analysis of the group's turnover for the year by market is as follows:

	2020 £	2019 £
UK	21,592,300	19,557,388
Overseas	<u>8,211,207</u>	<u>12,518,047</u>
	<u>29,803,507</u>	<u>32,075,435</u>

4 Operating profit

Arrived at after charging/(crediting)

	2020 £	2019 £
Depreciation expense	151,222	115,421
Amortisation expense	192,524	192,524
Foreign exchange (gains)/losses	(25,017)	60,438
Operating lease expense - property	139,234	141,284
(Profit)/loss on disposal of property, plant and equipment	<u>(16,203)</u>	<u>2,616</u>

Emblem Holdings Limited

Notes to the Financial Statements

Year Ended 31 March 2020

5 Staff costs

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

	2020	2019
	£	£
Wages and salaries	1,711,984	1,765,831
Social security costs	221,170	216,373
Pension costs, defined contribution scheme	41,385	26,471
	<u>1,974,539</u>	<u>2,008,675</u>

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

	2020	2019
	No.	No.
Administration and support	11	11
Sales	20	21
	<u>31</u>	<u>32</u>

6 Directors' remuneration

The directors' remuneration for the year was as follows:

	2020	2019
	£	£
Remuneration	482,389	311,156
Contributions paid to money purchase schemes	18,333	-
	<u>500,722</u>	<u>311,156</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2020	2019
	No.	No.
Accruing benefits under money purchase pension scheme	<u>2</u>	<u>-</u>

In respect of the highest paid director:

	2020	2019
	£	£
Remuneration	413,213	256,523
Company contributions to money purchase pension schemes	<u>9,167</u>	<u>-</u>

Emblem Holdings Limited

Notes to the Financial Statements

Year Ended 31 March 2020

7 Auditor's remuneration

	2020	2019
	£	£
Audit of these financial statements	4,000	4,000
Audit of the financial statements of subsidiaries of the company	19,500	19,500
	<u>23,500</u>	<u>23,500</u>

8 Other interest receivable and similar income

	2020	2019
	£	£
Interest income on bank deposits	<u>20</u>	<u>20</u>

9 Interest payable and similar expenses

	2020	2019
	£	£
Interest on bank overdrafts and borrowings	92,002	99,255
Interest on preference shares	23,258	24,480
Interest on obligations under finance leases and hire purchase contracts	19,910	12,717
Interest expense on other finance liabilities	41,280	56,279
	<u>176,450</u>	<u>192,731</u>

Emblem Holdings Limited

Notes to the Financial Statements

Year Ended 31 March 2020

10 Taxation

Tax charged/(credited) in the profit and loss account

	2020 £	2019 £
Current taxation		
UK corporation tax	121,000	188,000
UK corporation tax adjustment to prior periods	<u>(1,057)</u>	<u>(474)</u>
	119,943	187,526
Deferred taxation		
Arising from origination and reversal of timing differences	<u>-</u>	<u>4,000</u>
Tax expense in the income statement	<u>119,943</u>	<u>191,526</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £	2019 £
Profit before tax	<u>381,412</u>	<u>786,579</u>
Corporation tax at standard rate	72,468	149,450
Effect of expense not deductible in determining taxable profit (tax loss)	45,268	46,653
Deferred tax credit relating to changes in tax rates or laws	(4)	(979)
Increase/(decrease) in UK current tax from unrecognised temporary difference from a prior period	1,795	(4,056)
Decrease in UK and foreign current tax from adjustment for prior periods	(800)	(474)
Tax increase from effect of capital allowances and depreciation	117	-
Other tax effects for reconciliation between accounting profit and tax expense	<u>1,099</u>	<u>932</u>
Total tax charge	<u>119,943</u>	<u>191,526</u>

Emblem Holdings Limited

Notes to the Financial Statements

Year Ended 31 March 2020

11 Intangible assets

Group

	Goodwill £	Total £
Cost or valuation		
At 1 April 2019	3,850,487	3,850,487
At 31 March 2020	3,850,487	3,850,487
Amortisation		
At 1 April 2019	2,589,450	2,589,450
Amortisation charge	192,524	192,524
At 31 March 2020	2,781,974	2,781,974
Carrying amount		
At 31 March 2020	1,068,513	1,068,513
At 31 March 2019	1,261,037	1,261,037

12 Tangible assets

Group

	Fixtures and fittings £	Motor vehicles £	Equipment £	Total £
Cost or valuation				
At 1 April 2019	373,571	641,169	271,942	1,286,682
Additions	6,795	315,019	-	321,814
Disposals	-	(249,921)	-	(249,921)
At 31 March 2020	380,366	706,267	271,942	1,358,575
Depreciation				
At 1 April 2019	306,431	226,808	264,470	797,709
Charge for the year	18,566	131,534	1,122	151,222
Eliminated on disposal	-	(116,024)	-	(116,024)
At 31 March 2020	324,997	242,318	265,592	832,907
Carrying amount				
At 31 March 2020	55,369	463,949	6,350	525,668
At 31 March 2019	67,140	414,361	7,472	488,973

Emblem Holdings Limited

Notes to the Financial Statements

Year Ended 31 March 2020

Hire purchase agreements

Included within the net book value of tangible fixed assets is £479,479 (2019: £350,975) in respect of assets held under hire purchase agreements. Depreciation for the year on these assets was £139,189 (2019: £101,292).

13 Investments

Group

Details of undertakings

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held 2020	2019
Subsidiary undertakings				
Emblem International Limited	England and Wales*	Ordinary shares	100%	100%
W A Consultants	England and Wales*	Ordinary shares	100%	100%

The principal activity of Emblem International Limited is that of an intermediate holding company.

The principal activity of W A Consultants is that of employment consultants.

*The registered office of the subsidiaries is the same as that of the parent company.

Company

	2020 £	2019 £
Investments in subsidiaries	<u>4,324,685</u>	<u>4,324,685</u>

Subsidiaries	£
Cost or valuation	
At 1 April 2019	<u>4,324,685</u>
At 31 March 2020	<u>4,324,685</u>
Carrying amount	
At 31 March 2020	<u>4,324,685</u>
At 31 March 2019	<u>4,324,685</u>

Emblem Holdings Limited

Notes to the Financial Statements

Year Ended 31 March 2020

14 Debtors

	2020 £	Group 2019 £	2020 £	Company 2019 £
Trade debtors	3,574,044	3,990,561	-	-
Other debtors	1,158,564	1,041,602	1,111,203	988,752
Prepayments	1,602,189	2,110,771	-	-
Corporation tax	269,774	61,985	269,774	61,985
Total current trade and other debtors	<u>6,604,571</u>	<u>7,204,919</u>	<u>1,380,977</u>	<u>1,050,737</u>

15 Cash and cash equivalents

	2020 £	Group 2019 £	2020 £	Company 2019 £
Cash on hand	633	1,608	-	-
Cash at bank	<u>517,116</u>	<u>686,012</u>	<u>-</u>	<u>-</u>
	517,749	687,620	-	-
Bank overdrafts	<u>(2,584,135)</u>	<u>(3,718,066)</u>	<u>(252,421)</u>	<u>(551,142)</u>
Cash and cash equivalents in statement of cash flows	<u>(2,066,386)</u>	<u>(3,030,446)</u>	<u>(252,421)</u>	<u>(551,142)</u>

Emblem Holdings Limited

Notes to the Financial Statements

Year Ended 31 March 2020

16 Creditors

	Note	2020 £	Group 2019 £	2020 £	Company 2019 £
Due within one year					
Loans and borrowings	17	2,696,344	3,830,450	252,421	551,142
Trade creditors		1,464,630	1,127,317	-	724
Amounts due to group undertakings	25	-	-	3,179,802	2,527,271
Social security and other taxes		318,701	122,839	-	56,951
Other creditors		203,996	254,452	101,857	105,456
Accrued expenses		1,506,945	1,565,608	4,000	4,750
Corporation tax	10	319,529	72,314	198,529	-
		<u>6,510,145</u>	<u>6,972,980</u>	<u>3,736,609</u>	<u>3,246,294</u>
Due after one year					
Loans and borrowings	17	<u>848,324</u>	<u>973,006</u>	<u>598,608</u>	<u>795,608</u>

17 Loans and borrowings

	2020 £	Group 2019 £	2020 £	Company 2019 £
Non-current loans and borrowings				
Redeemable preference shares	286,000	306,000	286,000	306,000
Other borrowings	312,608	489,608	312,608	489,608
HP and finance lease liability 1 (2-5yrs)	<u>249,716</u>	<u>177,398</u>	<u>-</u>	<u>-</u>
	<u>848,324</u>	<u>973,006</u>	<u>598,608</u>	<u>795,608</u>

Other borrowings comprise 9% loan notes to be redeemed no later than 31 October 2025.

Loans and borrowings are secured over the assets of the group.

Emblem Holdings Limited

Notes to the Financial Statements

Year Ended 31 March 2020

	2020 £	Group 2019 £	2020 £	Company 2019 £
Current loans and borrowings				
Bank overdrafts	2,584,135	3,718,066	252,421	551,142
HP liability 1 (under 1yr)	112,209	112,384	-	-
	<u>2,696,344</u>	<u>3,830,450</u>	<u>252,421</u>	<u>551,142</u>

18 Obligations under leases and hire purchase contracts

Group

Operating leases

The total of future minimum lease payments is as follows:

	2020 £	2019 £
Not later than one year	130,500	131,000
Later than one year and not later than five years	-	130,500
	<u>130,500</u>	<u>261,500</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £139,234 (2019 - £141,284).

Emblem Holdings Limited

Notes to the Financial Statements

Year Ended 31 March 2020

19 Deferred tax

Group

Deferred tax relates to fixed asset timing differences.

20 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £41,385 (2019 - £26,471). Contributions totalling £Nil (2019 - £(150)) were payable to the scheme at the end of the year and are included in creditors.

21 Share capital

Allotted, called up and fully paid shares

	No.	2020 £	No.	2019 £
100 Ordinary shares of £1 each	100	100	100	100
306,000 8% Cumulative Redeemable Preference Shares of £1 each	286,000	286,000	306,000	306,000
	<u>286,100</u>	<u>286,100</u>	<u>306,100</u>	<u>306,100</u>

22 Dividends

Interim dividends paid

	2020 £	2019 £
Interim dividend of £6,000 per each ordinary share	<u>600,000</u>	<u>600,000</u>

23 Contingent liabilities

Group

Emblem Holdings Limited, Emblem International Limited and W A Consultants have provided a cross guarantee to support the bank loans and overdrafts of the group. At 31 March 2020, the group had aggregate bank overdrafts of £2,862,938 (2019: £3,718,066).

Emblem Holdings Limited

Notes to the Financial Statements

Year Ended 31 March 2020

24 Financial instruments

Group

Categorisation of financial instruments

	2020 £	2019 £
Financial assets that are debt instruments measured at amortised cost	5,716,765	4,958,623
Financial liabilities measured at amortised cost	6,237,720	2,467,159
	<u>6,237,720</u>	<u>2,467,159</u>

25 Related party transactions

Group

Transactions with directors

	At 1 April 2019 £	Advances to directors £	Repayments by director £	Other payments made to company by director £	At 31 March 2020 £
2020					
D J Richardson					
	691,214	612,578	(472,720)	-	831,072
	<u>691,214</u>	<u>612,578</u>	<u>(472,720)</u>	<u>-</u>	<u>831,072</u>
J G Richardson					
	114,871	170,110	(200,258)	-	84,723
	<u>114,871</u>	<u>170,110</u>	<u>(200,258)</u>	<u>-</u>	<u>84,723</u>
N J Churchward					
	182,667	255,244	(252,727)	-	185,184
	<u>182,667</u>	<u>255,244</u>	<u>(252,727)</u>	<u>-</u>	<u>185,184</u>

Emblem Holdings Limited

Notes to the Financial Statements

Year Ended 31 March 2020

	At 1 April 2018 £	Advances to directors £	Repayments by director £	Other payments made to company by director £	At 31 March 2019 £
2019					
D J Richardson					
	538,894	575,212	(422,892)	-	691,214
	<u>538,894</u>	<u>575,212</u>	<u>(422,892)</u>	<u>-</u>	<u>691,214</u>
J G Richardson					
	69,664	191,668	(146,461)	-	114,871
	<u>69,664</u>	<u>191,668</u>	<u>(146,461)</u>	<u>-</u>	<u>114,871</u>
N J Churchward					
	115,356	284,377	(217,066)	-	182,667
	<u>115,356</u>	<u>284,377</u>	<u>(217,066)</u>	<u>-</u>	<u>182,667</u>

Summary of transactions with other related parties

During the year Emblem International Limited leased premises from the pension scheme of Mr J G Richardson, a director of the parent company.

During the year the group paid rent on these premises in the amount of £87,000 (2019: £87,000). At 31 March 2020 the balance due to Mr J G Richardson's pension scheme was £nil (2019: £nil).