

COMPANY REGISTRATION NUMBER: 06650388

THE SHORE GRP SOLUTIONS LIMITED
UNAUDITED FINANCIAL STATEMENTS
31 DECEMBER 2021



UHY HACKER YOUNG

Chartered Accountants
168 Church Road
Hove
East Sussex
BN3 2DL

THE SHORE GRP SOLUTIONS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

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THE SHORE GRP SOLUTIONS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Director

J Hobden

Registered office

First Floor South
Haversham House
18-22 Boundary Road
Hove
East Sussex
BN3 4EF

Accountants

UHY Hacker Young
Chartered Accountants
168 Church Road
Hove
East Sussex
BN3 2DL

THE SHORE GRP SOLUTIONS LIMITED

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021.

Fair Review of the business

The year ending on the 31st December 2021 was a consolidation period for the company. The company continued to diversify and expand its range of services with new and existing clients.

Underlying sales from continuing operations increased from £14.8m to £15.2m, with the gross margin of the continuing business increasing from £1.8m to £2m. The Board continued to see the demand for labour pushing up the rates paid to workers, however careful management and negotiations saw the company average gross margin % increase from 12.36% to 13.56%.

The company has continued its policy of reinvesting profits to develop its presence in new locations.

The Board and the management team have an ongoing programme of reorganisation and cost reduction in order to allow the company to be flexible and quickly adaptable to the ever changing challenges ahead.

The board feel the company is now better equipped to deal with the challenges ahead and has a cost base that will allow the business to grow profit year on year, as well as grow as a gross margin level.

Principal risks and uncertainties

Management identifies risk under three key areas - financial, operational and strategic. All risks are assessed on a regular basis and controls are put in place to mitigate risk.

Financial risk

The Board continue to monitor procedure in place to manage credit risk. During the year, the company updated its procedures and policies in this area to ensure that credit insurance is being employed more effectively and that payment terms are complied with by all clients. This is key to ensuring the company has a strong liquidity position and can cope with seasonal fluctuations and business change.

Further, The Board review the cost base of the company at every Board Meeting to ensure that all costs are proportionate with services being received and any increases from suppliers are approved at Board level. This is particularly important in view of potential interest rate rises to ensure the company has a strong liquidity position and can cope with the changing commercial and economic landscape.

THE SHORE GRP SOLUTIONS LIMITED

STRATEGIC REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2021

Operational risk

The biggest risk comes from continuing changes associated with employment and tax legislation. The company continues to engage with leading advisors to ensure we remain compliant with any changes, and that we have provision accordingly to ensure financially we can address the impact of any of these changes.

Strategic risk

The continued investment in the expansion of the company is based on forecast levels of profitability. In order to ensure that the Board's investment program can be achieved, and that the Group can become a truly national player in the recruitment market, maintaining profit margins and the overall level of return on investment is key.

Covid-19 risk

The impact of the worldwide pandemic of Covid-19 was an ongoing risk during the year which the company has had to consider in its day-to-day operations. The Board has considered the structure of the business accordingly and has placed more focus on markets and clients that are impacted less by Covid-19. The board continues to review its cost base and operational efficiency in line with the impact of Covid-19 on the business and its clients, as well as placing further emphasis on staff welfare and wellbeing policies.

Key performance indicators

The Board use a range of financial and non-financial key performance indicators ("KPIs") to assess the performance of the company. Each of the figures quoted below is based on continuing operations.

	2021	2020
Turnover	£15,168,906	£14,863,807
Gross profit	£2,057,498	£1,837,418
Gross profit	13.56%	12.36%

Other Information and explanations

Technological development

The company continues to invest heavily in its operations CRM and invoicing system, RDB. This is to ensure that the database is as up to date as possible and remains an effective tool in matching candidates to job vacancies.

The Board also recognize the importance of compliance with all relevant legislation, and ensures that the database development supports our activities in a compliant manner.

There has also been more significant investment in ISO certification with the company successfully renewing ISO 9001, 14001 27001 and 450001 accreditations. This demonstrates the Board's commitment to quality and the continuing professionalization of the business, while also allowing access to the clients PSLs not previously open to us. The board is continually looking to embrace technology as a way of improving its service to clients whilst keeping overheads under control.

THE SHORE GRP SOLUTIONS LIMITED

STRATEGIC REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2021

Going concern

As is commonplace in the recruitment sector, the company is financed through an invoice discounting facility and are reliant on the continuation of this source of funding. The Board are confident of ongoing facilities, either through the current provider or other interested parties in the market, and accordingly, have based their forecasting on the existing availability of current (or equivalent) banking facility.

Review of the company's projections and cash flow forecasts form the basis of the Directors assessment of the company's going concern status. The directors are closely monitoring performance against cash flow projections on a rolling 13-week basis. They have also prepared a detailed plan built from monthly trading projections which run until December 2023 and are supported by a detailed cash flow forecast. These forecasts indicate that there is sufficient headroom in the invoice discount facility. The directors continue with initiatives to proactively improve the cash position of the business.

Since these forecasts support that the company will be able to meet its obligations as they fall due for the foreseeable future, the accounts have been prepared on a going concern basis.

Subsequent to the year end, the worldwide pandemic of Covid-19 continues to have an adverse impact on economies globally. Whilst the directors are unable to predict the full extent of the impact on the sectors in which we operate, the directors have considered the impact of Covid-19 in considering their going concern assessment as detailed in these financial statements

Future Development

The leadership team continues to work on a strategy to secure stable profit growth over the next 5 years, and to ensure it becomes an innovative, inspiring, profitable and compliant leading national recruiter in the construction sector and other related sectors.

THE SHORE GRP SOLUTIONS LIMITED

STRATEGIC REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2021

DIRECTOR'S DUTIES TO STAKEHOLDERS (Section 172(1) statement)

The Directors are aware of their duty under s.172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;- the impact of the Company's operations on the community and the environment;- the desirability of the Company maintaining a reputation for high standards of business conduct; and - the need to act fairly as between members of the Company.

The directors of the Company have sought to balance the needs of its members with the s.172 matters throughout the year, for example in the policies and practices which run through the company, ensuring that the company's reputation for high standards of conduct are maintained and in our engagement with our employees.

The Directors of the Company have a duty to promote the success of the Company, and it relies on smooth operations, and the support and joint efforts of all stakeholders. Thus, effective communication and interaction are indispensable in the Company's business operations, The Shore Group is aware of the importance of stakeholder opinions and understands and responds to relevant stakeholders and their concerns.

We identified the most important stakeholders based on past stakeholder communications. We contact these stakeholders through regular/ad hoc channels to ensure comprehensive communications.

Engagement with Employees

We recognise that employees are the most valuable assets of the Company. We engage with our employees on regular basis through company emails, regular all company briefings, staff meetings, regular one to one meetings and a detailed personal development and engagement process . We discuss the following in these communications; - Sustainable strategies and their implementation- Welfare and employee care

- Compliance and legislation changes
- Current workloads, our business strategies and performance outlooks
- The work environment, and Health and Safety on sites

We set up strict selection procedures and standards in place to ensure non-discrimination in our employment policy. We provide employees with comprehensive training and career development opportunities. We conduct departmental and external professional training. The Company strives to enhance employee safety and care. The management team holds weekly and monthly health and safety review and planning meetings. We have a comprehensive staff health and training programme and encourage employee involvement in monitoring and enhancing health and safety practices throughout the company.

Engagement with suppliers, customers and others in a business relationship with the Company Suppliers

The Shore Group works with its supplier base to ensure its operations can be carried out as efficiently as possible. We work with suppliers to give them maximum possible vision of our relevant operational requirements and ensure that invoices are paid in a timely manner. Customers The Shore Group works with its customers to ensure that we understand their requirements, and that the personnel provided are suitably skilled and qualified to meet those requirements. We aim to

THE SHORE GRP SOLUTIONS LIMITED

STRATEGIC REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2021

deliver services in line with customer expectations and minimise our cost base so that our rates are as competitive as possible. We work with our clients to ensure the workplaces for all operatives are safe and compliant. Funders We work closely with our funders to ensure that they have a clear understanding of all of our business operations, and all of the risks and opportunities that are within the business at any one time. We have regular phone and face to face meetings to ensure they have full visibility of our financial forecasts, and we operate within the restrictions and covenants that they provide.

Shareholders

The shareholders are actively involved in the running of the business on a day to day basis. However, as a key source of funding, support and strategic direction the business ensures the leadership team and senior management meet on a regular basis with the shareholders. This ensures an alignment of strategic direction, financial planning, sales strategy, compliance and risk mitigation.

This report was approved by the board of directors on 19 October 2022 and signed on behalf of the board by:



J Hobden
Director

Registered office:
First Floor South
Haversham House
18-22 Boundary Road
Hove
East Sussex
BN3 4EF

THE SHORE GRP SOLUTIONS LIMITED

DIRECTOR'S REPORT

YEAR ENDED 31 DECEMBER 2021

The director presents his report and the unaudited financial statements of the company for the year ended 31 December 2021.

Principal activities

The principal activity of the company during the year was that of construction recruitment specialists.

Director

The director who served the company during the year was as follows:

J Hobden

Dividends

The director does not recommend the payment of a dividend.

This report was approved by the board of directors on 19 October 2022 and signed on behalf of the board by:



J Hobden
Director

Registered office:
First Floor South
Haversham House
18-22 Boundary Road
Hove
East Sussex
BN3 4EF

THE SHORE GRP SOLUTIONS LIMITED

CHARTERED ACCOUNTANTS REPORT TO THE DIRECTOR ON THE PREPARATION OF THE UNAUDITED STATUTORY FINANCIAL STATEMENTS OF THE SHORE GRP SOLUTIONS LIMITED

YEAR ENDED 31 DECEMBER 2021

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of The Shore Grp Solutions Limited for the year ended 31 December 2021, which comprise the statement of income and retained earnings, statement of financial position and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at www.icaew.com/en/membership/regulations-standards-and-guidance.

This report is made solely to the director of The Shore Grp Solutions Limited in accordance with the terms of our engagement letter dated 24 June 2020. Our work has been undertaken solely to prepare for your approval the financial statements of The Shore Grp Solutions Limited and state those matters that we have agreed to state to you in this report in accordance with ICAEW Technical Release 07/16 AAF as detailed at www.icaew.com/compilation. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Shore Grp Solutions Limited and its director for our work or for this report.

It is your duty to ensure that The Shore Grp Solutions Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit of The Shore Grp Solutions Limited. You consider that The Shore Grp Solutions Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of The Shore Grp Solutions Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.



UHY HACKER YOUNG
Chartered Accountants

168 Church Road
Hove
East Sussex
BN3 2DL

19 October 2022

THE SHORE GRP SOLUTIONS LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Turnover	4	15,168,906	14,863,807
Cost of sales		<u>13,111,408</u>	<u>13,026,389</u>
Gross profit		2,057,498	1,837,418
Administrative expenses		<u>2,009,501</u>	<u>1,770,391</u>
Operating profit	5	47,997	67,027
Interest payable and similar expenses	6	<u>44,683</u>	<u>67,027</u>
Profit before taxation		3,314	–
Tax on profit	7	<u>630</u>	–
Profit for the financial year and total comprehensive income		<u>2,684</u>	<u>–</u>
Retained earnings at the start of the year		<u>–</u>	<u>–</u>
Retained earnings at the end of the year		<u>2,684</u>	<u>–</u>

All the activities of the company are from continuing operations.

The notes on pages 11 to 15 form part of these financial statements.

THE SHORE GRP SOLUTIONS LIMITED

STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2021

	Note	2021 £	£	2020 £
Current assets				
Debtors	8	10,679,314		9,037,108
Cash at bank and in hand		<u>1,901</u>		<u>622</u>
		10,681,215		9,037,730
Creditors: amounts falling due within one year	9	<u>10,678,431</u>		<u>9,037,630</u>
Net current assets			<u>2,784</u>	<u>100</u>
Total assets less current liabilities			<u>2,784</u>	<u>100</u>
Net assets			<u>2,784</u>	<u>100</u>
Capital and reserves				
Called up share capital	10		100	100
Profit and loss account			<u>2,684</u>	<u>—</u>
Shareholders funds			<u>2,784</u>	<u>100</u>

For the year ending 31 December 2021 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Director's responsibilities:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476;
- The director acknowledges his responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

These financial statements were approved by the board of directors and authorised for issue on 19 October 2022, and are signed on behalf of the board by:


J Holden
Director

Company registration number: 06650388

The notes on pages 11 to 15 form part of these financial statements.

THE SHORE GRP SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is First Floor South, Haversham House, 18-22 Boundary Road, Hove, East Sussex, BN3 4EF.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

In accordance with the director's responsibilities, the director has considered the appropriateness of the going concern basis for the preparation of the financial statements.

For this purpose, the director has considered the adequacy of the company's cash resources covering the period 12 months ahead of the approval of these financial statements.

The director has reasonable expectations that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the director continues to adopt the going concern basis in preparing these financial statements.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of The Shore Grp Holdings Limited, which can be obtained from its registered office, First Floor South, Haversham House, 18-22 Boundary Road, Hove, East Sussex, BN3 4EF. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102: (a) No cash flow statement has been presented for the company.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

THE SHORE GRP SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2021

3. Accounting policies *(continued)*

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of discounts and of Value Added Tax.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that it is probable the expenses recognised will be recovered.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

4. Turnover

Turnover arises from:

	2021	2020
	£	£
Rendering of services	<u>15,168,906</u>	<u>14,863,807</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

THE SHORE GRP SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2021

5. Operating profit

Operating profit or loss is stated after charging:

	2021	2020
	£	£
Impairment of trade debtors	<u>72,047</u>	<u>40,700</u>

6. Interest payable and similar expenses

	2021	2020
	£	£
Interest on invoice finance arrangements	<u>44,683</u>	<u>67,027</u>

7. Tax on profit

Major components of tax expense

	2021	2020
	£	£
Current tax:		
UK current tax expense	<u>630</u>	<u>—</u>
Tax on profit	<u>630</u>	<u>—</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is the same as (2020: the same as) the standard rate of corporation tax in the UK of 19% (2020: 19%).

	2021	2020
	£	£
Profit on ordinary activities before taxation	<u>3,314</u>	<u>—</u>
Profit on ordinary activities by rate of tax	<u>630</u>	<u>—</u>

8. Debtors

	2021	2020
	£	£
Trade debtors	3,558,327	3,265,373
Amounts owed by group undertakings	<u>7,120,987</u>	<u>5,771,735</u>
	<u>10,679,314</u>	<u>9,037,108</u>

THE SHORE GRP SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2021

9. Creditors: amounts falling due within one year

	2021	2020
	£	£
Amounts owed to group undertakings	8,340,672	4,672,131
Accruals and deferred income	–	1,627,872
Corporation tax	631	1
Other creditors	2,337,128	2,737,626
	<u>10,678,431</u>	<u>9,037,630</u>

Other creditors include advances under discounting amounting to £2,337,128 (2020: £2,737,626), which were made under the invoice discounting facility and are secured on the trade debtors of the company.

10. Called up share capital

Issued, called up and fully paid

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

11. Related party transactions

During the year, the company had the following transactions with other related parties:

	2021	2020
	£	£
Fees charged to the company for services rendered	11,725,408	10,526,390
Management charges payable	–	976,869

Other related parties are entities in which other group members or shareholders hold an investment.

At 31 December 2021, creditors, amounts falling due within one year, included amounts owed to group undertakings, which are less than wholly owned within the group, amounting to £20,000 (2020: £20,000), in respect of loans. The loans are interest free, unsecured and repayable on demand.

At 31 December 2021, debtors included amounts owed by group undertakings, which are less than wholly owned within the group, amounting to £1,414,300 (2020: £369,700), in respect of loans. The loans are interest free, unsecured and repayable on demand.

The company is exempt from disclosing related party transactions with other companies that are wholly owned within the group

THE SHORE GRP SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2021

12. Controlling party

The company is a subsidiary of The Shore Grp Holdings Limited, the parent company which draws up consolidated accounts. The registered office of The Shore Grp Holdings Limited is First Floor South, Haversham House, 18-22 Boundary Road, Hove, East Sussex, BN3 4EF.