

Company Registration No. 06946004 (England and Wales)

**JMK BUSINESS SOLUTIONS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

JMK BUSINESS SOLUTIONS LIMITED

COMPANY INFORMATION

Director	Mr S Ermack
Company number	06946004
Registered office	Highbridge House, 93-96 Oxford Road Uxbridge UB8 1LU
Auditor	Knowles Warwick Limited Charlotte House 500 Charlotte Road Sheffield S2 4ER
Business address	Highbridge House, 93-96 Oxford Road Uxbridge UB8 1LU
Bankers	NatWest Freepost SC06044 Tay House G2 4WZ Barclays Bank PLC 1 World Business Centre Newall Road Heathrow Airport Hounslow TW6 2RE

JMK BUSINESS SOLUTIONS LIMITED

CONTENTS

	Page
Strategic report	1
Director's report	2 - 3
Director's responsibilities statement	4
Independent auditor's report	5 - 7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12 - 22

JMK BUSINESS SOLUTIONS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2021

The director presents the strategic report for the year ended 30 June 2021.

Fair review of the business

The Covid-19 pandemic has caused major challenges for our industry since March 2020. The business acted quickly to support its workforce, offering both NHS contractors and frontline workers a free service throughout the first wave (from March 20 to June 20) at the same time, many other sectors of the temporary recruitment marketplace slowed down dramatically.

Social distancing restrictions and the introduction of a new way of working initially prevented many clients from operating as usual. Industry sectors such as engineering, and construction were greatly affected with many employees seeking and receiving furlough payments through the governments Coronavirus Job Retention Scheme (CJRS).

Facilitating CJRS payments was a major task in itself, with numerous complications in ensuring the business' interpretation and application of the rules when applied to Umbrella contracts was both fair to our employees and compliant with the newly passed legislation. This was both a huge undertaking and an uncertain task, with industry bodies split on what interpretation to take when applying CJRS calculations.

As a payroll provider the business' revenue is generated from the processing of employees weekly timesheets where they have completed work, however under CJRS scheme rules there can be no margin charged to process furlough payments.

Operating the scheme therefore caused a major drop in our gross margin without any significant reduction in the operating costs/staff salaries required to facilitate the payments being made to hundreds of workers.

In many respects, the business faced a significantly increased workload throughout this time, with an unprecedented level of inbound contractor and client enquiries focused around how the scheme would work.

Our internal staff were fully supportive of the business throughout this time. Encouraged by the business efforts to ensure thousands of contractors continued to receive an income at a time of real uncertainty, the permanent staff body (at all levels) themselves accepted a 20% reduction in salary for a period of three months.

The impact of Covid-19 caused one of our clients go into receivership and business suffered a £120,000 bad debt which caused the company to suffer a loss for the first time since it's incorporation in 2011.

However, moving on from the peak of the pandemic we have seen sign of improvements in the market, and we hope the next year we return to profitability and stability which we have experienced over the last ten years.

On behalf of the board

Mr S Ermack
Director

28 March 2022

JMK BUSINESS SOLUTIONS LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2021

The director presents his annual report and financial statements for the year ended 30 June 2021.

Principal activities

The principal activity of the company is that of employing workers to be engaged at a series of temporary workplaces through a range of temporary assignments.

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid.

Director

The director who held office during the year and up to the date of signature of the financial statements was as follows:

Mr S Ermack

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

Auditor

In accordance with the company's articles, a resolution proposing that Knowles Warwick Limited be reappointed as auditor of the company will be put at a General Meeting.

Energy and carbon report

As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

JMK BUSINESS SOLUTIONS LIMITED

DIRECTOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

On behalf of the board

Mr S Ermack
Director

28 March 2022

JMK BUSINESS SOLUTIONS LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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. He is 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.

JMK BUSINESS SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF JMK BUSINESS SOLUTIONS LIMITED

Opinion

We have audited the financial statements of JMK Business Solutions Limited (the 'company') for the year ended 30 June 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2021 and of its loss 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 company 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The director is responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.

JMK BUSINESS SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF JMK BUSINESS SOLUTIONS LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the director's 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, 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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly followed auditing standards.

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by:

- Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

In response to the risk of revenue recognition, we:

- Performed analytical procedures to identify unusual transactions; and
- Performed detailed substantive testing across all revenue streams

In response to the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify unusual transactions;
- Assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- Investigated the rationale behind significant or unusual transactions.

JMK BUSINESS SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF JMK BUSINESS SOLUTIONS LIMITED

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- Agreeing financial statement disclosures to underlying supporting documentation
- Enquiring of management as to actual and potential litigation and claims; and
- Reviewing correspondence with HMRC and other relevant parties.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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.

Steven Knowles (Senior Statutory Auditor)
For and on behalf of Knowles Warwick Limited

28 March 2022

Chartered Accountants
Statutory Auditor

Charlotte House
500 Charlotte Road
Sheffield
S2 4ER

JMK BUSINESS SOLUTIONS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

		Year ended 30 June 2021 £	Period ended 30 June 2020 £
	Notes		
Turnover	2	35,360,934	47,853,266
Cost of sales		(34,225,614)	(45,694,074)
Gross profit		1,135,320	2,159,192
Administrative expenses		(1,734,088)	(3,906,660)
Other operating income		460,491	1,868,768
Operating (loss)/profit	3	(138,277)	121,300
Interest payable and similar expenses	5	(833)	-
(Loss)/profit before taxation		(139,110)	121,300
Tax on (loss)/profit	6	25,434	(25,704)
(Loss)/profit for the financial year		(113,676)	95,596

The profit and loss account has been prepared on the basis that all operations are continuing operations.

JMK BUSINESS SOLUTIONS LIMITED

BALANCE SHEET

AS AT 30 JUNE 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	8		-		2,425
Current assets					
Debtors	9	3,877,010		2,612,983	
Cash at bank and in hand		731,508		376,527	
		<u>4,608,518</u>		<u>2,989,510</u>	
Creditors: amounts falling due within one year	10	<u>(4,655,343)</u>		<u>(2,968,417)</u>	
Net current (liabilities)/assets			(46,825)		21,093
Total assets less current liabilities			<u>(46,825)</u>		<u>23,518</u>
Creditors: amounts falling due after more than one year	11		(43,333)		-
Net (liabilities)/assets			<u>(90,158)</u>		<u>23,518</u>
Capital and reserves					
Called up share capital	14		2		2
Profit and loss reserves	15		(90,160)		23,516
Total equity			<u>(90,158)</u>		<u>23,518</u>

The financial statements were approved and signed by the director and authorised for issue on 28 March 2022

Mr S Ermack
Director

Company Registration No. 06946004

JMK BUSINESS SOLUTIONS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 January 2019		2	207,920	207,922
Period ended 30 June 2020:				
Profit and total comprehensive income for the period		-	95,596	95,596
Dividends	7	-	(280,000)	(280,000)
Balance at 30 June 2020		2	23,516	23,518
Year ended 30 June 2021:				
Loss and total comprehensive income for the year		-	(113,676)	(113,676)
Balance at 30 June 2021		2	(90,160)	(90,158)

JMK BUSINESS SOLUTIONS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	18		342,018		555,569
Interest paid			(833)		-
Income taxes paid			(25,704)		(47,711)
Net cash inflow from operating activities			315,481		507,858
Investing activities					
Loans made		(10,500)		(100,000)	
Net cash used in investing activities			(10,500)		(100,000)
Financing activities					
Proceeds of new bank loans		50,000		-	
Dividends paid		-		(280,000)	
Net cash generated from/(used in) financing activities			50,000		(280,000)
Net increase in cash and cash equivalents			354,981		127,858
Cash and cash equivalents at beginning of year			376,527		248,669
Cash and cash equivalents at end of year			731,508		376,527

JMK BUSINESS SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

Company information

JMK Business Solutions Limited is a private company limited by shares incorporated in England and Wales. The registered office is Highbridge House, 93-96 Oxford Road, Uxbridge, UB8 1LU.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Reporting period

The previous accounting period was more than one year. The period which would have ended on 31 December 2019 was extended to 30 June 2020. As a result comparative amounts presented in the financial statements (including the related notes) are not entirely comparable.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

Turnover is recognised at the point of service provision which matches to when the company incurs the liability to HMRC and the worker.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	33.33% straight Line
--------------------------------	----------------------

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

JMK BUSINESS SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

JMK BUSINESS SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

JMK BUSINESS SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

JMK BUSINESS SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

1.16 Accounting for CJRS payments

CJRS payments have been received from HMRC to cover the costs of staff placed on furlough by the end customer. In line with FRS102 and government guidance the CJRS receipts have been disclosed separately and are visible on the face of the P&L and are not within turnover. This has a potentially distorting impact on the reported gross profitability for the period.

In order to maintain comparability of reported gross profit to previous years, the company has recognised a corresponding adjustment to both cost of sales and administrative costs so that the payroll costs of furloughed employees are considered as an administrative expense.

2 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2021 £	2020 £
Turnover analysed by class of business		
Provision of services	35,360,934	47,853,266

	2021 £	2020 £
Turnover analysed by geographical market		
United Kingdom	35,360,934	47,853,266

	2021 £	2020 £
Other significant revenue		
Grants received	460,491	1,868,768

3 Operating (loss)/profit

	2021 £	2020 £
Operating (loss)/profit for the year is stated after charging/(crediting):		
Government grants	(460,491)	(1,868,768)
Fees payable to the company's auditor for the audit of the company's financial statements	6,673	6,583
Depreciation of owned tangible fixed assets	2,425	7,381

JMK BUSINESS SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Contracted employees	975	993
Directors	1	1
Total	976	994

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	22,973,988	31,980,863
Social security costs	1,897,155	2,635,905
Pension costs	359,806	497,373
	25,230,949	35,114,141

5 Interest payable and similar expenses

	2021 £	2020 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	833	-

6 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	-	25,704
Adjustments in respect of prior periods	(25,434)	-
Total current tax	(25,434)	25,704

JMK BUSINESS SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

6 Taxation

(Continued)

The actual (credit)/charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
(Loss)/profit before taxation	(139,110)	121,300
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(26,431)	23,047
Tax effect of expenses that are not deductible in determining taxable profit	997	2,657
Taxation (credit)/charge for the year	(25,434)	25,704

7 Dividends

	2021 £	2020 £
Interim paid	-	280,000

8 Tangible fixed assets

	Fixtures, fittings & equipment £
Cost	
At 1 July 2020 and 30 June 2021	23,945
Depreciation and impairment	
At 1 July 2020	21,520
Depreciation charged in the year	2,425
At 30 June 2021	23,945
Carrying amount	
At 30 June 2021	-
At 30 June 2020	2,425

JMK BUSINESS SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

9 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	3,351,819	1,662,966
Corporation tax recoverable	25,434	-
Other debtors	499,757	950,017
	<u>3,877,010</u>	<u>2,612,983</u>

10 Creditors: amounts falling due within one year

	Notes	2021	2020
		£	£
Bank loans	12	6,667	-
Trade creditors		60,382	22,339
Corporation tax		-	25,704
Other taxation and social security		2,473,293	2,747,752
Other creditors		1,447,419	39,601
Accruals and deferred income		667,582	133,021
		<u>4,655,343</u>	<u>2,968,417</u>

11 Creditors: amounts falling due after more than one year

	Notes	2021	2020
		£	£
Bank loans and overdrafts	12	43,333	-
		<u>43,333</u>	<u>-</u>

12 Loans and overdrafts

	2021	2020
	£	£
Bank loans	50,000	-
	<u>50,000</u>	<u>-</u>
Payable within one year	6,667	-
Payable after one year	43,333	-
	<u>49,999</u>	<u>-</u>

JMK BUSINESS SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

13 Retirement benefit schemes

	2021	2020
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	359,806	497,373

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

14 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	2	2	2	2

The company has one class of ordinary share. Each ordinary share is entitled to one vote in any circumstances. Each share has equal rights to dividends. Each share is entitled to participate in a distribution arising from a winding up of the company.

15 Reserves

Profit and loss reserves

Profit and loss reserve includes all current and prior period retained profits and losses available for distribution.

JMK BUSINESS SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

16 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Management charges		Sales	
	2021	2020	2021	2020
	£	£	£	£
Companies under common control	284,098	456,176	6,750,922	8,665,973

Sales of services to related parties were made on an arms length basis.

Management charges are provided based on a percentage of gross profit plus recharged expenses.

The following amounts were outstanding at the reporting end date:

	2021	2020
	£	£
Amounts owed to related parties		
Companies under common control	27,294	-
Other related parties	35,000	12,970

The following amounts were outstanding at the reporting end date:

	2021
	Balance
	£
Amounts owed by related parties	
Companies under common control	811,906
Amounts owed in previous period	
	2020
	Balance
	£
Companies under common control	523,730
Other related parties	84,550

All amounts outstanding at the balance sheet date are unsecured and will be settled by cash. No interest is charged in respect of outstanding amounts.

No Guarantees have been given to or received from related parties including companies under common control.

JMK BUSINESS SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

17 Directors' transactions

Dividends totalling £0 (2020 - £280,000) were paid in the year in respect of shares held by the company's directors.

Advances have been granted by the company to its directors as follows:

Description	% Rate	Opening balance £	Amounts advanced £	Amounts repaid £	Closing balance £
Directors loan account	-	100,000	110,500	(100,000)	110,500
		<u>100,000</u>	<u>110,500</u>	<u>(100,000)</u>	<u>110,500</u>

Loans made to the director are interest free and repayable on demand.

18 Cash generated from operations

	2021 £	2020 £
(Loss)/profit for the year after tax	(113,676)	95,596
Adjustments for:		
Taxation (credited)/charged	(25,434)	25,704
Finance costs	833	-
Depreciation and impairment of tangible fixed assets	2,425	7,381
Movements in working capital:		
(Increase)/decrease in debtors	(1,228,093)	1,650,565
Increase/(decrease) in creditors	1,705,963	(1,223,677)
Cash generated from operations	<u>342,018</u>	<u>555,569</u>

19 Analysis of changes in net funds

	1 July 2020 £	Cash flows £	30 June 2021 £
Cash at bank and in hand	376,527	354,981	731,508
Borrowings excluding overdrafts	-	(50,000)	(50,000)
	<u>376,527</u>	<u>304,981</u>	<u>681,508</u>

JMK BUSINESS SOLUTIONS LIMITED

MANAGEMENT INFORMATION

FOR THE YEAR ENDED 30 JUNE 2021

JMK BUSINESS SOLUTIONS LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2021

	Year ended 30 June 2021		Period ended 30 June 2020	
	£	£	£	£
Turnover				
Sales		35,360,934		47,853,266
Cost of sales				
<i>Purchases and other direct costs</i>				
Contractor general expenses	3,469,068		5,894,165	
Sales rebates	63,164		132,030	
Wages and salaries	22,506,331		31,080,106	
Staff costs covered by CJRS	(459,658)		(1,868,768)	
Social security costs	1,853,546		2,553,834	
Subcontract labour	6,433,357		7,405,334	
Staff pension costs defined contribution	359,806		497,373	
Total purchases and other direct costs	34,225,614		45,694,074	
Total cost of sales		(34,225,614)		(45,694,074)
Gross profit	3.21%	1,135,320	4.51%	2,159,192
Other operating income				
Coronavirus job retention scheme grant	459,658		1,868,768	
Other Coronavirus funding	833		-	
		460,491		1,868,768

JMK BUSINESS SOLUTIONS LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

	Year ended 30 June 2021		Period ended 30 June 2020	
	£	£	£	£
Administrative expenses				
Wages and salaries	467,657		900,757	
Social security costs	43,609		82,071	
Staff recruitment costs	6,650		26,610	
Staff training	647		3,870	
Staff costs covered by CJRS	459,658		1,868,768	
Management charge	284,098		456,176	
Property repairs and maintenance	420		1,578	
Insurance	103,202		128,965	
Computer running costs	26,999		104,962	
Travelling expenses	9,744		21,037	
Legal and professional fees	103,027		106,135	
Audit fees	6,673		6,583	
Charitable donations	-		960	
Bank charges	35,107		34,773	
Factoring charges	23,193		60,398	
Bad and doubtful debts	120,677		-	
Printing and stationery	1,809		4,338	
Sales and marketing consultancy	13,891		63,293	
Telecommunications	21,457		20,874	
Entertaining	2,822		6,602	
Sundry expenses	323		529	
Depreciation	2,425		7,381	
		(1,734,088)		(3,906,660)
Operating (loss)/profit		(138,277)		121,300
Interest payable and similar expenses				
Bank interest on loans and overdrafts		(833)		-
(Loss)/profit before taxation	0.39%	(139,110)	0.25%	121,300

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.