

Umbrella-Company Limited

Registered number: 06969639

Annual report and financial statements

For the year ended 30 June 2020

UMBRELLA-COMPANY LIMITED

COMPANY INFORMATION

Directors	M D Grady BA Econ (Hons) ACA S Grady N Holmes BSc (Hons) J Biddle P Langham D Dyer S Holmes
Registered number	06969639
Registered office	Bollin House Bollin Walk Wilmslow Cheshire SK9 1DP
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor One St Peter's Square Manchester M2 3DE

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**STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

Introduction

The directors present their Strategic Report for the year ended 30 June 2020.

Business review

The Company continued its principal activities which is the supply of its employees' consultancy services.

The directors are satisfied that the Company has generated trading profits in line with expectation.

Principal risks and uncertainties

The principal risks to the business are changes in tax legislation. The Company stays abreast of any such changes and is dynamic in its response to facilitate any necessary changes. The Company actively makes representation at trade associations and is a member of the leading trade and compliance bodies.

Covid-19

During the 2nd quarter of 2020, Covid-19 had the impact of reducing the temporary worker turnover by about 25%. During quarter 3 and up to the date of reporting, business levels have recovered to similar levels which existed pre-lockdown.

The directors have considered the likely ongoing impact the Covid-19 pandemic could have on the business and, considering appropriate sensitivities, they believe that there will be no impact to the going concern assessment. Refer to note 2, Accounting policies, for further details.

Financial key performance indicators

The company's key financial and other performance indicators during the period were as follows:

	12 months ended	18 months ended
	30 June 2020	30 June 2019
Turnover	£156,720,645	£154,684,888
Gross Margin	2.0%	2.4%

Results and performance

Turnover has increased by 1.3% over the corresponding period of 18 months and gross margin has decreased.

The Company has managed to maintain administrative costs at a similar level to the prior period of 18 months, when prorated, despite the increased work associated with the rise in turnover.

Cash balances have increased by £42k due to the growth in larger customers during the current year.

Strategy and future developments

The Company is committed to increasing business from existing customers and winning new customers.

The Company continues to diversify by developing new products to improve its client service.

UMBRELLA-COMPANY LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

This report was approved by the board on 11 January 2021 and signed on its behalf.

M D Grady BA Econ (Hons) ACA
Director

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

The Directors present their report and the financial statements for the year ended 30 June 2020.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 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 to 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.

Principal activity

The principal activity of the Company is the supply of its employees' consultancy services.

Results and dividends

The profit for the year, after taxation, amounted to £992,064 (2019 - £474,044).

The Company has paid a dividend during the year of £1,075,000 (18 months to 30 June 2019 - £390,000).

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

Directors

The Directors who served during the year were:

M D Grady BA Econ (Hons) ACA
S Grady
N Holmes BSc (Hons)
J Biddle
P Langham
D Dyer
S Holmes

Engagement with employees

Employees are kept informed about the progress and position of the Company by means of regular departmental meetings.

Disabled employees

The Company's policy is to give full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. Disabled employees receive appropriate training to promote their career development within the Company. Employees who become disabled are retained in their existing posts where possible or retrained for suitable alternative posts.

Going Concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements. They therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Directors is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Directors has taken all the steps that ought to have been taken as a Directors in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

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

This report was approved by the board on 11 January 2021 and signed on its behalf.

M D Grady BA Econ (Hons) ACA
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UMBRELLA-COMPANY LIMITED

Opinion

We have audited the financial statements of Umbrella-Company Limited (the 'Company') for the year ended 30 June 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity 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 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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UMBRELLA-COMPANY LIMITED

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 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.

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.

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

Matters on which we are required to report by exception

In 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 or the Directors' Report.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UMBRELLA-COMPANY LIMITED

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 3, 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 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 intend to liquidate the Company or to cease operations, or have 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.

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 the audit 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.

Christopher Martin (Senior statutory auditor)

for and on behalf of

Mazars LLP

Chartered Accountants and Statutory Auditor

One St Peter's Square

Manchester
M2 3DE

11 January 2021

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020**

		30 June 2020	18 months ended 30 June 2019
	Note	£	£
Turnover	4	156,720,645	154,684,888
Cost of sales		(153,623,325)	(151,004,788)
Gross profit		3,097,320	3,680,100
Administrative expenses		(1,875,354)	(3,085,776)
Operating profit	5	1,221,966	594,324
Interest receivable and similar income	9	21,142	19,505
Interest payable and expenses	10	(9)	(3,412)
Profit before tax		1,243,099	610,417
Tax on profit	11	(251,035)	(136,373)
Profit for the financial year		992,064	474,044

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 11 to 26 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	13	22,905	159,708
Tangible assets	14	73,489	47,256
		<u>96,394</u>	<u>206,964</u>
Current assets			
Debtors: amounts falling due within one year	15	11,035,175	6,027,108
Cash at bank and in hand	16	3,848,809	3,806,694
		<u>14,883,984</u>	<u>9,833,802</u>
Creditors: amounts falling due within one year	17	(14,773,513)	(9,755,127)
Net current assets		<u>110,471</u>	<u>78,675</u>
Total assets less current liabilities		<u>206,865</u>	<u>285,639</u>
Provisions for liabilities			
Deferred tax	18	(15,446)	(11,284)
		<u>(15,446)</u>	<u>(11,284)</u>
Net assets		<u><u>191,419</u></u>	<u><u>274,355</u></u>
Capital and reserves			
Called up share capital	19	6	6
Profit and loss account	20	191,413	274,349
		<u><u>191,419</u></u>	<u><u>274,355</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 11 January 2021.

M D Grady BA Econ (Hons) ACA
Director

The notes on pages 11 to 26 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018	6	190,305	190,311
Comprehensive income for the period			
Profit for the period	-	474,044	474,044
Total comprehensive income for the period	-	474,044	474,044
Dividends: Equity capital	-	(390,000)	(390,000)
At 1 July 2019	6	274,349	274,355
Comprehensive income for the year			
Profit for the year	-	992,064	992,064
Total comprehensive income for the year	-	992,064	992,064
Dividends: Equity capital	-	(1,075,000)	(1,075,000)
At 30 June 2020	6	191,413	191,419

The notes on pages 11 to 26 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

1. General information

Umbrella-Company Limited ('the Company') is a private limited company, limited by shares, incorporated in and registered in England and Wales (registered number 06969639). The address of the registered office and principal place of business is

Bollin House

Bollin Walk

Wilmslow

Cheshire

SK9 1DP

The principal activity of the Company is the supply of its employees' consultancy services.

2. Accounting policies

2.1 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Cloud Umbrella Limited as at 30 June 2020 and these financial statements may be obtained from Bollin House, Bollin Walk, Wilmslow, Cheshire, SK9 1DP.

2.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain

critical accounting estimates. It also requires group management to exercise judgment in applying the

company's accounting policies (see note 3).

The company has adopted the triennial review of FRS 102 effective for periods commencing on or after 1 January 2019.

Information in respect of the differences from the previous accounting framework are detailed within

note 26.

The following principal accounting policies have been applied:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

2. Accounting policies (continued)

2.3 Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 and 2.

The ongoing Covid-19 pandemic has inevitably had an impact on the Company. However, despite the challenges posed by the pandemic, business levels have recovered to similar levels which existed pre-lockdown. The Directors have prepared detailed forecasts for 12 months from the signing of the financial statements to determine the likely impact of the Covid-19 pandemic on its operations.

The Company meets its day-to-day working capital requirements through its own cash funds, which stood at £3.8m as at 30 June 2020. The Company's forecasts and projections, which take into account the risks and uncertainties detailed in the strategic report, show that the Company should be able to operate within the level of its current working capital requirements.

In light of this and after making appropriate enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements. For this reason, they continue to adopt, and consider appropriate, the going concern basis in preparing the financial statements.

2.4 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

2. Accounting policies (continued)

2.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

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

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

Software	-	25 %	Reducing balance
Domain names	-	25 %	Reducing balance
Goodwill	-	10 %	Straight line

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Fixtures & fittings	-	25% reducing balance
Office equipment	-	25% reducing balance
Computer equipment	-	25% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

2. Accounting policies (continued)

2.9 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

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

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.10 Creditors

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

2.11 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.12 Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

2. Accounting policies (continued)

2.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.14 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.15 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.16 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.17 Provisions for liabilities

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

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

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

2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

2. Accounting policies (continued)

2.18 Current and deferred taxation (continued)

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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

The critical judgements that the directors have made in the process of applying the company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

(i) Assessing indicators of impairment

In assessing whether there have been any indicators of impairment of assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Determining residual values and useful economic lives of tangible assets

The company depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of tangible assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

4. Turnover

An analysis of turnover by class of business is as follows:

	30 June 2020	18 months ended 30 June 2019
	£	£
Provision of services by flexible workers working through an umbrella company	<u>156,720,645</u>	<u>154,684,888</u>

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	30 June 2020	18 months ended 30 June 2019
	£	£
Depreciation of tangible fixed assets	17,983	24,074
Amortisation of intangible assets, including goodwill	136,803	599,352
Other operating lease rentals	<u>125,880</u>	<u>187,813</u>

6. Auditor's remuneration

	30 June 2020	18 months ended 30 June 2019
	£	£
Fees payable to the Company's auditor for the audit of the Company's annual accounts	<u>14,000</u>	<u>22,000</u>
Fees payable to the Company's auditor in respect of:		
All other services	<u>1,750</u>	<u>2,000</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

7. Employees

Staff costs, including Directors' remuneration, were as follows:

	30 June 2020 £	18 months ended 30 June 2019 £
Wages and salaries	1,133,636	1,688,564
Social security costs	106,586	163,095
Pension costs	17,383	16,933
	<u>1,257,605</u>	<u>1,868,592</u>

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

	30 June 2020 No.	18 months ended 30 June 2019 No.
Employees	<u>40.00</u>	<u>37</u>

The average number of monthly contracted, flexible employees during the year was 3,055 (2019: 2,615).

8. Directors' remuneration

	30 June 2020 £	18 months ended 30 June 2019 £
Directors' emoluments	305,517	572,231
Directors pension costs	3,318	11,020
	<u>308,835</u>	<u>583,251</u>

The highest paid Director received remuneration of £148,139 (2019 - £190,734).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £987 (2019 - £1,315).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

9. Interest receivable

	30 June 2020	18 months ended 30 June 2019
	£	£
Other interest	<u>21,142</u>	<u>19,505</u>

10. Interest payable and similar expenses

	30 June 2020	18 months ended 30 June 2019
	£	£
Bank interest	-	396
Other loan interest	9	3,016
	<u>9</u>	<u>3,412</u>

11. Taxation

	30 June 2020	18 months ended 30 June 2019
	£	£
Corporation tax		
Current tax on profits for the year	246,873	138,433
Adjustments in respect of previous periods	-	(249)
Total current tax	<u>246,873</u>	<u>138,184</u>
Deferred tax		
Origination and reversal of timing differences	4,162	(1,811)
Total deferred tax	<u>4,162</u>	<u>(1,811)</u>
Taxation on profit on ordinary activities	<u>251,035</u>	<u>136,373</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

11. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	30 June 2020 £	18 months ended 30 June 2019 £
Profit on ordinary activities before tax	<u>1,243,099</u>	<u>610,417</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	236,189	117,505
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	14,846	14,341
Other differences leading to an increase in the tax charge	-	4,527
Total tax charge for the year/period	<u>251,035</u>	<u>136,373</u>

Factors that may affect future tax charges

Post year end, a change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%.

12. Dividends

	2020 £	18 months ended 30 June 2019 £
Ordinary A Shares	1,075,000	195,000
Ordinary B Shares	-	195,000
	<u>1,075,000</u>	<u>390,000</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

13. Intangible assets

	Software £	Domain name £	Goodwill £	Total £
Cost				
At 1 July 2019	63,780	9,435	3,100,000	3,173,215
At 30 June 2020	63,780	9,435	3,100,000	3,173,215
Amortisation				
At 1 July 2019	37,902	4,772	2,970,833	3,013,507
Charge for the year on owned assets	6,538	1,098	129,167	136,803
At 30 June 2020	44,440	5,870	3,100,000	3,150,310
Net book value				
At 30 June 2020	19,340	3,565	-	22,905
At 30 June 2019	25,878	4,663	129,167	159,708

The goodwill related to the acquisition of the assessed trade and assets of Paymatters LLP during 2011 and has been amortised over what the directors assess as the useful life of 10 years.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

14. Tangible fixed assets

	Fixtures & fittings £	Office equipment £	Total £
Cost or valuation			
At 1 July 2019	55,018	65,355	120,373
Additions	8,110	42,682	50,792
Disposals	(1,340)	(25,777)	(27,117)
At 30 June 2020	61,788	82,260	144,048
Depreciation			
At 1 July 2019	36,198	36,919	73,117
Charge for the year on owned assets	6,335	11,648	17,983
Disposals	(940)	(19,601)	(20,541)
At 30 June 2020	41,593	28,966	70,559
Net book value			
At 30 June 2020	20,195	53,294	73,489
At 30 June 2019	18,820	28,436	47,256

15. Debtors

	2020 £	2019 £
Trade debtors	6,264,620	3,720,377
Amounts owed by related undertakings	609,849	991,602
Other debtors	4,160,706	1,315,129
	<u>11,035,175</u>	<u>6,027,108</u>

16. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	<u>3,848,809</u>	<u>3,806,694</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

17. Creditors: Amounts falling due within one year

	2020	2019
	£	£
Bank loans	-	3,170
Trade creditors	3,643,126	1,722,819
Corporation tax	309,306	138,433
Other taxation and social security	3,753,718	3,708,438
Other creditors	7,067,363	4,182,267
	<u>14,773,513</u>	<u>9,755,127</u>

Included within other creditors are accruals of £6,729,341 (2019: £3,687,465)

18. Deferred taxation

	2020	2019
	£	£
At beginning of year	(11,284)	(13,095)
Charged to profit or loss	(4,162)	1,811
At end of year	<u>(15,446)</u>	<u>(11,284)</u>

The provision for deferred taxation is made up as follows:

	2020	2019
	£	£
Accelerated capital allowances	(15,446)	(11,284)
	<u>(15,446)</u>	<u>(11,284)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

19. Share capital

	2020	2019
	£	£
Allotted, called up and fully paid		
600 (2019 - 600) Ordinary A shares of £0.01 each	<u>6</u>	<u>6</u>

20. Reserves

Profit & loss account

This reserve represents the cumulative profit and losses.

21. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the fund and amounted to £17,383 (2019 - £16,933). Contributions totalling £Nil (2019 - £Nil) were payable to the fund at the balance sheet date and are included in other creditors.

22. Commitments under operating leases

At 30 June 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020	2019
	£	£
Not later than 1 year	134,801	142,449
Later than 1 year and not later than 5 years	539,204	564,320
Later than 5 years	11,233	152,837
	<u>685,238</u>	<u>859,606</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

23. Transactions with directors

At the year end, the directors' loan account balance of £35,016 (2019: £271,961) is included within amounts owed by related undertakings. Interest of 0.5% above base rate has been charged on these balances, with a total of £nil (2019: £nil) being charged for the period.

During the year the Company repaid M Grady £71,171 (2019: £1,817) in the year, and charged interest of £nil (2019: £nil) for the same period. At the year end M Grady owed the Company £10,094 (2019: £71,171 owed by the Company).

During the year the Company repaid N Holmes £70,790 (2019: £3,083) in the year, and charged interest of £nil (2019: £nil) for the same period. At the year end N Holmes owed the Company £9,922 (2019: £70,790 owed by the Company).

During the year the Company repaid S Grady £65,000 (2019: £1,274) in the year, and charged interest of £nil (2019: £nil) for the same period. At the year end S Grady owed the Company £7,500 (2019: £65,000 owed by the Company).

During the year the Company repaid S Holmes £65,000 (2019: £513) in the year, and charged interest of £nil (2019: £nil) for the same period. At the year end S Holmes owed the Company £7,500 (2019: £65,000 owed by the Company).

24. Related party transactions

Umbrella Accountants LLP is a related party due to its members being directors of Umbrella-Company Limited. Umbrella-Company Limited invoiced Umbrella Accountants LLP £396,980 (2019: £760,804) during the period and this is included within turnover. The Company also paid expenses on behalf of Umbrella Accountants LLP amounting to £13,665 (2019: £19,964). Umbrella Accountants LLP repaid the Company £603,060 (2019: £951,201) in the year. The balance outstanding at the period end is £124,833 (2019: £237,852) and is included within debtors.

In January 2019, Umbrella-Company Limited loaned Cloud Umbrella Limited (holding company) £753,750. This was paid to Knights Solicitors to purchase A Kilmartin's and S Kilmartin's shares (both ceased to be Director's on 22 January 2019). The balance outstanding at the period end is £450,000 and

is included within debtors.

25. Controlling party

The immediate and ultimate parent is Cloud Umbrella Limited as of 22 January 2019.

The directors do not consider there to be a single ultimate controlling party.

26. Adoption of the triennial review of FRS102

The policies applied under the entity's previous accounting framework are not materially different to the triennial review of FRS 102 and have not impacted on equity or profit or loss.

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