Brightpool Limited

Directors' report and financial statements

Registered number 07111550

31 December 2016

Contents

Officers and professional advisors

The board of directors

DJ Baird

Business address

The Exchange
Station Parade
Harrogate
North Yorkshire
HG1 1TS

Registered office

5 New Street Square
London
EC4A 3BF

Auditor

KPMG LLP
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

Strategic Report

PRINCIPAL ACTIVITIES OF THE BUSINESS

Brightpool specialises in the areas of interim recruitment, talent pooling & agile resourcing.

BUSINESS MODEL, REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

Brightpool specialises in building talent pools that can be swiftly deployed into large scale contingent, fixed-term contract and permanent workforce solutions.

The core strategy of the business is to:

- Focus on client service – high quality processes and robust controls to deliver a consistent quality of service and deliver the best outcomes for clients
- Investment in people and process – to ensure that clients get better quality, fully compliant candidates quickly, who deliver.

Brightpool demonstrated 29.8% growth in revenue and 19.9% growth in fee income (gross margin) in 2016, driven by the strength of its existing client relationships. New client relationships were developed in H2, resulting in winning significant new work in 2017.

During 2017 the securing of new clients and new projects is expected to deliver fee income growth in the financial services sector (largely from PPI remediation projects), whilst investing in a new website, merging with Talent Consulting (a service offered by the Company's sister business, Interim Partners Limited) and developing out Brightpool's resourcing capability in new market sectors.

PEOPLE

The Company has an experienced and high-performing team.

The Company is a values-led organisation committed to its five core values; Honest, Brave, Genuine, Collaborative and Visionary.

Investment in our people was a key focus for the year, with efforts on talent and succession planning, reward and recognition, work-life balance and corporate & social responsibility all contributing to the Company achieving the Investors in People Gold award status in October 2016.

FINANCIAL REVIEW AND KPIS

The Brightpool key performance indicators are:

	2016	**2015**
Revenue (£000s)	11,308	8,710

This is the standard accounting revenue measure and indicates the trading performance of the Company.

Gross Profit (£000s)	1,712	1,428

Gross profit is the Company's measure of net fee income from client assignments, and is the profit on an assignment after incurring the costs of the interim candidates placed with clients.

EBITDA (£000s)	521	35

EBITDA is a measure of operating profit, adjusted for depreciation and amortisation. Growth in EBITDA reflects an increase in long-term value of the business and the quality of cost control.

Strategic Report *(continued)*

Year-on-year revenue reduction of 30% is driven by increases in sales to existing clients and augmented by the securing of new clients and projects during the year. Competitive pressure has depressed gross margin % slightly from 16.3% to 15% however notwithstanding, fee income (gross profit) grew 20%.

EBITDA growth reflects a flow-through of revenue growth and a significant reduction in costs in the business combined with a more focussed approach to the ongoing cost base.

By order of the Board

DJ Baird

DJ Baird

Director

5 New Street Square
London
EC4A 3BF
17 June 2017

Director's report

The directors have pleasure in presenting their report and financial statements of the company for the year ended 31 December 2016.

Directors

The directors who served during the year were as follows:

Mr DJ Baird

Dividends

The dividends paid in the year amounted to £nil *(2015: £nil)*.

Disclosure of information to auditors

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

Auditor

In accordance with Section 487 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

DJ Baird
Director

5 New Street Square
London
EC4A 3BF

17 July 2017

Statement of director's responsibilities in respect of the Strategic Report, the Director's Report and the financial statements

The directors are responsible for preparing the Strategic Report, the Director's 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

KPMG LLP
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA
United Kingdom

Independent auditor's report to the members of Brightpool Limited

We have audited the financial statements of Brightpool Limited for the year ended 31 December 2016 as set out on pages 8 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Director's Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

Independent auditor's report to the members of Brightpool Limited *(continued)*

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Johnathan Pass (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
1 Sovereign Square
Neville Street
Leeds
LS1 4DW

17 July 2017

Profit and loss account
for the year ended 31 December 2016

	Note	2016 £	2015 £
Turnover		**11,308,448**	8,709,687
Cost of sales		**(9,596,306)**	(7,281,472)
Gross profit		**1,712,142**	1,428,215
Administrative expenses		**(1,191,091)**	(1,393,392)
Operating profit	2	**521,051**	34,823
Interest receivable and similar charges		**275**	4
Interest payable and similar charges		**(1,788)**	(455)
Profit on ordinary activities before taxation		**519,538**	34,372
Tax on profit on ordinary activities	5	**(104,359)**	(7,916)
Profit for the financial year		**415,179**	26,456

All the results are from continuing operations.

The company has no other comprehensive income

Balance sheet
as at 31 December 2016

	Note	2016 £	£	2015 £	£
Current assets					
Debtors	6	**2,156,885**		1,081,161	
Cash at bank and in hand		**20,774**		434,802	
		2,177,659		1,515,963	
Creditors: amounts falling due within one year	7	**(831,378)**		(584,861)	
Net curent assets			**1,346,281**		931,102
Total assets less current liabilities			**1,346,281**		931,102
Provisions			**-**		-
Net assets			**1,346,281**		931,102
Capital and reserves					
Called up share capital	9		**1**		1
Profit and loss account			**1,346,280**		931,101
Shareholders' funds			**1,346,281**		931,102

These financial statements were approved by the board of directors on 17 June 2017 and were signed on its behalf by:

DJ Baird
Director

Statement of changes in equity
for the period 31 December 2016

	Share capital £	Share premium £	Merger reserve £	Profit and loss account £	Total equity £
Balance at 1 January 2015	**1**	-	-	**904,645**	**904,646**
Total comprehensive income for the period					
Profit or loss	-	-	-	26,456	26,456
Dividends	-	-	-	-	-
Total contributions by and distribution to owners	-	-	-	26,456	26,456
Balance at 31 December 2015	**1**	-	-	**931,101**	**931,102**
Balance at 1 January 2016	**1**	-	-	**931,101**	**931,102**
Total comprehensive income for the period					
Profit or loss	-	-	-	415,179	415,179
Dividends	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	**415,179**	**415,179**
Balance at 31 December 2016	**1**	-	-	**1,346,280**	**1,346,281**

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation to be used for subsidiaries

Brightpool Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*) as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling.

The Company's ultimate parent undertaking, New Street (Group) Limited includes the Company in its consolidated financial statements. The consolidated financial statements of New Street (Group) Limited are available to the public and may be obtained from 6 New Street Square, London, EC4A 3BF. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

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

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 11.

Going concern

The directors believe that the Company has adequate resources to continue in operational exercise for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Classification of financial instruments issued by the group

In accordance with FRS 102.22, financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and

(b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Notes *(continued)*

1 Accounting policies *(continued)*

Basic financial instruments

Trade and other debtors / creditors

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

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Turnover

Turnover represents the value, net of value added tax, of goods and services supplied to customers during the year.

Turnover includes commissions and salary costs. All turnover arose in the UK.

Taxation

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

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

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

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

Notes *(continued)*

1 Accounting policies *(continued)*

Operating lease agreement

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Dividends on shares presented within shareholder's funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they have been appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

2 Operating profit

Operating profit is stated after charging:

	2016 £	2015 £
Auditor's fees	**5,000**	5,000
Taxation fees	**260**	260

3 Directors' remuneration

Directors emoluments equalled £nil in the year *(2015: £nil)*

4 Particulars of employees

The average number of staff employed by the company during the financial year amounted to:

	2016 No	2015 No
Number of administrative staff	**8**	10
The aggregate payroll costs of the above were:		
Wages and salaries	**457,113**	523,322
Social security costs	**41,344**	59,405
	498,457	582,727

Notes *(continued)*

5 Taxation

Analysis of charge in period

	2016	2015
	£	£
UK corporation tax		
Current tax on income for the period	**104,359**	7,916
Adjustments in respect of prior periods	-	-
Total current tax	**104,359**	7,916
Deferred tax (see note 8)		
Origination/reversal of timing differences	-	-
Adjustment in respect of previous years	-	-
Effect of tax rate change on opening balance	-	-
Tax on profit on ordinary activities	**104,359**	7,916

Factors affecting the tax charge for the current period

The current tax charge for the period is different to the standard rate of corporation tax in the UK of 20% (*2015: 20%*). The differences are explained below:

	2016	2015
	£	£
Current tax reconciliation		
Profit on ordinary activities before tax	**519,538**	34,372
Current tax at [20]% *(2015: 20%*	**103,908**	6,874
Effects of:		
Expenses not deductible for tax purposes	**451**	1,042
Marginal relief	-	-
Adjustments to tax charge in respect of previous periods	-	-
Total tax charge (see above)	**104,359**	7,916

Factors that may affect future current and total tax charges

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 December 2016 has been calculated on this basis.

Deferred tax has therefore been calculated at 20% as this is the tax rate substantively enacted at the Balance Sheet date.

Notes *(continued)*

6 Debtors

	2016 £	2015 £
Trade debtors	**2,149,019**	1,081,161
Amounts owed from Interim Partners Limited	**-**	-
Prepayments	**7,866**	-
	2,156,885	1,081,161

7 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	**487,321**	285,819
Corporation tax	**99,063**	2,620
Other taxation and social security	**6,849**	7,635
Other creditors	**169,785**	201,240
Amounts due to Interim Partners Limited	**68,360**	87,547
	831,378	584,861

8 Deferred taxation

	2016 £	2015 £
At beginning of year	**-**	-
Charge to profit and loss account in the year		-
At end of year	**-**	-

The elements of deferred taxation are set out below:

	2016 £	2015 £
Short term timing differences	**-**	-
Deferred tax asset	**-**	-

9 Share capital

	2016 £	2015 £
Allotted called up and fully paid		
1 ordinary share of £1 each	**1**	1

Notes *(continued)*

10 Related party disclosures

Controlling entity

New Street (Group) Limited is the ultimate parent company, incorporated in the UK and is controlled by, the director, DJ Baird.

Related part transactions

The company has taken advantage of the exemptions in FRS 102 and not disclosed transactions with entities that are 100% subsidiaries of New Street (Group) Limited.

11 Accounting estimates and judgements

Key sources of estimation uncertainty

The Company believes that the areas of estimation uncertainty which affect the financial statements are bad debt provision.

- The carrying value of the bad debt provision is £27,480 and is based on a specific provision against certain aged debtors. This is reviewed on a monthly basis and adjusted as necessary.

Critical accounting judgements in applying the Company's accounting policies

The Company believes that there are no critical accounting judgements applied in the Company's accounting policies.