

Company registration number: 07329095

EPAYROLL SERVICES LIMITED

Financial statements

30 June 2017

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EPAYROLL SERVICES LIMITED

Strategic report Year ended 30 June 2017

Review of Business

The company continues to operate as an Outsourced Payroll Provider to the recruitment industry offering HM Revenue & Customs compliant PAYE services to contract and freelance workers within the UK.

In common with many businesses of our size, the business environment in which we operate continues to be challenging, both locally and nationally. New legislation continues to be introduced and we consider that the expertise that we have built up over recent years will enable the Company to meet these challenges.

The key financial performance indicators of turnover, gross profit and operating profit are used, in common with many similar businesses. Gross profit percentage has decreased from 7.14% to 6.24%, and turnover has fallen by 19.25% to £14.78m.

As a consequence of the current financial performance of the company, as discussed further in note 24 to the accounts, the directors are looking at ways to restructure the company to prevent having to wind up the business.

This report was approved by the board of directors on 23 March 2018 and signed on behalf of the board by:



Miss L J Walsh
Director

EPAYROLL SERVICES LIMITED

Directors report Year ended 30 June 2017

The directors present their report and the financial statements of the company for the year ended 30 June 2017.

Directors

The directors who served the company during the year were as follows:

Mr A I Johnston	(Appointed 30 June 2017 and resigned 3 November 2017)
Mrs S J Johnston	(Resigned 28 March 2017)
Mr P Johnston	(Appointed 28 March 2017 and resigned 3 November 2017)
Mrs L J Walsh	(Appointed 28 March 2017)

Dividends

Particulars of recommended dividends are detailed in note 11 to the financial statements.

Employment of disabled persons

To make positive changes, ePayroll Services Limited wants to address the different barriers faced by disabled people. This may be a physical or mental impairment. This includes people who are receiving treatment or using equipment (except glasses or contact lenses) that alleviates the effects of an impairment or a condition, people with an impairment or condition that is likely to recur, people who have conditions that will get worse over time and people with severe disfigurements.

Financial instruments

The company does not use any financial instruments to hedge its risks associated with price, credit, liquidity or cash flow. The financial risk management objectives and policies of the company and the exposure of the company to price risk, credit risk, liquidity risk and cash flow risk are not considered material for the assessment of the assets, liabilities, financial position and profit of the company.

Disclosure of information in the strategic report.

The company in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. Included within the strategic report is a review of future developments of the business.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

EPAYROLL SERVICES LIMITED

Directors report (continued) Year ended 30 June 2017

Directors' responsibilities statement (*continued*)

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 23 March 2018 and signed on behalf of the board by:



Miss L J Walsh
Director

EPAYROLL SERVICES LIMITED

Independent auditor's report to the members of EPAYROLL SERVICES LIMITED (continued) Year ended 30 June 2017

Opinion

We have audited the financial statements of ePayroll Services Limited for the year ended 30 June 2017 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 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.

Material Uncertainty Related to Going Concern

We draw attention to note 24 in the financial statements which indicates concerns about the company's ability to continue as a going concern. The company's trading performance during the year ended 30 June 2017, along with other matters as set forth in Note 24 to the financial statements, indicate the existence of a material uncertainty which may cast doubt about the company's ability to continue as a going concern. The financial statements do not include any adjustments that would result from a failure to continue as a going concern. Our opinion is not modified in respect of this matter.

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 directors are responsible for the other information. 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.

EPAYROLL SERVICES LIMITED

Independent auditor's report to the members of EPAYROLL SERVICES LIMITED (continued) Year ended 30 June 2017

Other Information (*continued*)

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 has been prepared in accordance with applicable legal requirements.

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 or the directors' report.

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

- adequate accounting records have not been kept, 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 the returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 either 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.

EPAYROLL SERVICES LIMITED

Independent auditor's report to the members of EPAYROLL SERVICES LIMITED (continued) Year ended 30 June 2017

Auditor's responsibilities for the audit of the financial statements (*continued*)

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. we also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Philip Clennell (Senior Statutory Auditor)

For and on behalf of
Stewart & Co
Chartered Accountants and Statutory Auditor
Knoll House
Knoll Road
Camberley
Surrey
GU15 3SY

23 March 2018

EPAYROLL SERVICES LIMITED

Statement of income and retained earnings Year ended 30 June 2017

	Note	2017 £	2016 £
Turnover	4	14,780,945	18,304,527
Cost of sales		(13,859,088)	(16,996,603)
Gross profit		<u>921,857</u>	<u>1,307,924</u>
Administrative expenses		(992,999)	(1,300,627)
Operating (loss)/profit	5	<u>(71,142)</u>	<u>7,297</u>
Other interest receivable and similar income	9	1,547	618
(Loss)/profit before taxation		<u>(69,595)</u>	<u>7,915</u>
Tax on (loss)/profit	10	8,171	(7,408)
(Loss)/profit for the financial year and total comprehensive income		<u>(61,424)</u>	<u>507</u>
Dividends declared and paid or payable during the year	11	-	(36,000)
Retained earnings at the start of the year		7,914	43,407
Retained earnings at the end of the year		<u>(53,510)</u>	<u>7,914</u>

All the activities of the company are from continuing operations.

The notes on pages 10 to 19 form part of these financial statements.

EPAYROLL SERVICES LIMITED

**Statement of financial position
Year ended 30 June 2017**

			2017 £	2016 £
	Note	2017 £	2016 £	2016 £
Fixed assets				
Tangible assets	12	99,603	139,162	
		<u>99,603</u>	<u>139,162</u>	139,162
Current assets				
Debtors	13	190,833	281,061	
Cash at bank and in hand		723,439	728,248	
		<u>914,272</u>	<u>1,009,309</u>	
Creditors: amounts falling due within one year	14	(1,052,391)	(1,117,392)	
Net current liabilities		(138,119)		(108,083)
Total assets less current liabilities		<u>(38,516)</u>		<u>31,079</u>
Provisions for liabilities	15	(14,894)		(23,065)
Net (liabilities)/assets		<u>(53,410)</u>		<u>8,014</u>
Capital and reserves				
Called up share capital	19	100		100
Profit and loss account	20	(53,510)		7,914
Shareholders (deficit)/funds		<u>(53,410)</u>		<u>8,014</u>

These financial statements were approved by the board of directors and authorised for issue on 23 March 2018, and are signed on behalf of the board by:



Miss L J Walsh
Director

Company registration number: 07329095

EPAYROLL SERVICES LIMITED

Statement of cash flows Year ended 30 June 2017

	2017 £	2016 £
Cash flows from operating activities		
(Loss)/profit for the financial year	(61,424)	507
<i>Adjustments for:</i>		
Depreciation of tangible assets	45,413	37,779
Other interest receivable and similar income	(1,547)	(618)
Gain/(loss) on disposal of tangible assets	-	2,547
Tax on loss/profit	(8,171)	7,408
Accrued expenses/(income)	(235,522)	(328,976)
<i>Changes in:</i>		
Trade and other debtors	81,606	446,853
Trade and other creditors	170,521	(364,599)
Cash generated from operations	(9,124)	(199,099)
Interest received	1,547	618
Tax paid	8,622	(8,622)
Net cash from/(used in) operating activities	1,045	(207,103)
Cash flows from investing activities		
Purchase of tangible assets	(5,854)	(141,908)
Net cash used in investing activities	(5,854)	(141,908)
Cash flows from financing activities		
Proceeds from borrowings	-	454
Equity dividends paid	-	(36,000)
Net cash used in financing activities	-	(35,546)
Net increase/(decrease) in cash and cash equivalents	(4,809)	(384,557)
Cash and cash equivalents at beginning of year	728,248	1,112,805
Cash and cash equivalents at end of year	723,439	728,248

EPAYROLL SERVICES LIMITED

Notes to the financial statements Year ended 30 June 2017

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Alba House, Mulberry Business Park, Fishponds Road, Wokingham, RG41 2GY.

2. Statement of compliance

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

3. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

The financial statements have been prepared on the going concern basis. The carrying values of all assets and liabilities have been reviewed by the directors and they are considered to be held at realisable amounts. This is discussed further in note 24 to the accounts.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The following had the most significant effect on amounts recognised in the financial statements:

Tangible fixed assets:

Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the asset and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as the remaining life of the asset and projected disposal values.

Holiday pay accrual:

Management use historical experience and data to assess the level of accrual to be recognised at the statement of financial position date.

Turnover

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

EPAYROLL SERVICES LIMITED

Notes to the financial statements (continued) Year ended 30 June 2017

3. Accounting policies (continued)

Taxation

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

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

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

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

Tangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in capital and reserves, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in capital and reserves in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in capital and reserves in respect of that asset, the excess shall be recognised in profit or loss.

EPAYROLL SERVICES LIMITED

Notes to the financial statements (continued) Year ended 30 June 2017

3. Accounting policies (continued)

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold improvements	- Straight line over the life of the lease
Plant and machinery	- 20% straight line
Fittings fixtures and equipment	- 25% straight line
Motor vehicles	- 25% straight line
Computer equipment	- 33.33% straight line

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of tangible assets, the depreciation is revised prospectively to reflect the new estimates.

Impairment

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

When it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event; it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised in finance costs in profit or loss in the period it arises.

EPAYROLL SERVICES LIMITED

Notes to the financial statements (continued) Year ended 30 June 2017

Financial instruments

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

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

Debt instruments are subsequently measured at amortised cost.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised in finance costs in profit or loss in the period in which it arises.

4. Turnover

Turnover arises from:

	2017	2016
	£	£
Rendering of services	14,780,945	18,304,527
	<hr/>	<hr/>

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

EPAYROLL SERVICES LIMITED

Notes to the financial statements (continued) Year ended 30 June 2017

5. Operating loss/profit

Operating loss/profit is stated after charging/(crediting):

	2017	2016
	£	£
Depreciation of tangible assets	45,413	37,779
(Gain)/loss on disposal of tangible assets	-	2,547
Operating lease rentals	118,535	92,913
Fees payable for the audit of the financial statements	6,000	6,000
	<u> </u>	<u> </u>

6. Auditors remuneration

	2017	2016
	£	£
Fees payable to Stewart & Co		
Fees payable for the audit of the financial statements	6,000	6,000
	<u> </u>	<u> </u>

7. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2017	2016
Direct staff	950	1,857
Administrative staff	11	15
	<u> </u>	<u> </u>
	961	1,872
	<u> </u>	<u> </u>

The aggregate payroll costs incurred during the year were:

	2017	2016
	£	£
Wages and salaries	13,307,186	16,496,033
Social security costs	892,821	1,007,026
Other pension costs	47,064	49,752
	<u> </u>	<u> </u>
	14,247,071	17,552,811
	<u> </u>	<u> </u>

8. Directors remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2017	2016
	£	£
Remuneration	124,395	149,250
	<u> </u>	<u> </u>

EPAYROLL SERVICES LIMITED

Notes to the financial statements (continued) Year ended 30 June 2017

9. Other interest receivable and similar income

	2017	2016
	£	£
Bank deposits	193	618
Other interest receivable and similar income	1,354	-
	<u>1,547</u>	<u>618</u>

10. Tax on loss/profit

Major components of tax income/expense

	2017	2016
	£	£
Current tax:		
Adjustments in respect of previous periods	-	(8,622)
	<u>-</u>	<u>(8,622)</u>
Deferred tax:		
Origination and reversal of timing differences	(8,171)	16,030
	<u>(8,171)</u>	<u>7,408</u>
Tax on loss/profit	<u>(8,171)</u>	<u>7,408</u>

Reconciliation of tax income/expense

The tax assessed on the loss/profit for the year is higher than (2016: higher than) the standard rate of corporation tax in the UK of 19.75% (2016: 20.00%).

	2017	2016
	£	£
(Loss)/profit before taxation	<u>(69,595)</u>	<u>7,915</u>
(Loss)/profit multiplied by rate of tax	(13,745)	1,583
Adjustments in respect of prior periods	-	(8,622)
Effect of expenses not deductible for tax purposes	1,444	1,465
Effect of different UK tax rates on some earnings	(876)	-
Utilisation of tax losses	(306)	8,622
Unrelieved tax losses	4,794	3,966
Fixed asset differences	518	394
	<u>(8,171)</u>	<u>7,408</u>
Tax on loss/profit	<u>(8,171)</u>	<u>7,408</u>

Factors affecting future tax expense

There were no factors that may affect future tax charges.

EPAYROLL SERVICES LIMITED

Notes to the financial statements (continued) Year ended 30 June 2017

11. Dividends

Equity dividends

	2017 £	2016 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	-	36,000

12. Tangible assets

	Leasehold improvements £	Plant and machinery £	Fixtures, fittings, and equipment £	Motor vehicles £	Computer equipment £	Total £
Cost						
At 1 July 2016	25,807	29,592	63,269	22,055	76,878	217,601
Additions	-	1,098	-	-	4,756	5,854
Disposals	-	-	-	-	(7,956)	(7,956)
At 30 June 2017	25,807	30,690	63,269	22,055	73,678	215,499
Depreciation						
At 1 July 2016	1,968	4,439	13,878	1,973	56,181	78,439
Charge for the year	2,624	5,918	15,795	5,514	15,562	45,413
Disposals	-	-	-	-	(7,956)	(7,956)
At 30 June 2017	4,592	10,357	29,673	7,487	63,787	115,896
Carrying amount						
At 30 June 2017	21,215	20,333	33,596	14,568	9,891	99,603
At 30 June 2016	23,839	25,153	49,391	20,082	20,697	139,162

13. Debtors

	2017 £	2016 £
Trade debtors	6,715	83,307
Amounts owed by connected parties	74,111	9,697
Prepayments and accrued income	25,851	61,551
Other debtors	84,156	126,506
	190,833	281,061

EPAYROLL SERVICES LIMITED

Notes to the financial statements (continued) Year ended 30 June 2017

14. Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	21,578	45,243
Accruals and deferred income	138,450	373,972
Social security and other taxes	890,001	689,796
Director loan accounts	454	454
Other creditors	1,908	7,927
	<u>1,052,391</u>	<u>1,117,392</u>

15. Provisions

	Deferred tax (note 16)	Total
	£	£
At 1 July 2016	23,065	23,065
Charges against provisions	(8,171)	(8,171)
At 30 June 2017	<u>14,894</u>	<u>14,894</u>

16. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2017	2016
	£	£
Included in provisions (note 15)	<u>14,894</u>	<u>23,065</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2017	2016
	£	£
Accelerated capital allowances	<u>14,894</u>	<u>23,065</u>

17. Employee benefits

The amount recognised in profit or loss in relation to defined contribution plans was £47,064 (2016: £49,752).

EPAYROLL SERVICES LIMITED

Notes to the financial statements (continued) Year ended 30 June 2017

18. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2017 £	2016 £
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	6,715	83,307
Other debtors	158,267	127,581
Cash at bank and in hand	723,439	728,248
	<u>888,421</u>	<u>939,136</u>
Financial liabilities measured at amortised cost		
Trade creditors	21,578	45,243
Other creditors	140,812	382,353
	<u>162,390</u>	<u>427,596</u>

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. No transactions have been deferred beyond normal credit terms or financed at non-market rates of interest. The cumulative amortisation on the recognised financial assets and liabilities is £nil (2016: £nil).

19. Called up share capital Issued, called up and fully paid

	2017		2016	
	No	£	No	£
Ordinary shares of £ 1.00 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

20. Reserves

Profit and loss account: This reserve records retained earnings and accumulated losses.

EPAYROLL SERVICES LIMITED

Notes to the financial statements (continued) Year ended 30 June 2017

21. Operating leases

The company as lessee

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2017 £	2016 £
Not later than 1 year	69,990	77,772
Later than 1 year and not later than 5 years	195,615	152,921
Later than 5 years	256,200	238,650
	<u>521,805</u>	<u>469,343</u>

22. Related party transactions

No dividends were paid during the year (2016: £36,000). At the year end the company owed a former director £454 (2016: £454). At the year end £74,111 was owed by the shareholder to the company (2016: £9,697 was owed by a former shareholder to the company).

23. Key management personnel

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services provided to the company has been disclosed in note 8.

24. Going concern

During the year the company generated a net loss of £61,424 (2016: Net profit £507). At the year end the company's current liabilities exceeded its total assets by £38,516 (2016: Total assets were in excess of current liabilities).

Due to the financial performance of the business the directors have considered restructuring or ceasing to trade within 12 months of the statement of financial position date, and are therefore unable to guarantee the company will remain a going concern.

There have been no changes in the accounting policies applied in the preparation of the financial statements. The directors have assessed the carrying value of all assets and liabilities on the balance sheet, and do not consider any adjustments are necessary in order to reflect realisable/payable amounts.