

Res Q Limited

Registered number: 07711754

Directors' report and financial statements

For the year ended 31 December 2016



RES Q LIMITED

COMPANY INFORMATION

Directors

N Marshall
G C Marchbank
M Marshall
J Cole

Registered number

07711754

Registered office

Criterion House
75-81 George Street
Hull
East Yorkshire
HU1 3AU

Independent auditor

Mazars LLP
Chartered Accountants & Statutory Auditor
Mazars House
Gelderd Road
Gildersome
Leeds
LS27 7JN

Bankers

Santander UK plc
6-8 King Edward Street
Hull
HU1 3SS

RES Q LIMITED

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RES Q LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

Introduction

The directors present their strategic report and the financial statements for the period ended 31 December 2016.

Business review

The principal activity of the Company is the provision of outsourced services for leading companies operating in the UK.

2016 built on the success of 2015 with continued growth in turnover and gross profit, as demonstrated by the key financial performance indicators noted below. This growth was driven by the on-going investment in the Company's offer to its clients and in particular the development and deployment of the Responsible Telemarketing™ solution.

This investment was facilitated by £2.6m of funding received in the year.

Principal risks and uncertainties

Risk identification and management is of key concern for senior management of the Company.

Following the BREXIT vote to leave the EU uncertainty remains as to the growth prospects to UK GDP. As the Company's customers are solely UK focused the strength of consumer confidence is a key risk to delivery of the Company's strategy. However, the Company's diverse portfolio of customers means that it is not heavily exposed to one particular sector of the economy.

As the Company grows both financial control and working capital management become paramount. Subsequent to the year end the Company has strengthened its senior management team with the appointment of its first Finance Director.

Financial key performance indicators

The key financial performance indicators are:

	2016 £'000	2015 £'000	Change £'000	Change %
Turnover	14,806	12,489	2,320	19%
Gross profit	5,323	3,557	1,766	50%
Operating profit	1,233	706	527	75%

RES Q LIMITED

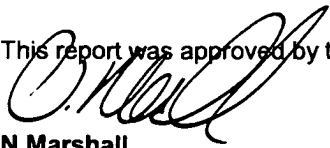
**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

Future developments

OFCOM have dramatically tightened the regulations around abandoned and silent calls with effect from March 2017. Res Q's is uniquely positioned to capitalise on this increased regulation through the development of Responsible Telemarketing™ such that the Company is in full compliance with the new OFCOM regulations.

Accordingly the Company has experienced an increase in enquiries to deploy its solution to assist current and potential customers grow their business. As such 2017 will see further growth in turnover but more crucially in operating profit as the investment made in 2016 bear results.

This report was approved by the board on



N Marshall
Director

12th April, 2017

and signed on its behalf.

RES Q LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

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 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.

Results and dividends

The profit for the year, after taxation, amounted to £1,061,428 (2015 - £455,114).

Directors

The directors who served during the year were:

N Marshall
G C Marchbank
M Marshall
J Cole

Employee involvement

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

Disabled employees received appropriate training to promote their career development within the company.

RES Q LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

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 director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director 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 12th April, 2017 and signed on its behalf.



N Marshall
Director

RES Q LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF RES Q LIMITED

We have audited the financial statements of Res Q Limited for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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. 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.

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 website at www.frc.org.uk/auditscopeukprivate.

Opinion on the 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 United Kingdom Generally Accepted Accounting Practice, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on the other matter 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 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.

RES Q LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF RES Q LIMITED

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 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.



Shaun Mullins (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Mazars House
Gelderd Road
Gildersome
Leeds
LS27 7JN

Date: 13.4.2017

RES Q LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £	2015 £
Turnover	3	14,806,093	12,489,206
Cost of sales		(9,483,564)	(8,932,289)
Gross profit		<u>5,322,529</u>	<u>3,556,917</u>
Administrative expenses		(4,100,407)	(2,859,944)
Other operating income		10,935	8,802
Operating profit	4	<u>1,233,057</u>	<u>705,775</u>
Interest payable and expenses	8	(114,859)	(117,521)
Profit before tax		<u>1,118,198</u>	<u>588,254</u>
Tax on profit	9	(56,770)	(133,140)
Profit for the year		<u><u>1,061,428</u></u>	<u><u>455,114</u></u>

There were no recognised gains and losses for 2016 or 2015 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2016 (2015:£NIL).

The notes on pages 10 to 25 form part of these financial statements.

RES Q LIMITED
REGISTERED NUMBER: 07711754

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	10	694,929	875,173
Tangible assets	11	918,700	581,243
		<u>1,613,629</u>	<u>1,456,416</u>
Current assets			
Debtors: amounts falling due after more than one year	12	980,889	-
Debtors: amounts falling due within one year	12	5,948,051	4,428,240
Cash at bank and in hand	13	63,283	42,084
		<u>6,992,223</u>	<u>4,470,324</u>
Creditors: amounts falling due within one year	14	(3,749,702)	(3,255,469)
Net current assets		<u>3,242,521</u>	<u>1,214,855</u>
Total assets less current liabilities		<u>4,856,150</u>	<u>2,671,271</u>
Creditors: amounts falling due after more than one year	15	(3,030,865)	(1,964,184)
Provisions for liabilities			
Deferred tax	17	(56,770)	-
		<u>(56,770)</u>	<u>-</u>
Net assets		<u><u>1,768,515</u></u>	<u><u>707,087</u></u>
Capital and reserves			
Called up share capital	18	1,200	1,200
Profit and loss account	19	1,767,315	705,887
		<u>1,768,515</u>	<u>707,087</u>

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



12 April 2017

N Marshall
Director

RES Q LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2016	1,200	705,887	707,087
Comprehensive income for the year			
Profit for the year	-	1,061,428	1,061,428
At 31 December 2016	1,200	1,767,315	1,768,515

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2015	1,200	250,773	251,973
Comprehensive income for the year			
Profit for the year	-	455,114	455,114
At 31 December 2015	1,200	705,887	707,087

The notes on pages 10 to 25 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. Accounting policies

1.1 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 management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 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 4 Statement of Financial Position paragraph 4.12(a)(iv);
- 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 11.41(b), 11.41(c), 11.41(e), 11.41(f), 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 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Res-Q Outsourcing Solutions Limited as at 31 December 2016 and these financial statements may be obtained from Companies House.

1.3 Going concern

The financial statements have been prepared on a going concern basis.

The directors have reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The directors believe that the company is well placed to manage its business risks successfully.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. Accounting policies (continued)

1.4 Revenue

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.

1.5 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.

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.

1.6 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.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. Accounting policies (continued)

1.6 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimate useful lives range as follows:

Depreciation is provided on the following basis:

Fixtures & fittings	-	10% to 25% Straight line
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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 the Statement of Comprehensive Income.

1.7 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.

1.8 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.

1.9 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable 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 payables or receivables, 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 financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. Accounting policies (continued)

1.9 Financial instruments (continued)

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, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet 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.

1.10 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.

1.11 Finance costs

Finance costs are charged to the Statement of Comprehensive Income 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.

1.12 Operating leases: the Company as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 1 January 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. Accounting policies (continued)

1.13 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 the Statement of Comprehensive Income 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.

1.14 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

1.15 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 the Statement of Comprehensive Income 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.

1.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a change 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 Statement of Financial Position date in the countries where the Company operates and generates income.

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

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. Accounting policies (continued)

1.17 Legal form and country of incorporation

The legal form of the company is that of a company limited by shares. The company is incorporated in England and Wales.

2. 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 assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability and where applicable, the ability of the asset to be operated as planned. 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.

(ii) Recoverability of receivables

The Company establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the directors have considered factors such as the aging of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers.

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

The Company depreciates tangible assets, and amortises intangible 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 estimation of useful lives of intangible assets is based on any contractual or legal rights associated with the asset, or the period in which the Company expects to use the asset if shorter. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Judgement is also applied, when determining the residual values for fixed assets. When determining the residual value, the directors have assessed the amount that the Company would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful life. Where possible this is done with reference to external market prices.

RES Q LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

3. Turnover

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

	2016 £	2015 £
Outsourced services	14,806,093	12,489,206
	<u>14,806,093</u>	<u>12,489,206</u>

All turnover arose within the United Kingdom.

4. Operating profit

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	146,177	114,873
Amortisation of intangible assets, including goodwill	282,205	201,015
	<u>428,382</u>	<u>315,888</u>

5. Auditor's remuneration

	2016 £	2015 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	15,500	13,250
	<u>15,500</u>	<u>13,250</u>
Other services relating to taxation	2,500	3,750
All other services	20,814	6,850
	<u>23,314</u>	<u>10,600</u>

RES Q LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

6. Employees

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

	2016 £	2015 £
Wages and salaries	9,481,595	8,726,173
Social security costs	863,165	721,063
Cost of defined contribution scheme	151,950	45,254
	<u>10,496,710</u>	<u>9,492,490</u>

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

	2016 No.	2015 No.
Direct staff	37	38
Indirect staff	72	58
Weekly sales staff	329	331
	<u>438</u>	<u>427</u>

7. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	319,827	450,102
Company contributions to defined contribution pension schemes	94,226	3,383
	<u>414,053</u>	<u>453,485</u>

During the year retirement benefits were accruing to 3 directors (2015 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £169,033 (2015 - £142,050).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £31,410 (2015 - £1,156).

RES Q LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

8. Interest payable and similar charges

	2016 £	2015 £
Other loan interest payable	114,859	116,474
Finance leases and hire purchase contracts	-	1,047
	<u>114,859</u>	<u>117,521</u>

9. Taxation

	2016 £	2015 £
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	56,770	133,140
Taxation on profit on ordinary activities	<u>56,770</u>	<u>133,140</u>

RES Q LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

9. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	1,118,198	588,253
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	223,640	119,121
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	56,441	-
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(25,080)	242
Capital allowances for year in excess of depreciation	65,942	(52,083)
Utilisation of tax losses	-	(42,785)
Short term timing difference leading to an increase/(decrease) in taxation	56,700	113,140
Other timing differences leading to a (decrease) in taxation	-	(4,495)
Changes in provisions leading to an increase in the tax charge	19,790	-
Group relief	(340,663)	-
Total tax charge for the year	56,770	133,140

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

RES Q LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

10. Intangible assets

	Software £	Goodwill £	Total £
Cost			
At 1 January 2016	221,918	1,110,493	1,332,411
Additions	101,961	-	101,961
At 31 December 2016	<u>323,879</u>	<u>1,110,493</u>	<u>1,434,372</u>
Amortisation			
At 1 January 2016	63,195	394,042	457,237
Charge for the year	103,092	179,113	282,205
At 31 December 2016	<u>166,287</u>	<u>573,155</u>	<u>739,442</u>
Net book value			
At 31 December 2016	<u>157,592</u>	<u>537,338</u>	<u>694,930</u>
At 31 December 2015	<u>158,722</u>	<u>716,451</u>	<u>875,173</u>

11. Tangible fixed assets

	Fixtures & fittings £
Cost or valuation	
At 1 January 2016	791,203
Additions	483,634
At 31 December 2016	<u>1,274,837</u>
Depreciation	
At 1 January 2016	209,960
Charge for the period on owned assets	146,177
At 31 December 2016	<u>356,137</u>
Net book value	
At 31 December 2016	<u>918,700</u>
At 31 December 2015	<u>581,243</u>

RES Q LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

12. Debtors

	2016 £	2015 £
Due after more than one year		
Amounts owed by group undertakings	980,889	-
	<u>980,889</u>	<u>-</u>
	2016 £	2015 £
Due within one year		
Trade debtors	2,728,345	1,890,907
Amounts owed by group undertakings	2,003,612	1,500,000
Other debtors	868,174	702,390
Prepayments and accrued income	173,259	87,222
Tax recoverable	174,661	174,661
Deferred taxation	-	73,060
	<u>5,948,051</u>	<u>4,428,240</u>

13. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	63,283	42,083
	<u>63,283</u>	<u>42,083</u>

RES Q LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

14. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	403,399	169,723
Other loans	100,000	100,000
Corporation tax	115,649	183,010
Other taxation and social security	629,193	575,893
Other creditors	2,501,461	2,226,843
	<u>3,749,702</u>	<u>3,255,469</u>

Secured Loans

An amount of £1,322,293 (2015: £1,103,297) on an invoice discounting facility, included within other creditors, is secured against the company's trade debtors.

Loans due in one year of £230,345 (2015: £280,345 due after one year) are secured by personal guarantees provided by Mr N Marshall.

An amount of £100,000 (2015: £100,000) included in other loans has been guaranteed by the directors of the company

15. Creditors: Amounts falling due after more than one year

	2016 £	2015 £
Other loans	430,865	530,865
Amounts owed to group undertakings	2,600,000	-
Other creditors	-	1,433,319
	<u>3,030,865</u>	<u>1,964,184</u>

Secured loans

Loans due in more than one year of £Nil (2015: £280,345) are secured by personnel guarantees provided by Mr N Marshall.

RES Q LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

16. Loans

Analysis of the maturity of loans is given below:

	2016 £	2015 £
Amounts falling due within one year		
Other loans	100,000	100,000
Amounts falling due 1-2 years		
Other loans	430,865	530,865
	<u>430,865</u>	<u>530,865</u>

17. Deferred taxation

	2016 £	2015 £
At beginning of year	73,060	206,200
Charged to the profit or loss	(129,830)	(133,140)
At end of year	<u>(56,770)</u>	<u>73,060</u>

The deferred taxation balance is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	(139,072)	(64,683)
Tax losses carried forward	82,302	137,743
	<u>(56,770)</u>	<u>73,060</u>

18. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
1,200 Ordinary shares of £1 each	<u>1,200</u>	<u>1,200</u>

RES Q LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

19. Reserves**Profit & loss account**

The profit & loss account reserve represents cumulative profits and losses.

20. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £61,950 (2015: £45,254). Contributions totalling £10,950 (2015: £6,703) were payable to the fund at the Statement of Financial Position date and are included in creditors.

21. Commitments under operating leases

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	222,762	286,897
Later than 1 year and not later than 5 years	928,471	1,223,173
Later than 5 years	223,223	213,233
	<u>1,374,456</u>	<u>1,723,303</u>

RES Q LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

22. Related party transactions

The company has taken advantage of the exemption in Section 33 of FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" to not disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the company.

During the year the company paid interest of £36,000 (2015: £36,000) to Mr N Marshall's parents in respect of a loan. This is secured by personal guarantee by N Marshall.

During the year the company made payments of £60,936 (2015: £50,074) to Nestor Portfolio Services Limited, a company which J Cole is also a director of. These payments were in respect to J Cole's role as a director in the company.

	2016 £	2015 £
Amounts owed (to)/from related parties at the Statement of Financial Position date are shown below:		
N Marshall (director)	281,292	281,292
G Marchbank (director)	276,583	276,583
M Marshall (director)	142,447	142,447
Parents of N and M Marshall	(200,520)	(250,520)
	<u>499,802</u>	<u>449,802</u>

23. Controlling party

The ultimate controlling party is Res-Q Outsourcing Solutions Limited, a company incorporated in England & Wales.