

ResQ Limited

Registered number: 07711754

Annual report and financial statements

For the year ended 31 December 2018



RESQ LIMITED

COMPANY INFORMATION

Directors	N Marshall G C Marchbank M Marshall
Registered number	07711754
Registered office	Criterion House 75-81 George Street Hull East Yorkshire HU1 3BA
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor 5th Floor 3 Wellington Place Leeds LS1 4AP
Bankers	Santander UK plc 6-8 King Edward Street Hull HU1 3SS

RESQ LIMITED

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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

Introduction

The directors present their Strategic Report and the financial statements for the year ended 31 December 2018.

Business review

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

The result for the year reflects the contraction of a long standing customer in Q1 2018. However, the loss of this revenue has been more than offset by the win in Q3 2018 of a major contract with Vodafone, one of the UK's largest listed companies.

The business has continued to develop its offer in order to position itself to take advantage of the changes taking place in the outsourced, contact centre market principally being driven by legislation and regulation.

The development and deployment of ResQ's Responsible Telemarketing™ solution in 2016 meant that the Company was fully compliant with Ofcom's nuisance calls regulation introduced in 2017 and this was instrumental in the Company being selected as an approved supplier to Vodafone during 2018.

Principal risks and uncertainties

Risk identification and management is of key concern for senior management of the Company. Regular reviews are undertaken by the Board of Directors of the Company's risk register to ensure that all potential risks are identified, categorised and the necessary actions taken to minimise the financial and/or reputational impact.

As Brexit negotiations continue, the UK's departure from the EU and how this will impact the growth prospects of the UK is uncertain. 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 the Company is not overly exposed to one particular sector of the economy.

Financial key performance indicators

The key financial performance indicators are:

	2018	2017	Change	Change
	£'000	£'000	£'000	%
Turnover	13,574	13,995	(421)	(3%)
Gross profit	4,209	4,512	(303)	(7%)
EBITDA*	1,119	908	211	23%

*EBITDA is calculated as operating profit adjusted for depreciation and amortisation

RESQ LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Future developments

The Company remains committed to ensuring compliance with all regulatory changes and was well prepared for the introduction of The General Data Protection Regulation (GDPR) on 25 May 2018. This has had minimal impact upon the business's operations.

Accordingly, the Company is now preparing for the next regulatory change expected in 2020 as the EU is in the process of replacing the e-privacy Directive with a new e-privacy Regulation to sit alongside the GDPR. However, the new Regulations have yet to be agreed and so an implementation date is, as yet, unknown.

During the year the Company has become registered with the Financial Conduct Authority to enable it to offer a broader range of services to its customers.

2019 has seen the Company enjoy significant month on month growth. Based on the current run rates and business forecasts, the directors expect this growth to continue into 2020 as the full year effects flow through.

Accordingly, the directors are pleased with the outlook for the Company for the coming year.

30 September 2019



N Marshall
Director

RESQ LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

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; 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £217,062 (2017 - £226,687).

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.

Based on budgets, forecasts and current knowledge of the business the directors believe that the Company is well placed to manage its business risks successfully.

Directors

The directors who served during the year were:

N Marshall
G C Marchbank
M Marshall
R A Croston (resigned 31 October 2018)

RESQ LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

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.

Matters covered in the Strategic Report

Certain information is not shown in the Directors' Report because it is shown in the Strategic Report instead under s414C(11). The Strategic Report includes a business review, principal risks and uncertainties, details of key performance indicators and future developments.

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.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

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 30th September, 2019 and signed on its behalf.



N Marshall
Director

RESQ LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RESQ LIMITED

Opinion

We have audited the financial statements of ResQ Limited (the 'Company') for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of uncertainties due to Britain exiting the European Union on our audit

The Directors' view on the impact of Brexit is disclosed on page 1.

The terms on which the United Kingdom may withdraw from the European Union are not clear, and it is therefore not currently possible to evaluate all the potential implications to the Company's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the Company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the Company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the Company and this is particularly the case in relation to Brexit.

RESQ LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RESQ LIMITED

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

RESQ LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RESQ LIMITED

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.



Shaun Mullins (Senior statutory auditor)

for and on behalf of

Mazars LLP
Chartered Accountants and Statutory Auditor
5th Floor
3 Wellington Place
Leeds
LS1 4AP

Date: 30/09/2019

RESQ LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover	4	13,573,797	13,995,392
Cost of sales		(9,364,836)	(9,483,046)
Gross profit		4,208,961	4,512,346
Administrative expenses		(3,739,244)	(4,170,726)
Other operating income		112,956	102,536
Operating profit	5	582,673	444,156
Interest payable and expenses	9	(378,818)	(217,469)
Profit before tax		203,855	226,687
Tax on profit	10	13,207	-
Profit for the financial year		217,062	226,687

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2018 (2017:£NIL).

The notes on pages 11 to 27 form part of these financial statements.

RESQ LIMITED
REGISTERED NUMBER: 07711754

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	11	498,087	619,418
Tangible assets	12	1,332,628	1,244,535
		<u>1,830,715</u>	<u>1,863,953</u>
Current assets			
Debtors: amounts falling due after more than one year	13	4,812,474	2,230,711
Debtors: amounts falling due within one year	13	5,103,927	5,844,255
Cash at bank and in hand	14	145,235	92,745
		<u>10,061,636</u>	<u>8,167,711</u>
Creditors: amounts falling due within one year	15	(7,345,695)	(5,889,180)
Net current assets		<u>2,715,941</u>	<u>2,278,531</u>
Total assets less current liabilities		<u>4,546,656</u>	<u>4,142,484</u>
Creditors: amounts falling due after more than one year	16	(290,829)	(2,090,512)
Provisions for liabilities			
Deferred tax	18	(43,563)	(56,770)
Net assets		<u>4,212,264</u>	<u>1,995,202</u>
Capital and reserves			
Called up share capital	19	1,200	1,200
Profit and loss account	20	4,211,064	1,994,002
		<u>4,212,264</u>	<u>1,995,202</u>

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

30 September 2019



N Marshall
Director

The notes on pages 11 to 27 form part of these financial statements.

RESQ LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018	1,200	1,994,002	1,995,202
Comprehensive income for the year			
Profit for the year	-	217,062	217,062
Total comprehensive income for the year	-	217,062	217,062
Shares issued during the year	2,000,000	-	2,000,000
Capital reduction	(2,000,000)	2,000,000	-
Total transactions with owners	-	2,000,000	2,000,000
At 31 December 2018	1,200	4,211,064	4,212,264

The notes on pages 11 to 27 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2017	1,200	1,767,315	1,768,515
Comprehensive income for the year			
Profit for the year	-	226,687	226,687
At 31 December 2017	1,200	1,994,002	1,995,202

The notes on pages 11 to 27 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. General information

ResQ Limited is a private company, limited by shares, registered in England and Wales, registration number 07711754. The registered office is Criterion House, 75-81 George Street, Hull, East Yorkshire, HU1 3BA.

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

2. Accounting policies

2.1 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 3).

The following principal accounting policies have been applied:

2.2 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 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 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 2018 and these financial statements may be obtained from Companies House.

2.3 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.

Based on budgets, forecasts and current knowledge of the business 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 2018**

2. Accounting policies (continued)

2.4 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.

2.5 Intangible assets

Goodwill

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

Other intangible assets

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

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.

2.6 Tangible fixed assets

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

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 2018**

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Long-term leasehold property	-	10% straight line
Motor vehicles	-	20% straight line
Fixtures & fittings	-	10% straight line
Office equipment	-	25% straight line

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.

2.7 Debtors

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

2.8 Cash and cash equivalents

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

2.9 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.9 Financial instruments (continued)

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

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

- For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, 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.

2.10 Creditors

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

2.11 Finance costs

Finance costs are charged to 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.

2.12 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.13 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.

2.14 Borrowing costs

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

2.15 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.

2.16 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 2018**

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

The critical judgments 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.

Judgment 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.

RESQ LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

4. Turnover

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

	2018 £	2017 £
Outsourced services	13,573,797	13,995,392

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	277,661	232,433
Amortisation of intangible assets, including goodwill	258,589	231,172
Operating lease rentals	253,685	259,351
Defined contribution pension cost	164,139	155,676

6. Auditor's remuneration

	2018 £	2017 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	16,500	15,500

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group financial statements of the Parent Company.

RESQ LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

7. Employees

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

	2018 £	2017 £
Wages and salaries	8,992,340	9,720,356
Social security costs	764,898	798,900
Cost of defined contribution scheme	164,139	155,676
	<u>9,921,377</u>	<u>10,674,932</u>

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

	2018 No.	2017 No.
Direct staff	52	44
Indirect staff	50	54
Weekly sales staff	393	439
	<u>495</u>	<u>537</u>

The average number of full-time equivalent employees during the year was 401 (2017 – 430).

8. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	453,924	383,098
Company contributions to defined contribution pension schemes	53,139	95,071
	<u>507,063</u>	<u>478,169</u>

During the year retirement benefits were accruing to 4 directors (2017 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £194,607 (2017 - £191,731).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £23,910 (2017 - £31,410).

RESQ LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

9. Interest payable and similar expenses

	2018	2017
	£	£
Other loan interest payable	177,948	119,799
Finance leases and hire purchase contracts	38,577	21,627
Other interest payable	162,293	76,043
	<u>378,818</u>	<u>217,469</u>

10. Taxation

	2018	2017
	£	£
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	(13,207)	-
Taxation on profit on ordinary activities	<u>(13,207)</u>	<u>-</u>

RESQ LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	203,855	226,687
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	38,732	43,637
Effects of:		
Fixed asset differences	-	(984)
Expenses not deductible for tax purposes	37,873	23,014
Short term timing difference leading to an increase / (decrease) in taxation	780	(192,028)
Changes in provisions leading to an increase in the tax charge	-	34,704
Movement in deferred tax rates	13,207	-
Group relief surrendered / (claimed)	(103,799)	91,657
Total tax credit for the year	(13,207)	-

Factors that may affect future tax charges

The UK government announced a reduction in the main rate of corporation tax to 19% from April 2017 and to 17% from April 2020. Where these reduced tax rates were enacted at the balance sheet date they have been reflected in the financial statements as appropriate.

RESQ LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

11. Intangible assets

	Software £	Goodwill £	Total £
Cost			
At 1 January 2018	479,539	1,110,493	1,590,032
Additions	137,258	-	137,258
At 31 December 2018	<u>616,797</u>	<u>1,110,493</u>	<u>1,727,290</u>
Amortisation			
At 1 January 2018	218,346	752,268	970,614
Charge for the year	79,477	179,112	258,589
At 31 December 2018	<u>297,823</u>	<u>931,380</u>	<u>1,229,203</u>
Net book value			
At 31 December 2018	<u>318,974</u>	<u>179,113</u>	<u>498,087</u>
At 31 December 2017	<u>261,193</u>	<u>358,225</u>	<u>619,418</u>

RESQ LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

12. Tangible fixed assets

	Long term leasehold property £	Motor vehicles £	Fixtures & fittings £	Office equipment £	Total £
Cost or valuation					
At 1 January 2018	850,146	96,173	230,880	621,649	1,798,848
Additions	83,284	-	70,778	217,090	371,152
Disposals	-	(5,208)	-	(40,951)	(46,159)
At 31 December 2018	933,430	90,965	301,658	797,788	2,123,841
Depreciation					
At 1 January 2018	179,642	3,189	62,439	309,043	554,313
Charge for the year on owned assets	68,688	-	21,356	110,219	200,263
Charge for the year on financed assets	18,885	17,254	4,047	37,212	77,398
Disposals	-	-	-	(40,761)	(40,761)
At 31 December 2018	267,215	20,443	87,842	415,713	791,213
Net book value					
At 31 December 2018	666,215	70,522	213,816	382,075	1,332,628
At 31 December 2017	670,504	92,984	168,441	312,606	1,244,535

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2018 £	2017 £
Leasehold improvements	190,390	159,275
Office equipment	173,801	83,892
Motor vehicles	70,522	92,984
Fixtures and fittings	33,392	37,439
	468,105	373,590

RESQ LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

13. Debtors

	2018 £	2017 £
Due after more than one year		
Amounts owed by group undertakings	4,812,474	2,230,711

	2018 £	2017 £
Due within one year		
Trade debtors	3,759,779	2,832,033
Amounts owed by group undertakings	-	1,760,000
Other debtors	993,850	887,487
Prepayments and accrued income	127,874	156,767
Tax recoverable	222,424	207,968
	<u>5,103,927</u>	<u>5,844,255</u>

14. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	145,235	92,745

RESQ LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

15. Creditors: Amounts falling due within one year

	2018 £	2017 £
Other loans	750,865	760,865
Trade creditors	612,049	638,556
Corporation tax	174,809	154,654
Other taxation and social security	552,832	910,998
Obligations under finance lease and hire purchase contracts	129,221	67,907
Other creditors	5,125,919	3,356,200
	<u>7,345,695</u>	<u>5,889,180</u>

Secured Loans

An amount of £3,400,647 (2017: £2,239,220) on an invoice discounting facility, included within other creditors, is secured against the Company's trade debtors.

Loans due in less than one year of £350,865 (2017: £360,865) are secured by personal guarantees provided by Mr N Marshall.

Loans due in less than one year of £300,000 (2017: £300,000) are secured by personal guarantees provided by Mr S Lunt, a director of Res-Q Outsourcing Solutions Limited.

An amount of £100,000 (2017: £100,000) due in less than one year included in other loans has been guaranteed by the directors of the Company.

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

	2018 £	2017 £
Net obligations under finance leases and hire purchase contracts	290,829	289,125
Amounts owed to group undertakings	-	1,801,387
	<u>290,829</u>	<u>2,090,512</u>

Obligations under finance leases and hire purchase contracts are secured against the related assets.

RESQ LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

17. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2018 £	2017 £
Within one year	129,221	67,906
Between 1-5 years	290,829	289,126
	<u>420,050</u>	<u>357,032</u>

Obligations under finance leases and hire purchase contracts are secured against the related assets.

18. Deferred taxation

	2018 £
At beginning of year	(56,770)
Charged to profit or loss	13,207
At end of year	<u><u>(43,563)</u></u>

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Fixed asset timing differences	(87,972)	(139,072)
Short term timing differences	44,409	82,302
	<u>(43,563)</u>	<u>(56,770)</u>

19. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
1,200 (2017 - 1,200) Ordinary shares of £1.00 each	<u>1,200</u>	<u>1,200</u>

During the year ResQ Limited issued 2,000,000 Ordinary shares of £1.00 each.

During the year ResQ Limited reduced its share capital through the capital reduction of 2,000,000 Ordinary shares of £1.00 each.

RESQ LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

20. Reserves**Profit & loss account**

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

21. Capital commitments

At 31 December 2018 the Company had capital commitments as follows:

	2018 £	2017 £
Contracted for but not provided in these financial statements	129,709	-

22. 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 £164,139 (2017: £155,676). Contributions totalling £31,738 (2017: £7,467) were payable to the fund at the Statement of Financial Position date and are included in creditors.

23. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	232,983	222,739
Later than 1 year and not later than 5 years	684,486	923,688
Later than 5 years	-	16,920
	<u>917,469</u>	<u>1,163,347</u>

RESQ LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

24. 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 parent company.

During the year the Company made no payments (2017: £9,123) to an entity with joint control.

During the year the Company made payments of £95,607 (2017: £115,006) to key management personnel and paid interest of £36,000 (2017: £9,000) to members of key management personnel in respect of a £300,000 loan granted to the Company during the prior year.

During the year the Company made payments of £10,000 (2017: £nil) and paid interest of £36,000 (2017: £36,000) to other related parties.

	2018 £	2017 £
Amounts owed (to)/from related parties at the Statement of Financial Position date are shown below:		
Key management personnel	864,822	802,806
Key management personnel (creditor)	(481,147)	(386,206)
Other related parties	(190,520)	(200,520)
	<u>193,155</u>	<u>216,080</u>

25. Controlling party

The Company is controlled by the immediate and ultimate parent company, Res-Q Outsourcing Solutions Limited, a company registered in England and Wales. Res-Q Outsourcing Solutions Limited is also the parent undertaking of the smallest and largest group for which group financial statements are drawn up and of which the Company is a member. Copies of the financial statements of Res-Q Outsourcing Solutions Limited can be obtained from: Companies House, Cardiff, CF14 3UZ.

In the opinion of the directors there is no ultimate controlling party.