ResQ Limited

Registered number: 07711754

Annual report and financial statements

For the year ended 31 December 2022

COMPANY INFORMATION

Directors	N L Marshall G C Marchbank M J Marshall
Registered number	07711754
Registered office	1st Floor 1 Paragon Square Hull East Yorkshire HU1 3JZ
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

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The Directors present their Strategic Report and the financial statements for the year ended 31 December 2022.

Business review

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

The financial statements have been submitted on the basis that the business is a going concern.

Our evaluation is based on a comprehensive review of the Company's financial statements, management's representations, discussions with key personnel, and an assessment of market conditions.

The business delivered record beating financial performance for the first quarter of 2022. The achievement was in line with the budget. The events on the world stage disrupted the energy markets and impacted the rest of the year.

The fallout caused by the interruption to the energy market in 2022 was far reaching. ResQ was not immune to this, and the impact was felt from the second quarter of 2022. The effect on revenue was £21m over the year of contracted business that could not be delivered due to the market being immobilised. ResQ's clients were powerless and as such services and tariffs were withdrawn from the market in quick succession.

Market experts anticipated the energy market returning in the second half of 2022, although this was predicated on the energy cap as determined by Ofgem. The energy market recovery did not return during 2022. That said, the energy market is building momentum and the expectation is that the market will open with new tariffs during Q3 2023. The Company and Group is already delivering more business on behalf of energy companies than it did in 2023. Furthermore, there are several opportunities being negotiated which would see a significant revenue uplift in 2023.

Outside of the energy customers, the tenacity of ResQ once again came to the fore and saw a concerted effort to replace lost revenues through organic growth in other sectors from within the portfolio. This approach was successful, and under pinned the business delivering a positive EBITDA result for the period.

The Group embellished the people strategy to ensure ResQ continued to be an employer of choice within the regions, whilst the wider market struggled to fulfil their job vacancies in the year. This was regularly evidenced at round table events and industry workshops. ResQ navigated the employment market conditions with aplomb delivering on recruitment targets across the year.

The "Return to office" has been a resounding success and has supported the team in their overall wellbeing and development. Whilst the option to work remotely is there, more than 80% choose to work from the contact centres.

ResQ's technology development continues to deliver groundbreaking solutions to improve efficiencies, productivity and overall profitability within the contact centre operation. The technology road map presented new opportunities and has elevated the Company's and Group's standing within the industry. This has been recognised by clients and prospects alike.

Principal risks and uncertainties

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

The strength of consumer confidence, driven by the tightening of household budgets, is going to be a key factor in delivering the Group's strategy. However, the Company's diverse portfolio of customers and service offerings, means that the Company is not overly exposed to one sector of the UK economy.

The Responsible Debt Management initiative ResQ developed on behalf of several clients is well placed. This customer focused approach is unique to managing customers' debt, and has been well received.

Financial key performance indicators

	2022 £'000	2021 £'000	Change £'000	Change %
Turnover	35,155	33,326	1,789	5
Gross profit	10,978	10,799	179	2
EBIITDA	3,188	4,210	(1,022)	(24)

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

Directors' statement of compliance with duty to promote the success of the Company

Directors Duties

The directors of the company, as with all UK companies, must act in the way he/she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members, and in doing so have regard (amongst other matters) to:

a. The likely consequences of any decision in the long term.

b. The interests of the company's employees.

c. The need to foster the company's business relationships with suppliers, customers, and others.

d. The impact of the company's operations on the community and the environment.

e. The desirability of the company maintaining a reputation for high standards of business conduct; and

f. The need to act fairly between members of the company.

The following paragraphs summarise how the Directors fulfil their duty to promote the success of the Company:

Our people and values

Our People are fundamental to the growth and success of the business. Our vision has been to create opportunities and careers for people. Our environment, where we support, care for and empower our people, allows our people to flourish and develop. This in turn gives them skills for life, provides career opportunities and means that they do the right things.

We treat everyone as individuals and trust them implicitly, this in turn builds respect, resulting in people going the extra mile to achieve our objectives. We believe that everyone has potential, we hire on attitude not background or current skill set so we can give everyone an opportunity to be the best they can be. This results in exceptional business performance and delighted customers and clients. Our Values of Collaborative, Innovative, Honest, Competitive and Enjoy are part of the cultural DNA and has seen us as award winners for our culture and engagement nationally.

The true testament to this is our very low employee attrition levels which are significantly better than any other business in the outsourcing industry. We provide everyone with opportunities and reward their success. We have built a very successful leadership team that buys into and lives and breathes our DNA meaning that as we grow the great culture is sustainable and fit for growth.

We have many initiatives that contribute to this ethos. For example, we have clear succession plans through our Leadership Development Programmes. We are investing heavily in Leadership Development through an inhouse programme. Significant financial investment is provided to run ongoing engagement activities. We regularly look at how we improve our environment from annual employees surveys to ongoing 4 and 8 week reviews with our people.

We attribute the success of our business is down to the success of our people.

Business Relationships

The directors are committed to seek value in mutually beneficial partnerships, providing prosperity for all involved.

The strategy of the Company is to target organic growth, driven by cross-selling and up-selling products to existing customers, alongside the development of new customers and market territories.

To do this, we have a dedicated sales team who focus on developing and maintaining strong customer relationships, investing time in developing existing products or developing new products to meet the customer needs.

We value all our suppliers, many of whom we have been in partnership with for over 10 years and commit to engaging responsibly and fairly. It is the policy of the Company to pay suppliers promptly to agreed terms.

Community and Environment

The Company recognise their responsibility to act sustainably and to play their part in protecting and enhancing the global environment.

The Company participates in waste reduction with local recycling schemes. Wherever possible it seeks to target improvements in energy efficiency and reduction of the businesses' carbon footprint.

Shareholders

The strategy and objectives of the Group are deployed through the Company via the annual budget setting process and mid-term plan, which seek to align the goals of the Company to those of the Group to ultimately promote the long-term growth and success of the business.

Future developments

2022 was heralded as a good outcome in light of the interruption to revenue from the Energy market. The swift implementation to right size the overhead allowed for a positive EBITDA to be recorded. The benefits from the right sizing will be taken forward in to 2023 and 2024.

The business continues to attract some of the UK's biggest brands. There is a high degree of confidence in the ability to convert these opportunities into long term, strategic accounts. Public sector interest has been stimulated by the ability to deploy cloud-based technology, via ResQ, to measure productive and compliance.

An additional 33,000 sq ft of contact space will come online in Q4 2023. The centre will accommodate existing and new clients in a state of the art, 600 FTE centre focused on wellbeing and underpinning the ResQ culture.

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

This report was approved by the board on 3 October 2023 and signed on its behalf.

N L Marshall
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

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; 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 £1,404,147 (2021 - £2,362,645).

No dividends were paid or declared during the period (2021 - £Nil).

Directors

The directors who served during the year were:

N L Marshall
G C Marchbank
M J Marshall

Going concern

During the year the Company generated a profit of £2.1m. There is increased level of engagement with clients and prospects alike who are looking to ResQ to assist them with transformation projects and repatriation of existing services. The Company is engaged at senior level with a number of UK prospects.

In addition to a well-established invoice discounting facility partnership that continues to grow with the business, a second line of facilities have been secured. The strong covenants from our client contracts have allowed ResQ to avail of supplier financing facilities which are commercially competitive and further underpin the cash flow of the Company.

Based on client engagement, cash flow and actual results for the period ending 31 August 2023, the current cash position and knowledge of the business the directors believe that based on the forecast they have prepared the business is well placed to manage its risks successfully and meet its obligations as they fall due for at least 12 months from the date of signing these financial statements.

The directors have a 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 Company financial statements.

Engagement with employees

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.

Qualifying third party indemnity provisions

The Company maintains insurance policies on behalf of the directors against liability arising from negligence, breach of duty and breach of trust in relation to the Company.

Energy and carbon reporting

The Streamlined Energy and Carbon report (SECR) is compiled on a group basis and can be found within the Directors' report of the Parent Company financial statements, Res-Q Outsourcing Solutions Limited.

Matters covered in the Strategic Report

Certain information not shown in the Directors' Report is shown in the Strategic Report on pages 1 to 4 instead in accordance with Section 414C(11) of the Companies Act 2006. This includes a business review and principal risks and uncertainties.

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.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

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 3 October 2023 and signed on its behalf.

N L Marshall
Director

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 2022 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 2022 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 contained within the annual report. 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.

Other information (continued)

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RESQ LIMITED

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 either 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RESQ LIMITED

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition (which we pinpointed to the cut-off assertion), recoverability of intercompany loans, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

5 October 2023

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
Turnover	4	35,115,267	33,326,240
Cost of sales		(24,136,553)	(22,527,189)
Gross profit		10,978,714	10,799,051
Administrative expenses		(8,857,593)	(7,693,260)
Other operating income	5	-	215,490
Operating profit	6	2,121,121	3,321,281
Interest payable and similar expenses	10	(853,365)	(598,305)
Profit before tax		1,267,756	2,722,976
Tax on profit	11	136,391	(360,331)
Profit for the financial year		1,404,147	2,362,645

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2022 (2021: £NIL).

The notes on pages 15 to 32 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note		2022 £		2021 £
Fixed assets					
Intangible assets	12		986,738		965,895
Tangible assets	13		1,663,150		2,250,596
			2,649,888		3,216,491
Current assets					
Debtors: amounts falling due after more than one year	14	8,684,616		6,315,483	
Debtors: amounts falling due within one year	14	8,948,249		8,501,127	
Cash at bank and in hand	15	142,995		146,473	
		17,775,860		14,963,083	
Creditors: amounts falling due within one year	16	(10,153,525)		(9,052,028)	
Net current assets			7,622,335		5,911,055
Total assets less current liabilities			10,272,223		9,127,546
Creditors: amounts falling due after more than one year	17		(569,411)		(740,421)
Provisions for liabilities					
Deferred tax	20		(311,510)		(399,970)
Net assets			9,391,302		7,987,155
Capital and reserves					
Called up share capital	21		1,200		1,200
Profit and loss account	22		9,390,102		7,985,955
			9,391,302		7,987,155

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 3 October 2023.

N L Marshall
Director

The notes on pages 15 to 32 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2020	1,200	5,623,310	5,624,510
Comprehensive income for the year			
Profit for the year	-	2,362,645	2,362,645
Total comprehensive income for the year	-	2,362,645	2,362,645
At 1 January 2022	1,200	7,985,955	7,987,155
Comprehensive income for the year			
Profit for the year	-	1,404,147	1,404,147
Total comprehensive income for the year	-	1,404,147	1,404,147
At 31 December 2022	1,200	9,390,102	9,391,302

The notes on pages 15 to 32 form part of these financial statements.

1. General information

ResQ Limited is a private company, limited by shares, registered in England and Wales, registration number 07711754. The registered office is 1st Floor, 1 Paragon Square, Hull, East Yorkshire, England, HU1 3JZ.

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).

These financial statements have been presented in pound sterling which is the functional currency of the Company, and rounded to the nearest £.

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 11.42, 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 2022 and these financial statements may be obtained from Companies House.

2. Accounting policies (continued)

2.3 Going concern

During the year the Company generated a profit of £2.1m. There is increased level of engagement with clients and prospects alike who are looking to ResQ to assist them with transformation projects and repatriation of existing services. The Company is engaged at senior level with a number of UK prospects.

In addition to a well-established invoice discounting facility partnership that continues to grow with the business, a second line of facilities have been secured. The strong covenants from our client contracts have allowed ResQ to avail of supplier financing facilities which are commercially competitive and further underpin the cash flow of the Company.

Based on client engagement, cash flow and actual results for the period ending 31 August 2023, the current cash position and knowledge of the business the directors believe that based on the forecast they have prepared the business is well placed to manage its risks successfully and meet its obligations as they fall due for at least 12 months from the date of signing these financial statements.

The directors have a 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 Company financial statements.

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 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2. Accounting policies (continued)

2.6 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.

The estimated useful lives range as follows:

Software	-	20%
Goodwill	-	Fully amortised

2.7 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.

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:

Motor vehicles	- 20-33%
Fixtures & fittings	- 10%
Office equipment	- 25%

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

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

2.8 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. Accounting policies (continued)

2.9 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.

2.10 Creditors

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

2.11 Finance costs

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

2.12 Operating leases: 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.

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

2.14 Borrowing costs

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

2. Accounting policies (continued)

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 profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting 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

2. Accounting policies (continued)

2.17 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.

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.

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

We consider there to be no 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.

4. Turnover

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

	2022	2021
	£	£
Outsourced services	35,115,267	33,326,240

All turnover arose within the United Kingdom.

5. Other operating income

	2022	2021
	£	£
Government grant income	-	215,490

6. Operating profit

The operating profit is stated after charging:

	2022	2021
	£	£
Depreciation of tangible fixed assets	737,715	631,940
Amortisation of intangible assets	328,680	257,172
Operating lease rentals	576,303	534,876
(Profit)/loss on disposal of assets	(29,556)	(46,500)
Defined contribution pension cost	463,104	437,086

7. Auditor's remuneration

During the year, the Company obtained the following services from the Company's auditor:

	2022	2021
	£	£
Fees payable to the Company's auditor for the audit of the Company's financial statements	37,500	30,000

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

8. Employees

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

	2022 £	2021 £
Wages and salaries	27,287,783	24,729,788
Social security costs	2,306,550	1,962,549
Cost of defined contribution scheme	463,104	437,086
	30,057,437	27,129,423

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

	2022 No.	2021 No.
Direct	116	97
Support	134	115
Agent	1,000	1,029
	1,250	1,241

The average number of full-time equivalent employees during the year was 1,018 (2021: 1,059).

9. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	603,767	360,943
Company contributions to defined contribution pension schemes	1,321	1,319
	605,088	362,262

During the year retirement benefits were accruing to 1 director (2021 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £256,545 (2021 - £253,843).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2021 - £NIL).

10. Interest payable and similar expenses

	2022 £	2021 £
Other loan interest payable	415,889	243,659
Finance leases and hire purchase contracts	15,540	(2,104)
Other interest payable	421,936	356,750
	853,365	598,305

11. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	18,824	73,978
Adjustments in respect of previous periods	(66,755)	-
Total current tax	(47,931)	73,978
Deferred tax		
Origination and reversal of timing differences	(84,446)	286,353
Adjustments in respect of prior periods	(4,014)	-
Total deferred tax	(88,460)	286,353
Taxation on (loss)/profit on ordinary activities	(136,391)	360,331

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	1,267,756	2,722,976
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	240,874	517,365
Effects of:		
Fixed asset differences	25,323	19,213
Expenses not deductible for tax purposes	29,992	15,180
Research and development expenditure credits	12,394	13,654
Other differences leading to an increase (decrease) in the tax charge	-	(1,942)
Group relief claimed	(353,938)	(299,132)
Adjustments to tax charge in respect of previous periods - deferred tax	(4,014)	-
Remeasurement of deferred tax for changes in tax rates	(20,267)	95,993
Adjustments to tax charge in respect of previous periods	(66,755)	-
Total tax charge for the year	(136,391)	360,331

Factors that may affect future tax charges

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19% which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase.

12. Intangible assets

	Software	Goodwill	Total
	£	£	£
Cost			
At 1 January 2022	1,689,969	1,350,858	3,040,827
Additions	349,523	-	349,523
At 31 December 2022	2,039,492	1,350,858	3,390,350
Amortisation			
At 1 January 2022	724,074	1,350,858	2,074,932
Charge for the year	328,680	-	328,680
At 31 December 2022	1,052,754	1,350,858	2,403,612
Net book value			
At 31 December 2022	986,738	-	986,738
At 31 December 2021	965,895	-	965,895

13. Tangible fixed assets

	Leasehold improvements	Motor vehicles	Fixtures & fittings	Office equipment	Total
	£	£	£	£	£
Cost or valuation					
At 1 January 2022	2,111,417	177,749	368,048	1,277,984	3,935,198
Additions	-	146,591	195	80,870	227,656
Disposals	-	(177,749)	-	(220,430)	(398,179)
At 31 December 2022	2,111,417	146,591	368,243	1,138,424	3,764,675
Depreciation					
At 1 January 2022	772,474	80,574	188,501	643,053	1,684,602
Charge for the year on owned assets	283,688	-	46,366	239,782	569,836
Charge for the year on financed assets	88,086	45,877	15,944	17,972	167,879
Disposals	-	(100,362)	-	(220,430)	(320,792)
At 31 December 2022	1,144,248	26,089	250,811	680,377	2,101,525
Net book value					
At 31 December 2022	967,169	120,502	117,432	458,047	1,663,150
At 31 December 2021	1,338,943	97,175	179,547	634,931	2,250,596

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

	2022	2021
	£	£
Leasehold improvements	29,362	123,698
Office equipment	-	17,972
Motor vehicles	120,502	97,175
Furniture and fittings	5,315	21,258
	155,179	260,103

14. Debtors

	2022	2021
	£	£
Due after more than one year		
Amounts owed by group undertakings	8,684,616	6,315,483

	2022	2021
	£	£
Due within one year		
Trade debtors	1,764,092	2,763,313
Other debtors	3,342,174	2,616,810
Prepayments and accrued income	3,841,983	3,121,004
	8,948,249	8,501,127

15. Cash and cash equivalents

	2022	2021
	£	£
Cash at bank and in hand	142,995	146,473

16. Creditors: Amounts falling due within one year

	2022	2021
	£	£
Other loans	420,808	462,890
Trade creditors	575,660	658,426
Corporation tax	428,659	385,866
Other taxation and social security	2,070,518	2,176,943
Obligations under finance lease and hire purchase contracts	31,566	58,442
Other creditors	4,282,345	3,208,700
Accruals and deferred income	2,343,969	2,100,761
	10,153,525	9,052,028

An amount of £4,107,868 (2021: £3,070,465) on an invoice discounting facility, included within other creditors, is secured against the Company's trade debtors and a fixed and floating charge over an asset of the Company.

Loans due in less than one year of £160,345 (2021: £160,345) are secured by personal guarantees provided by Mr N Marshall.

An amount of £100,000 (2021: £100,000) due in less than one year included in other loans has been guaranteed by the directors of the Company.

Loans totalling £150,527 (2021: £150,000) due in less than one year included in other loans have been secured by a floating charge against the leasehold property assets at Paragon Street.

Obligations under finance lease are hire purchase contracts that are secured upon the assets to which they relate.

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

	2022	2021
	£	£
Other loans	441,711	600,000
Net obligations under finance leases and hire purchase contracts	105,464	64,857
Other creditors	22,236	75,564
	569,411	740,421

Obligations under finance lease are hire purchase contracts that are secured upon the assets to which they relate.

Loans totalling £441,711 (2021: £600,000) due after more than one year included in other loans have been secured by a floating charge against the leasehold property assets at Paragon Street.

18. Loans

Analysis of the maturity of loans is given below:

	2022 £	2021 £
Amounts falling due within one year		
Other loans	420,808	462,890
Amounts falling due 1-2 years		
Other loans	160,463	150,000
Amounts falling due 2-5 years		
Other loans	281,248	450,000
	862,519	1,062,890

See note 16 and 17 for details of any security given against the loans.

19. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2022 £	2021 £
Within one year	31,566	58,442
Between 1-5 years	105,464	64,857
	137,030	123,299

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

20. Deferred taxation

	2022 £	2021 £
At beginning of year	(399,970)	(113,617)
Charged to profit or loss	88,460	(286,353)
At end of year	(311,510)	(399,970)

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Fixed asset timing differences	(321,911)	(410,370)
Short term timing differences	10,401	10,400
	(311,510)	(399,970)

21. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
1,200 (2021 - 1,200) Ordinary shares of £1.00 each	1,200	1,200

22. Reserves

Profit & loss account

The profit and loss account reserve represents cumulative profits and losses, less dividend payments.

23. 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 £463,104 (2021: £437,086). Contributions totalling £96,783 (2021: £93,593) were payable to the fund at the Statement of Financial Position date and are included in other creditors.

24. Commitments under operating leases

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	439,943	585,644
Later than 1 year and not later than 5 years	856,541	1,201,462
	1,296,484	1,787,106

Lease payments recognised as an expense during the year totalled £576,303 (2021: £534,876).

25. Transactions with directors

At 31 December 2022, the Directors owed the Company £2,278,530 (2021: £1,693,224) in respect of an interest free loan. Further advances during the year were made totalling £585,306 (2021: £685,948).

26. Related party transactions

The Company has taken advantage of the exemption in Section 33 of FRS102 and not disclosed transactions with related parties by virtue of the fact that the transactions are between entities which are wholly owned subsidiaries in the Group.

During the year consultancy fees of £37,000 (2021: £77,500) were received from a other related party.

27. 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.