

AUCTUS MANAGEMENT GROUP LIMITED
Group Strategic Report, Report of the Directors and
Consolidated Financial Statements
for the Period 1 July 2019 to 30 September 2020

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for the Period 1 July 2019 to 30 September 2020**

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AUCTUS MANAGEMENT GROUP LIMITED

Company Information
for the Period 1 July 2019 to 30 September 2020

DIRECTORS:

R Toy
S Harrison
J Handley

REGISTERED OFFICE:

Tech Block
Gee Business Centre
Holborn Hill
Aston
Birmingham
B7 5JR

REGISTERED NUMBER:

07994296 (England and Wales)

AUDITORS:

Haslehursts Limited
Statutory Auditor
88 Hill Village Road
Sutton Coldfield
West Midlands
B75 5BE

**Group Strategic Report
for the Period 1 July 2019 to 30 September 2020**

The directors present their strategic report of the company and the group for the period 1 July 2019 to 30 September 2020.

REVIEW OF BUSINESS

We aim to present a brief but comprehensive review of our group. Our review is consistent with the size and nature of our group.

The group's strategic aim over the past fifteen months has been to further establish and develop each of the ten operational divisions, strengthening the diversification of the solutions and services that we offer and expand the range of training and support provided to the wider infrastructure sector. We are focussed on the development of long-term partnerships via our core beliefs of respect, professionalism, inclusivity, partnerships, growth and pushing the boundaries.

Overall, turnover for this 15-month financial period grew by 1.3% (pro rata) to £23.18m (2019 - £18.30m). Whilst on paper this level of growth appears modest, the period included the impact of the first national lockdown due to the Co-Vid 19 pandemic. Revenue performance was reduced as a consequence for the 3-month period from April to June 2020, with the group achieving average revenue across this period of 70% when compared with pre-lockdown levels.

Despite the challenges faced towards the end of the financial period, the group delivered an Operating Profit of £0.47m (2019 - £0.39m) which supported an improved Net Asset position of £1.31m (2019 - £0.95m).

EBITDA generated for the period was £0.76m (2019 - £0.45m).

Whilst revenue growth across the period has continued, the group did suffer some minor gross margin erosion. This can be attributed to changes in our business and revenue mix across the group, in addition to labour cost increases due to wage inflation outstripping available price increases.

Despite the impact on trading performance as a result of the Co-Vid 19 pandemic, the group maintained a strong working capital position and was not required to access support via the government's Coronavirus Business Interruption Loan (CIBL) scheme. Government support during the period has been limited to accessing the Job Retention Scheme (JRS).

In April 2020, the rail sector entered the second year of the latest five-year control period (CP6). This control period includes a record level of budget spend across the sector of £42 billion and continues to bring opportunities with both our current and new customers. Beyond the group's traditional rail customer base, during the period new opportunities have been secured supporting large non-rail UK infrastructure projects.

Investment in our people remains core to the continued success of the group, from apprenticeship to board level, ensuring that our team is focused on delivering a safe, professional and customer focused service.

PRINCIPAL RISKS AND UNCERTAINTIES

The ongoing Co-Vid 19 pandemic continues to create uncertainty across the UK economy, and whilst the group's activities are currently not affected, we await to see the impact on any future required periods of national lockdown.

Statutory and regulatory changes to worker engagement continue to be monitored for potential impact on the group and the wider UK labour market.

**Group Strategic Report
for the Period 1 July 2019 to 30 September 2020**

KEY PERFORMANCE INDICATORS

The directors of the group monitor key performance indicators on an ongoing basis, particularly in relation to sales growth, margin performance, customer concentration and EBITDA.

ON BEHALF OF THE BOARD:

R Toy - Director

25 March 2021

**Report of the Directors
for the Period 1 July 2019 to 30 September 2020**

The directors present their report with the financial statements of the company and the group for the period 1 July 2019 to 30 September 2020.

During the year the company extended its accounting period by 3 months in line with other group companies to bring H1/H2 reporting end dates in line with major customers.

PRINCIPAL ACTIVITY

The principal activity of the group in the period under review was that of the provision of labour, civil engineering, support solutions and training to the rail industry and wider UK infrastructure sector.

DIVIDENDS

No dividends will be distributed for the period ended 30 September 2020.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 July 2019 to the date of this report.

R Toy
S Harrison
J Handley

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**Report of the Directors
for the Period 1 July 2019 to 30 September 2020**

AUDITORS

The auditors, Haslehursts Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

R Toy - Director

25 March 2021

Opinion

We have audited the financial statements of Auctus Management Group Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 30 September 2020 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, 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 Financial Reporting Standard 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 group's and of the parent company affairs as at 30 September 2020 and of the group's profit for the period 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group 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

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 group'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 in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 a Report of the Auditors 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 Report of the Auditors.

Use of our 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 a Report of the Auditors 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.

Stuart Penfold (Senior Statutory Auditor)
for and on behalf of Haslehursts Limited
Statutory Auditor
88 Hill Village Road
Sutton Coldfield
West Midlands
B75 5BE

25 March 2021

Consolidated Income Statement
for the Period 1 July 2019 to 30 September 2020

		Period 1/7/19 to 30/9/20 £	Year Ended 30/6/19 £
	Notes		
TURNOVER		23,179,650	18,297,914
Cost of sales		<u>(17,515,048)</u>	<u>(13,427,396)</u>
GROSS PROFIT		5,664,602	4,870,518
Administrative expenses		<u>(5,587,490)</u>	<u>(4,485,699)</u>
		77,112	384,819
Other operating income		<u>393,879</u>	<u>1,250</u>
OPERATING PROFIT	5	470,991	386,069
Interest payable and similar expenses	6	<u>(22,216)</u>	<u>(24,864)</u>
PROFIT BEFORE TAXATION		448,775	361,205
Tax on profit	7	<u>(92,669)</u>	<u>(77,920)</u>
PROFIT FOR THE FINANCIAL PERIOD		<u>356,106</u>	<u>283,285</u>
Profit attributable to:			
Owners of the parent		<u>356,106</u>	<u>283,285</u>

**Consolidated Other Comprehensive Income
for the Period 1 July 2019 to 30 September 2020**

	Notes	Period 1/7/19 to 30/9/20 £	Year Ended 30/6/19 £
PROFIT FOR THE PERIOD		356,106	283,285
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>356,106</u>	<u>283,285</u>
Total comprehensive income attributable to: Owners of the parent		<u>356,106</u>	<u>283,285</u>

Consolidated Balance Sheet
30 September 2020

	Notes	2020 £	2019 £
FIXED ASSETS			
Intangible assets	9	33,844	66,667
Tangible assets	10	395,471	383,554
Investments	11	-	-
		<u>429,315</u>	<u>450,221</u>
CURRENT ASSETS			
Stocks	12	143,771	69,647
Debtors	13	4,082,694	4,201,653
Cash at bank and in hand		889,974	701,548
		<u>5,116,439</u>	<u>4,972,848</u>
CREDITORS			
Amounts falling due within one year	14	(3,956,951)	(4,079,143)
NET CURRENT ASSETS		<u>1,159,488</u>	<u>893,705</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,588,803	1,343,926
CREDITORS			
Amounts falling due after more than one year	15	(206,452)	(317,681)
PROVISIONS FOR LIABILITIES	19	<u>(72,434)</u>	<u>(72,434)</u>
NET ASSETS		<u>1,309,917</u>	<u>953,811</u>
CAPITAL AND RESERVES			
Called up share capital	20	644	644
Share premium	21	187,692	187,692
Capital redemption reserve	21	41	41
Retained earnings	21	1,121,540	765,434
SHAREHOLDERS' FUNDS		<u>1,309,917</u>	<u>953,811</u>

The financial statements were approved by the Board of Directors and authorised for issue on 25 March 2021 and were signed on its behalf by:

R Toy - Director

Company Balance Sheet
30 September 2020

	Notes	2020 £	2019 £
FIXED ASSETS			
Intangible assets	9	-	-
Tangible assets	10	96,526	90,086
Investments	11	516,583	516,583
		<u>613,109</u>	<u>606,669</u>
CURRENT ASSETS			
Stocks	12	545	1,650
Debtors	13	1,654,225	909,780
Cash at bank		10,685	105,836
		<u>1,665,455</u>	<u>1,017,266</u>
CREDITORS			
Amounts falling due within one year	14	(1,817,918)	(1,048,597)
NET CURRENT LIABILITIES		<u>(152,463)</u>	<u>(31,331)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		460,646	575,338
CREDITORS			
Amounts falling due after more than one year	15	(200,081)	(317,681)
PROVISIONS FOR LIABILITIES	19	(17,116)	(17,116)
NET ASSETS		<u>243,449</u>	<u>240,541</u>
CAPITAL AND RESERVES			
Called up share capital	20	644	644
Share premium		187,692	187,692
Capital redemption reserve		41	41
Retained earnings		55,072	52,164
SHAREHOLDERS' FUNDS		<u>243,449</u>	<u>240,541</u>
Company's profit for the financial year		<u>2,908</u>	<u>9,707</u>

The financial statements were approved by the Board of Directors and authorised for issue on 25 March 2021 and were signed on its behalf by:

R Toy - Director

Consolidated Statement of Changes in Equity
for the Period 1 July 2019 to 30 September 2020

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
Balance at 1 July 2018	644	482,149	187,692	41	670,526
Changes in equity					
Total comprehensive income	-	283,285	-	-	283,285
Balance at 30 June 2019	644	765,434	187,692	41	953,811
Changes in equity					
Total comprehensive income	-	356,106	-	-	356,106
Balance at 30 September 2020	644	1,121,540	187,692	41	1,309,917

Company Statement of Changes in Equity
for the Period 1 July 2019 to 30 September 2020

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
Balance at 1 July 2018	644	42,457	187,692	41	230,834
Changes in equity					
Total comprehensive income	-	9,707	-	-	9,707
Balance at 30 June 2019	644	52,164	187,692	41	240,541
Changes in equity					
Total comprehensive income	-	2,908	-	-	2,908
Balance at 30 September 2020	644	55,072	187,692	41	243,449

Consolidated Cash Flow Statement
for the Period 1 July 2019 to 30 September 2020

		Period 1/7/19 to 30/9/20 £	Year Ended 30/6/19 £
	Notes		
Cash flows from operating activities			
Cash generated from operations	1	547,472	864,045
Interest paid		(22,216)	(24,864)
Tax paid		(46,067)	(74,466)
Net cash from operating activities		<u>479,189</u>	<u>764,715</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(4,752)	-
Purchase of tangible fixed assets		(233,293)	(328,683)
Sale of tangible fixed assets		76,169	174,843
Net cash from investing activities		<u>(161,876)</u>	<u>(153,840)</u>
Cash flows from financing activities			
Loan repayments in year		(117,600)	(120,397)
Capital repayments in year		(11,287)	-
Net cash from financing activities		<u>(128,887)</u>	<u>(120,397)</u>
Increase in cash and cash equivalents		<u>188,426</u>	<u>490,478</u>
Cash and cash equivalents at beginning of period	2	701,548	211,070
Cash and cash equivalents at end of period	2	<u>889,974</u>	<u>701,548</u>

The notes form part of these financial statements

Notes to the Consolidated Cash Flow Statement
for the Period 1 July 2019 to 30 September 2020

1. **RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	Period 1/7/19 to 30/9/20 £	Year Ended 30/6/19 £
Profit before taxation	448,775	361,205
Depreciation charges	290,984	179,622
Profit on disposal of fixed assets	(69,502)	(169,008)
Government grant income received	381,941	-
Government grants	(393,879)	-
Finance costs	22,216	24,864
	<u>680,535</u>	<u>396,683</u>
Increase in stocks	(74,124)	(13,422)
Decrease/(increase) in trade and other debtors	130,897	(265,847)
(Decrease)/increase in trade and other creditors	(189,836)	746,631
Cash generated from operations	<u>547,472</u>	<u>864,045</u>

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Period ended 30 September 2020

	30/9/20 £	1/7/19 £
Cash and cash equivalents	<u>889,974</u>	<u>701,548</u>
Year ended 30 June 2019		
	30/6/19 £	1/7/18 £
Cash and cash equivalents	<u>701,548</u>	<u>211,070</u>

Notes to the Consolidated Cash Flow Statement
for the Period 1 July 2019 to 30 September 2020

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1/7/19 £	Cash flow £	Other non-cash changes £	At 30/9/20 £
Net cash				
Cash at bank and in hand	<u>701,548</u>	<u>188,426</u>		<u>889,974</u>
	<u>701,548</u>	<u>188,426</u>		<u>889,974</u>
Debt				
Finance leases	-	11,287	-	(27,413)
Debts falling due within 1 year	(115,000)	-	-	(115,000)
Debts falling due after 1 year	<u>(317,681)</u>	<u>117,600</u>	<u>-</u>	<u>(200,081)</u>
	<u>(432,681)</u>	<u>128,887</u>	<u>-</u>	<u>(342,494)</u>
Total	<u>268,867</u>	<u>317,313</u>	<u>-</u>	<u>547,480</u>

**Notes to the Consolidated Financial Statements
for the Period 1 July 2019 to 30 September 2020**

1. STATUTORY INFORMATION

Auctus Management Group Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Patents and licences are being amortised evenly over their estimated useful life of nil years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	- 33% on cost
Fixtures and fittings	- 33% on cost
Motor vehicles	- 33% on cost
Computer equipment	- 33% on cost

Government grants

Government grants have been recognised under the accruals model. Government grants relating to revenue expenditure are recognised in income on a systematic basis over the periods in which the entity recognises the related costs for which the grant is intended to compensate.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

Taxation for the period comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Notes to the Consolidated Financial Statements - continued
for the Period 1 July 2019 to 30 September 2020

3. ACCOUNTING POLICIES - continued**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

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

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

4. EMPLOYEES AND DIRECTORS

	Period 1/7/19 to 30/9/20 £	Year Ended 30/6/19 £
Wages and salaries	8,480,776	5,938,382
Social security costs	861,985	599,568
Other pension costs	176,113	131,158
	<u>9,518,874</u>	<u>6,669,108</u>

The average number of employees during the period was as follows:

	Period 1/7/19 to 30/9/20	Year Ended 30/6/19
Direct	44	39
Administration	64	54
Directors	3	3
	<u>111</u>	<u>96</u>

	Period 1/7/19 to 30/9/20 £	Year Ended 30/6/19 £
Directors' remuneration	252,913	244,098
Directors' pension contributions to money purchase schemes	<u>3,286</u>	<u>51,894</u>

Notes to the Consolidated Financial Statements - continued
for the Period 1 July 2019 to 30 September 2020

4. EMPLOYEES AND DIRECTORS - continued

Information regarding the highest paid director is as follows:

	Period 1/7/19 to 30/9/20 £	Year Ended 30/6/19 £
Emoluments etc	120,118	118,430
Pension contributions to money purchase schemes	<u>1,643</u>	<u>25,947</u>

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	Period 1/7/19 to 30/9/20 £	Year Ended 30/6/19 £
Other operating leases	228,846	143,465
Depreciation - owned assets	253,409	151,051
Profit on disposal of fixed assets	(69,502)	(169,008)
Goodwill amortisation	35,727	28,571
Patents and licences amortisation	1,848	-
Auditors' remuneration	<u>27,525</u>	<u>9,375</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	Period 1/7/19 to 30/9/20 £	Year Ended 30/6/19 £
Bank loan interest	<u>22,216</u>	<u>24,864</u>

7. TAXATION

Analysis of the tax charge

The tax charge on the profit for the period was as follows:

	Period 1/7/19 to 30/9/20 £	Year Ended 30/6/19 £
Current tax:		
UK corporation tax	92,669	42,449
Deferred tax	-	35,471
Tax on profit	<u>92,669</u>	<u>77,920</u>

UK corporation tax has been charged at 19% .

Notes to the Consolidated Financial Statements - continued
for the Period 1 July 2019 to 30 September 2020

7. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	Period 1/7/19 to 30/9/20 £	Year Ended 30/6/19 £
Profit before tax	448,775	361,205
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	85,267	68,629
Effects of:		
Expenses not deductible for tax purposes	2,834	5,197
Capital allowances in excess of depreciation	-	(24,670)
Depreciation in excess of capital allowances	4,568	-
Deferred tax charge	-	28,764
Total tax charge	<u>92,669</u>	<u>77,920</u>

8. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

9. INTANGIBLE FIXED ASSETS

Group

	Goodwill £	Patents and licences £	Totals £
COST			
At 1 July 2019	100,000	-	100,000
Additions	-	4,752	4,752
At 30 September 2020	<u>100,000</u>	<u>4,752</u>	<u>104,752</u>
AMORTISATION			
At 1 July 2019	33,333	-	33,333
Amortisation for period	35,727	1,848	37,575
At 30 September 2020	<u>69,060</u>	<u>1,848</u>	<u>70,908</u>
NET BOOK VALUE			
At 30 September 2020	<u>30,940</u>	<u>2,904</u>	<u>33,844</u>
At 30 June 2019	<u>66,667</u>	-	<u>66,667</u>

Notes to the Consolidated Financial Statements - continued
for the Period 1 July 2019 to 30 September 2020

10. TANGIBLE FIXED ASSETS

Group

	Improvements to property £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 July 2019	37,815	1,321	567,091
Additions	3,437	-	218,564
Disposals	-	-	(77,155)
At 30 September 2020	<u>41,252</u>	<u>1,321</u>	<u>708,500</u>
DEPRECIATION			
At 1 July 2019	1,387	1,321	275,944
Charge for period	5,447	-	208,435
Eliminated on disposal	-	-	(70,488)
At 30 September 2020	<u>6,834</u>	<u>1,321</u>	<u>413,891</u>
NET BOOK VALUE			
At 30 September 2020	<u>34,418</u>	<u>-</u>	<u>294,609</u>
At 30 June 2019	<u>36,428</u>	<u>-</u>	<u>291,147</u>
	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 July 2019	17,250	136,544	760,021
Additions	4,820	45,172	271,993
Disposals	-	(8,449)	(85,604)
At 30 September 2020	<u>22,070</u>	<u>173,267</u>	<u>946,410</u>
DEPRECIATION			
At 1 July 2019	15,092	82,723	376,467
Charge for period	3,320	36,207	253,409
Eliminated on disposal	-	(8,449)	(78,937)
At 30 September 2020	<u>18,412</u>	<u>110,481</u>	<u>550,939</u>
NET BOOK VALUE			
At 30 September 2020	<u>3,658</u>	<u>62,786</u>	<u>395,471</u>
At 30 June 2019	<u>2,158</u>	<u>53,821</u>	<u>383,554</u>

Notes to the Consolidated Financial Statements - continued
for the Period 1 July 2019 to 30 September 2020

10. TANGIBLE FIXED ASSETS - continued

Company	Improvements to property £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 July 2019	37,815	17,250	133,729	188,794
Additions	3,437	4,820	40,509	48,766
Disposals	-	-	(8,449)	(8,449)
At 30 September 2020	<u>41,252</u>	<u>22,070</u>	<u>165,789</u>	<u>229,111</u>
DEPRECIATION				
At 1 July 2019	1,387	15,092	82,229	98,708
Charge for period	5,447	3,320	33,559	42,326
Eliminated on disposal	-	-	(8,449)	(8,449)
At 30 September 2020	<u>6,834</u>	<u>18,412</u>	<u>107,339</u>	<u>132,585</u>
NET BOOK VALUE				
At 30 September 2020	<u>34,418</u>	<u>3,658</u>	<u>58,450</u>	<u>96,526</u>
At 30 June 2019	<u>36,428</u>	<u>2,158</u>	<u>51,500</u>	<u>90,086</u>

11. FIXED ASSET INVESTMENTS

Company	Shares in group undertakings £
COST	
At 1 July 2019 and 30 September 2020	<u>516,583</u>
NET BOOK VALUE	
At 30 September 2020	<u>516,583</u>
At 30 June 2019	<u>516,583</u>

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries**RSS Infrastructure Limited**

Registered office: Tech Block Gee Business Centre, Holborn Hill, Aston, Birmingham, England, B7 5JR

Nature of business: Rail safety solutions and contingent labour

Class of shares:	%
Ordinary	holding 100.00

Notes to the Consolidated Financial Statements - continued
for the Period 1 July 2019 to 30 September 2020

11. FIXED ASSET INVESTMENTS - continued

Auctus Workforce Solutions Limited

Registered office: Tech Block Gee Business Centre, Holborn Hill, Aston, Birmingham, England, B7 5JR

Nature of business: Recruitment solutions to the construction industry

	%
Class of shares:	holding
Ordinary	100.00

Auctus ATA Limited

Registered office: Tech Block Gee Business Centre, Holborn Hill, Aston, Birmingham, England, B7 5JR

Nature of business: Supply of apprenticeships to the rail industry

	%
Class of shares:	holding
Ordinary	100.00

Infra Skills Limited

Registered office: Tech Block Gee Business Centre, Holborn Hill, Aston, Birmingham, England, B7 5JR

Nature of business: Rail industry training and assessment services

	%
Class of shares:	holding
Ordinary	100.00

12. STOCKS

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Stocks	<u>143,771</u>	<u>69,647</u>	<u>545</u>	<u>1,650</u>

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	3,035,255	3,186,315	-	-
Bad debt provision	(6,097)	-	-	-
Amounts owed by group undertakings	-	-	1,307,560	494,325
Other debtors	79,170	117,251	68,129	81,189
Directors' loan accounts	162,737	162,737	162,737	162,737
Prepayments	811,629	735,350	115,799	171,529
	<u>4,082,694</u>	<u>4,201,653</u>	<u>1,654,225</u>	<u>909,780</u>

Notes to the Consolidated Financial Statements - continued
for the Period 1 July 2019 to 30 September 2020

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Bank loans and overdrafts (see note 16)	115,000	115,000	115,000	115,000
Hire purchase contracts (see note 17)	21,042	-	-	-
Trade creditors	1,012,142	869,452	128,859	177,328
Amounts owed to group undertakings	-	-	223,429	284,149
Corporation tax	92,669	46,067	1,423	-
Social security and other taxes	205,925	206,970	29,419	50,495
VAT	1,258,394	358,770	1,256,871	358,770
Other creditors	688,717	2,182,461	-	4,112
Accrued expenses	563,062	300,423	62,917	58,743
	<u>3,956,951</u>	<u>4,079,143</u>	<u>1,817,918</u>	<u>1,048,597</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Bank loans (see note 16)	200,081	317,681	200,081	317,681
Hire purchase contracts (see note 17)	6,371	-	-	-
	<u>206,452</u>	<u>317,681</u>	<u>200,081</u>	<u>317,681</u>

The loan is secured by a debenture over the assets of the company. The repayment date is March 2023 and has an interest rate of 2.75% over base.

16. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank loans	<u>115,000</u>	<u>115,000</u>	<u>115,000</u>	<u>115,000</u>
Amounts falling due between one and two years:				
Bank loan 2 - 5 years	<u>200,081</u>	<u>317,681</u>	<u>200,081</u>	<u>317,681</u>

Notes to the Consolidated Financial Statements - continued
for the Period 1 July 2019 to 30 September 2020

17. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Hire purchase contracts	
	2020	2019
	£	£
Net obligations repayable:		
Within one year	21,042	-
Between one and five years	6,371	-
	<u>27,413</u>	<u>-</u>

Group

	Non-cancellable	operating leases
	2020	2019
	£	£
Within one year	207,112	135,243
Between one and five years	510,687	361,307
In more than five years	480,578	480,578
	<u>1,198,377</u>	<u>977,128</u>

Company

	Non-cancellable	operating leases
	2020	2019
	£	£
Within one year	159,612	135,243
Between one and five years	428,187	414,666
In more than five years	480,578	480,578
	<u>1,068,377</u>	<u>1,030,487</u>

18. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Bank loans	315,081	432,681	315,081	432,681
Invoice discounting facility	600,263	2,054,037	-	-
	<u>915,344</u>	<u>2,486,718</u>	<u>315,081</u>	<u>432,681</u>

The bank loan is secured on the assets of the company. The invoice discounting facility is secured on the trade debtors. In addition, personal guarantees totalling £100,000 have been given by the directors in connection with the invoice discounting facility.

Notes to the Consolidated Financial Statements - continued
for the Period 1 July 2019 to 30 September 2020

19. PROVISIONS FOR LIABILITIES

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Deferred tax				
Accelerated capital allowances	<u>72,434</u>	<u>72,434</u>	<u>17,116</u>	<u>17,116</u>
Group				
				Deferred tax
				£
Balance at 1 July 2019				<u>72,434</u>
Balance at 30 September 2020				<u>72,434</u>
Company				
				Deferred tax
				£
Balance at 1 July 2019				<u>17,116</u>
Balance at 30 September 2020				<u>17,116</u>

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2020 £	2019 £
64,386	Ordinary	0.01	<u>644</u>	<u>644</u>

21. RESERVES

Group				
	Retained earnings £	Share premium £	Capital redemption reserve £	Totals £
At 1 July 2019	765,434	187,692	41	953,167
Profit for the period	<u>356,106</u>			<u>356,106</u>
At 30 September 2020	<u>1,121,540</u>	<u>187,692</u>	<u>41</u>	<u>1,309,273</u>

Notes to the Consolidated Financial Statements - continued
for the Period 1 July 2019 to 30 September 2020

21. RESERVES - continued

Company

	Retained earnings £	Share premium £	Capital redemption reserve £	Totals £
At 1 July 2019	52,164	187,692	41	239,897
Profit for the period	2,908			2,908
At 30 September 2020	<u>55,072</u>	<u>187,692</u>	<u>41</u>	<u>242,805</u>

22. CONTINGENT LIABILITIES

Cross guarantees exist between the company and RSS Infrastructure Limited under which each company has guaranteed certain debts of the other.

23. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to directors subsisted during the period ended 30 September 2020 and the year ended 30 June 2019:

	2020 £	2019 £
S Harrison		
Balance outstanding at start of period	85,243	85,243
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of period	<u>85,243</u>	<u>85,243</u>
R Toy		
Balance outstanding at start of period	77,494	77,494
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of period	<u>77,494</u>	<u>77,494</u>

24. RELATED PARTY DISCLOSURES

Key management personnel

The company has identified key management personnel as the directors of the company, and their remunerations are detailed on note 4 of these financial statements.

25. ULTIMATE CONTROLLING PARTY

There is no single controlling party.

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