



BERRY RECRUITMENT GROUP LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016



BERRY RECRUITMENT GROUP LIMITED

COMPANY INFORMATION

Directors	A.G. Berry: Chairman I.M. Langley: Non Executive Deputy Chairman S.M. Berry C. Chown M.R. Sarson L.J. Gamble I. Haddock M. Stewart S. Folds
Secretary	M.R. Sarson
Company Number	09200786
Registered Office	Porters House 4 Porters Wood St Albans Herts AL3 6PQ
Auditors	HB Accountants Amwell House 19 Amwell Street Hoddesdon EN11 8TS
Bankers	RBSIF Block H Sunbury Business Centre Brookland Close Sunbury on Thames TW16 7DX Nat West 7th Floor 280 Bishopsgate London EC2M 4RB
Solicitors	Sherrards 45 Grosvenor House St Albans Herts AL1 3AW Debenham Ottaway 107 St Peter's Street Herts AL1 3EW

BERRY RECRUITMENT GROUP LIMITED

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BERRY RECRUITMENT GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016 (16 MONTHS TO 31 DECEMBER 2015)

The group's principal activity is that of an employment business.

The Berry Recruitment Group now operates from 34 locations across England and Wales employing more than 200 people.

Berry Recruitment Group ("BRG") was incorporated in early September 2014 and immediately acquired the Berry Recruitment Limited group of companies. These accounts have been prepared for the 12 months ending 31st December 2016. The comparative figures are for the 16 months ending 31 December 2015.

The accounts show a turnover of £62m in the year with an EBITDA of £1.9m. The net cash flow generated from operations was in excess of £2.3m in the year.

The group incurred a goodwill amortisation charge of £1.5m in the year. Goodwill in the operating subsidiaries is being written off over five years. Goodwill arising on the acquisition of the Berry Recruitment group of companies, which represents more of an investment by BRG, is being written off over twenty years.

In order to compare the figures against the previous year, the 12 months figures to December 2016 are compared below to the 12 months to December 2015.

	2016 £'000	2015 £'000
Turnover	61,929	60,041
Cost of sales	<u>(49,087)</u>	<u>(47,612)</u>
Gross profit	12,842	12,429
Administrative expenses	<u>(10,921)</u>	<u>(10,298)</u>
EBITDA	1,921	2,131
Depreciation	(254)	(191)
Goodwill amortisation	<u>(1,475)</u>	<u>(1,211)</u>
Operating profit	<u>192</u>	<u>729</u>

The group's turnover has increased by 3.1% with gross margin up by 3.3% in the year.

The group generated a net cash inflow from operations of £2,348k.

Debtor days continue to be well controlled at 36.6 days at December 2016.

Financial analysts consider EBITDA to give a useful and more consistent reflection of how the business is performing, as it looks at the underlying operating results and is considered to be a profitability metric that is closely related to cash generation. Goodwill amortisation is a non-cash item and does not affect the liquidity or underlying performance of the group, it is simply an accounting entry.

In January 2016 the group acquired Amanda Smith Recruitment which is a successful commercial based business in London. Following the previous acquisitions, the group now has a substantial London based business. The London commercial business was rebranded Wild Berry Associates in March 2017.

The group offers its clients and candidates the best of both worlds. We are a privately owned company that offers a flexible and local service and treats its customers with total respect. At the same time the size of our branch network and financial strength are the envy of many of our competitors.

BERRY RECRUITMENT GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016 (16 MONTHS TO 31 DECEMBER 2015)

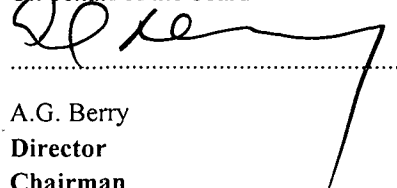
The group's turnover has more than doubled in the past five years to well over £60 million and we are planning further significant growth and investment in 2017. We offer bespoke solutions including our onsite Managed Service and whether a requirement is one off or large scale, we are committed to the highest service standards.

The group has selected Bond Adapt as its front office system which has streamlined the entire recruitment process and provided improved visibility to the operations team and M.I. from which to manage and control the business.

The 2017 financial year has started well with profits above our budgeted levels.

The group is backed by experienced industry figures, including Tony Berry (former Chairman of Blue Arrow and Manpower) and Ian Langley (Chairman of infrastructure recruitment specialist, Airswift Holdings).

On behalf of the board



.....

A.G. Berry
Director
Chairman

Date: 23/3/17

BERRY RECRUITMENT GROUP LIMITED

DIRECTORS REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016 (16 MONTHS TO 31 DECEMBER 2015)

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

Principal activities

The company and its subsidiaries principal activity is that of employment business and agency.

Results and dividends

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £448,971. The directors do not recommend the payment of a final dividend.

Directors

The following directors have held office during the period:

A.G. Berry: Chairman

I.M. Langley: Non-Executive Deputy Chairman

S.M. Berry

C. Chown

M.R. Sarson

L.J. Gamble

I.D. Haddock

M. Stewart

S. Folds

Employee involvement

Throughout the year the company has maintained its policy of improving communications to employees and provides the opportunity for all employees to make suggestions to enhance performance. Regular meetings between local management and employees are held to engender a team spirit and resolve local issues.

Disabled persons

This company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retaining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Auditors

In accordance with section 485 of the Companies Act 2006 a resolution proposing that HB Accountants be re-appointed as auditors of the company will be put to the Annual General Meeting.

BERRY RECRUITMENT GROUP LIMITED

DIRECTORS REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016 (16 MONTHS TO 31 DECEMBER 2015)

Statement of director' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

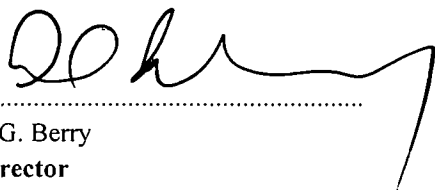
Company law requires the directors to prepare financial accounts for each financial year. Under that law the

- 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.

Statement of disclosure to Auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



.....
A.G. Berry
Director
Chairman

Date: 23/3/17

**INDEPENDENT AUDITORS' REPORT TO THE
SHAREHOLDERS OF BERRY RECRUITMENT GROUP LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2016 (16 MONTHS TO 31 DECEMBER 2015)**

We have audited the financial statements of Berry Recruitment Limited for the year ended 31 December 2016 set out on pages 6 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

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 had been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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.

Respective Responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material misstatements and inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group and company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

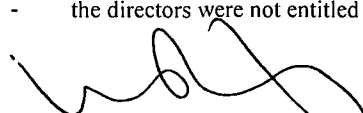
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small


Karen Risley (Senior Statutory Auditor)
for and on behalf of HB Accountants
Chartered Accountants
Statutory Auditor

Amwell House
19 Amwell Street
Hoddesdon
Hertfordshire
EN11 8TS

Date: 23/3/17

BERRY RECRUITMENT GROUP LIMITED**CONSOLIDATED PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2016 (16 MONTHS TO 31 DECEMBER 2015)**

	Notes	2016 £'000	2015 £'000
Turnover	3	61,929	77,855
Cost of sales		(49,087)	(61,487)
Gross profit		12,842	16,368
Administrative expenses		(10,921)	(13,669)
EBITDA		1,921	2,699
Depreciation		(254)	(237)
Goodwill amortisation		(1,475)	(2,523)
Operating profit/(loss)	4	192	(61)
Interest receivable and similar income	8	-	9
Interest payable and similar charges	9	(188)	(243)
Profit/(loss) on ordinary activities before taxation		4	(295)
Taxation	10	(287)	(227)
Total comprehensive loss for the financial period		(283)	(522)
Losses attributable to:			
Non-controlling interests	21	-	-
Parent company		(283)	(522)
Total comprehensive loss for the financial period		(283)	(522)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

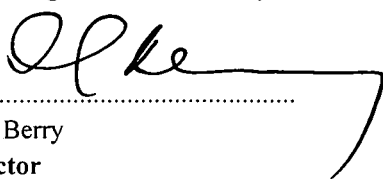
BERRY RECRUITMENT GROUP LIMITED

CONSOLIDATED BALANCE SHEET


AS AT 31 DECEMBER 2016

		2016		2015	
	Notes	£'000	£'000	£'000	£'000
Fixed Assets					
Intangible assets	12		7,549		8,016
Tangible assets	13		749		679
			<u>8,298</u>		<u>8,695</u>
Current Assets					
Debtors	16	8,911		8,979	
Cash at bank and in hand		54		82	
		<u>8,965</u>		<u>9,061</u>	
Creditors : Amounts Falling Due Within One Year	17	(11,556)		(11,578)	
Net Current Liabilities			<u>(2,591)</u>		<u>(2,517)</u>
Total Assets Less Current Liabilities			5,707		6,178
Creditors: Amounts falling due after more than one year	18		(2,526)		(2,085)
Net assets			<u>3,181</u>		<u>4,093</u>
Capital and reserves					
Called up share capital	20		10		10
Share premium account			5,032		5,032
Profit and loss account			(1,868)		(956)
Equity attributable to owners of the parent company			<u>3,174</u>		<u>4,086</u>
Non-controlling interests	21		<u>7</u>		<u>7</u>
			<u>3,181</u>		<u>4,093</u>

The financial statements were approved by the board of directors and authorised for issue on 23/3/17 and are signed on its behalf by:



 A.G. Berry
 Director
 Chairman



 C. Chown
 Director
 Group Managing Director

Company registration No. 09200786

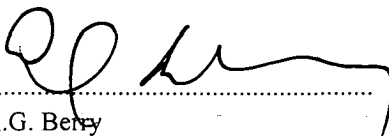
BERRY RECRUITMENT GROUP LIMITED

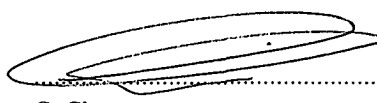
COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £'000	2015 £'000
Fixed Assets			
Investments	14	7,538	7,538
Creditors : Amounts falling due within one year	17	(989)	(882)
Total Assets Less Current Liabilities		6,549	6,656
Creditors: Amounts falling due after more than one year	18	(1,260)	(1,593)
Net Assets		5,289	5,063
Capital and reserves			
Called up share capital	20	10	10
Share premium account		5,032	5,032
Profit and loss account		247	21
Shareholders' funds		5,289	5,063

The financial statements were approved by the board of directors and authorised for issue on 23/3/17 and are signed on its behalf by:


A.G. Berry
Director
Chairman


C. Chown
Director
Group Managing Director

Company Registration No. 09200786

BERRY RECRUITMENT GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2016

	Notes	Share Capital £'000	Share Premium Account £'000	Profit and Loss Reserves £'000	Total controlling interest £'000	Non - controlling interest £'000	Total £'000
Period ended 31 December 2015							
Loss and total comprehensive income for the period		-	-	(522)	(522)	-	(522)
Issue of share capital		10	5,032	-	5,042	-	5,042
Dividends	11	-	-	(434)	(434)	-	(434)
Acquisition of non-controlling interests		-	-	-	-	7	7
Balance at 31 December 2015		10	5,032	(956)	4,086	7	4,093
Year ended 31 December 2016							
Balance at 1 January 2016		10	5,032	(956)	4,086	7	4,093
Loss and total comprehensive income for the year		-	-	(283)	(283)	-	(283)
Purchase of own shares		-	-	(180)	(180)	-	(180)
Dividends	11	-	-	(449)	(449)	-	(449)
Balance 31 December 2016		10	5,032	(1,868)	3,174	7	3,181

BERRY RECRUITMENT GROUP LIMITED**COMPANY STATEMENT OF CHANGES IN EQUITY****AS AT 31 DECEMBER 2016**

		Share Capital	Share Premium Account	Profit and Loss Reserves	Total
	Notes	£'000	£'000	£'000	£'000
Period ended 31 December 2015					
Profit and total comprehensive income for the period		-	-	455	455
Issue of share capital		10	5,032	-	5,042
Dividends	11	-	-	(434)	(434)
Balance at 31 December 2015		10	5,032	21	5,063
Year ended 31 December 2016					
Balance at 1 January 2016		10	5,032	21	5,063
Profit and total comprehensive income for the year		-	-	855	855
Purchase of own shares		-	-	(180)	(180)
Dividends	11	-	-	(449)	(449)
Balance at 31 December 2016		10	5,032	247	5,289

BERRY RECRUITMENT GROUP LIMITED

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016 (16 MONTHS TO 31 DECEMBER 2015)

	2016		2015	
	£'000	£'000	£'000	£'000
Reconciliation of operating profit from operating activities				
Operating profit/ (loss)		192		(61)
Depreciation of tangible fixed assets		254		237
Amortisation of intangible fixed assets		1,475		2,523
Decrease in debtors		323		393
Increase / (decrease) in creditors		104		(73)
Net cash inflow from operating activities		<u>2,348</u>		<u>3,019</u>
Returns on investments and servicing of finance				
Interest received	-		9	
Interest paid	<u>(188)</u>		<u>(243)</u>	
Net cash inflow for returns on investments and servicing of finance		(188)		(234)
Taxation		(502)		(65)
Capital expenditure and financial investment				
Purchase of tangible fixed assets		(321)		(583)
Business acquisitions		(1,080)		(9,193)
Equity dividends paid		(449)		(434)
Net cash (outflow) before management of liquid resources and financing		<u>(192)</u>		<u>(7,490)</u>
Financing activities				
Issue of ordinary shares	-		5,042	
Loans from shareholders	-		2,461	
Loans to shareholders repaid	(372)		(734)	
Hire purchase finance received	-		209	
Hire purchase finance repayments	(98)		(64)	
Bank loan finance received	1,000		204	
Bank loan finance repaid	(15)		(4)	
Loan finance repaid	<u>-</u>		<u>(466)</u>	
Cash inflow/from financing		515		6,648
Net increase/(decrease) in cash and cash equivalents		<u>323</u>		<u>(842)</u>
Cash and cash equivalents at the beginning of period		(6,483)		-
Cash and cash equivalents at the end of period		<u>(6,160)</u>		<u>(842)</u>
Analysis of net debt				
	31 December 2015	Cash flow	Other non- cash changes	31 December 2016
	£'000	£'000	£'000	£'000
Net Cash:				
Cash at bank and in hand	82	(28)	-	54
Invoice discounting facility	(6,565)	351	-	(6,214)
	<u>(6,483)</u>	<u>323</u>	<u>-</u>	<u>(6,160)</u>
Debt:				
Debts falling due within one year	(370)	69	(180)	(481)
Debts falling due after one year	(1,912)	(584)	-	(2,496)
	<u>(2,282)</u>	<u>(515)</u>	<u>(180)</u>	<u>(2,977)</u>
Net Debt	<u>(8,765)</u>	<u>(192)</u>	<u>(180)</u>	<u>(9,137)</u>

BERRY RECRUITMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (16 MONTHS TO 31 DECEMBER 2015)

1 Accounting Policies

Company Information

Berry Recruitment Group Limited ("the company") is a limited company domiciled and incorporated in England and Wales. The registered office is Porters House, 4 Porters Wood, St Albans, Hertfordshire, AL3 6PQ.

1.1 Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared on the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' - Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' - Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' - Carrying amounts, interest income/expenses and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' - Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' - Compensation for key management personnel.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £855,000 (2015 £455,000)

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of Berry Recruitment Group Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2016. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Amanda Smith Recruitment Limited has been included in the group financial statements using the purchase method of accounting. Accordingly, the group profit and loss account and statement of cash flows include the results and cash flows of Amanda Smith Recruitment Limited for the period from its acquisition on 8th January 2016. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

BERRY RECRUITMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (16 MONTHS TO 31 DECEMBER 2015)

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operation existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover represents amounts revenue earned under a wide variety of contracts to provide services.

Revenue is recognised as earned when, and to the extent that, the company obtains the right to consideration in exchange for its performance under these contracts. It is measured at the fair value of the right to consideration, which represents amounts chargeable to clients excluding value added tax.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and in operating subsidiaries is being written off over five years. Goodwill arising on the acquisition of the Berry Recruitment group of companies, which represents more of an investment by BRG, is being written off over twenty years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are initially measured at cost and subsequently measured at cost or value net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Short leasehold property	10% - 33% straight line
Computer equipment	25% straight line
Fixtures, fittings and equipment	10% straight line
Motor vehicles	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

BERRY RECRUITMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (16 MONTHS TO 31 DECEMBER 2015)

1.7 Fixed asset investments

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.8 Impairment of fixed assets

At each reporting period date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investment accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Foreign currency translation

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

1.11 Financial Instruments

The group has elected to apply the provision of section 11 'Basic Financial Instruments' and section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

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Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

1.12 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of the direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

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1.13 Taxation

The tax charge represents the sum of tax currently payable and deferred tax.

Current tax

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or tax deductible in other years and it further excludes items that are never taxable or deductible. The liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the reporting end date.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements.

The interest is charged to the profit and loss account so as to produce a periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the lease, except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions.

At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of revision and future periods where the revision affects both current and future periods.

3 Turnover

The turnover was derived from the company's principal activity of an employment agency.

	2016	2015
	£'000	£'000
Geographical analysis of turnover:		
United Kingdom	61,475	76,923
Europe	454	932
	<u>61,929</u>	<u>77,855</u>

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4 Operating Profit/(Loss)	2016 £'000	2015 £'000
Operating profit/(loss) is stated after charging:		
Amortisation of intangible fixed assets	1,475	2,523
Depreciation of tangible fixed assets		
- Owned assets	243	217
- Assets held under hire purchase and finance leases	11	20
Auditors' remuneration	43	43
Fees payable to the auditors in respect of taxation services	7	7
Foreign exchange (profit) / losses	(7)	1
Operating lease rentals		
- Plant and machinery	179	216
- Land and buildings	628	693

5 Auditor's remuneration	2016 £'000	2015 £'000
Fees payable to the company's auditor:		
For audit services:		
Audit of the financial statements of the group and company	43	43
For other services:		
Taxation compliance services	7	7

6 Employee information

The average number of persons (including directors) employed by the group during the year was:

	2016 Number	2015 Number
Directors	9	9
Finance	13	12
Admin	13	10
Operations	178	163
	213	194

Their aggregate remuneration comprised:

	2016 £'000	2015 £'000
Staff costs (including directors):		
Wages and salaries	6,655	9,151
Social security costs	668	928
Other pension costs	95	106
	7,418	10,185

7 Directors' remuneration	2016 £'000	2015 £'000
Emoluments for qualifying services	511	687
Company pension contributions to money purchase schemes	26	32
Benefits in kind	54	64
	591	783

The number of directors for whom retirement benefits are accruing under defined contribution schemes was 6 (2015: 6).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

Remuneration for qualifying services	95	133
Company contributions to money purchase pension schemes	6	8
Benefits in kind	4	6
	105	147

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8 Interest receivable and similar income	2016	2015
	£'000	£'000
Other interest income	-	9
	<u>-</u>	<u>9</u>
9 Interest payable and similar charges	2016	2015
	£'000	£'000
Interest on amounts payable to invoice finance arrangements	120	191
Interest on finance leases and hire purchase contracts	4	11
Other interest payable	64	41
	<u>188</u>	<u>243</u>
10 Taxation	2016	2015
	£'000	£'000
Current tax:		
U.K. Corporation tax on the result for the period	300	227
Adjustment in respect of prior years	(13)	-
	<u>287</u>	<u>227</u>
Factors affecting the tax charge for the year:		
Profit/(loss) on ordinary activities before taxation	4	(295)
Expected tax charge based on the standard rate of corporation tax in the UK of 20% (2015: 20%)	1	(59)
Tax effect of expenses that are not deductible in determining taxable profit	21	58
Tax effect of utilisation of tax losses not previously recognised	-	(17)
Adjustment in respect of prior years	(13)	-
Depreciation on assets not qualifying for tax allowances	25	24
Amortisation on assets not qualifying for tax allowances	253	221
	<u>287</u>	<u>227</u>
11 Dividends	2016	2015
	£'000	£'000
Ordinary interim paid	449	434
	<u>449</u>	<u>434</u>
12 Intangible Fixed Assets		
Group		Goodwill
		£'000
Cost		
At 31 December 2015		13,044
Additions		1,013
Adjustment		(5)
At 31 December 2016		<u>14,052</u>
Amortisation and impairment		
At 31 December 2015		5,028
Amortisation charged for the year		1,475
At 31 December 2016		<u>6,503</u>
Carrying amount		
At 31 December 2016		<u>7,549</u>
At 31 December 2015		<u>8,016</u>
The company had no intangible fixed assets at 31 December 2015 or at 31 December 2016		

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13 Tangible Fixed Assets

Group	Short leasehold property £'000	Computer equipment £'000	Fixtures fittings and equipment £'000	Motor Vehicles £'000	Total £'000
Cost					
At 31 December 2015	354	562	294	59	1,269
On acquisitions	-	6	3	-	9
Additions	65	198	71	-	334
Disposals	-	(67)	-	(59)	(126)
At 31 December 2016	<u>419</u>	<u>699</u>	<u>368</u>	<u>-</u>	<u>1,486</u>
Depreciation					
At 31 December 2015	56	331	168	35	590
On acquisitions	-	4	3	-	7
Depreciation charged for the year	49	138	56	11	254
Disposals	-	(68)	-	(46)	(114)
At 31 December 2016	<u>105</u>	<u>405</u>	<u>227</u>	<u>-</u>	<u>737</u>
Carrying amount					
At 31 December 2016	<u>314</u>	<u>294</u>	<u>141</u>	<u>-</u>	<u>749</u>
At 1 January 2016	<u>298</u>	<u>231</u>	<u>126</u>	<u>24</u>	<u>679</u>

The company had no tangible fixed assets at 31 December 2015 or at 31 December 2016.

Included above are assets held under finance leases or hire purchase contracts with net book values £79,613 (2015: £102,872) and depreciation charge for the period £55,732 (2015: £69,450).

14 Fixed Asset Investments

Company	Subsidiary Undertakings 2016 £'000
Cost	
At 31 December 2015	7,538
Additions	-
At 31 December 2016	<u>7,538</u>
Net book value	
At 31 December 2016	<u>7,538</u>

The following are subsidiary undertakings at the end of the year and have been included in the consolidated financial statements.

	% owned	Principal activity
Berry Recruitment Ltd	100	Employment agency
Wild Recruitment Ltd	100	Employment agency
Amanda Smith Recruitment Ltd	100	Employment agency
Mainline Resourcing Ltd	100	Dormant
Headway Recruitment Ltd	95	Dormant
Headway Rec 2 Rec Ltd	100	Dormant
Bushley Ltd	100	Dormant

The above companies are all incorporated in England and Wales.

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15 Financial Instruments	Group	Group	Company	Company
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Carrying amount of financial assets				
Debt instruments measured at amortised cost	7,973	8,594	-	-
Equity instruments measured at cost less impairment	-	-	7,538	7,538
Carrying amount of financial liabilities				
Measured at amortised cost	11,481	10,998	2,249	2,475
16 Debtors	Group	Group	Company	Company
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Trade debtors	7,862	8,419	-	-
Other debtors	111	175	-	-
Prepayments and accrued income	938	385	-	-
	8,911	8,979	-	-
17 Creditors: Amounts falling due within one year	Group	Group	Company	Company
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Invoice discounting	6,214	6,565	-	-
Bank loan	21	22	-	-
Trade creditors	1,923	1,131	-	-
Corporation tax payable	232	306	-	-
Other taxes and social security	1,922	1,798	-	-
Amounts due to subsidiary undertakings	-	-	598	651
Other creditors	336	847	-	-
Accruals and deferred income	447	561	-	-
Obligations under hire purchase contracts	70	99	-	-
Loans	391	249	391	231
	11,556	11,578	989	882
18 Creditors: Amounts falling due after more than one year	Group	Group	Company	Company
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Loans	1,310	1,643	1,260	1,593
Bank loans	1,164	178	-	-
Obligations under hire purchase contracts	22	91	-	-
Other creditors	30	173	-	-
	2,526	2,085	1,260	1,593
Analysis of borrowings				
Wholly repayable within five years	2,977	2,282	1,651	1,824
Included within current liabilities	(481)	(370)	(391)	(231)
	2,496	1,912	1,260	1,593

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19 Borrowings	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Invoice discounting	6,214	6,565	-	-
Bank loans	1,185	200	-	-
Other loans	1,701	1,892	1,651	1,824
	<u>9,100</u>	<u>8,657</u>	<u>1,651</u>	<u>1,824</u>

The invoice discounting is secured by a fixed charge over the book debts.

The bank loans are secured by way of a fixed charge over a long leasehold property and a debenture over all of the assets of the company.

The other loans are unsecured.

20 Called up share capital	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Allotted, called up and fully paid:				
28,534 Ordinary A Class shares of 10p each	3	3	3	3
18,466 Ordinary B Class shares of 10p each	2	2	2	2
53,000 Ordinary C Class shares of 10p each	5	5	5	5
	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>

21 Non-controlling interests	Group 2016 £'000	Group 2015 £'000
At 31 December 2015	7	-
Acquired in the year	-	7
Share of profit/(loss) for the period	-	-
	<u>7</u>	<u>7</u>

22 Retirement benefit schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

	2016 £'000	2015 £'000
The charge to the profit and loss in respect of defined contribution schemes in the year was	<u>95</u>	<u>106</u>

23 Operating lease commitments

At the reporting date the outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due are as follows:

	Land and Buildings Group 2016 £'000	Other Group 2016 £'000	Land and Buildings Group 2015 £'000	Other Group 2015 £'000
Operating leases which expire:				
Within one year	383	124	368	134
In two to five years	743	46	860	106
After five years	198	-	294	-
	<u>1,324</u>	<u>170</u>	<u>1,522</u>	<u>240</u>

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24 Capital commitments

At 31 December 2016 the capital commitments were:

	Group 2016 £'000	Group 2016 £'000	Company 2015 £'000	Company 2015 £'000
Authorised, but not contracted for	-	-	-	-

25 Acquisitions

On 8 January 2016 the group acquired 100 % of the issued share capital of Amanda Smith Recruitment Limited.

	Book Value £'000	Fair Value £'000
Tangible fixed assets	3	3
Debtors	255	255
Creditors: amounts falling due within one year	(308)	(308)
Cash and cash equivalents	812	812
		762
Goodwill		1,013
Total Consideration		1,775
The consideration was satisfied by:		
Cash		1,775
Contributed by the acquired business for the reporting period included in the consolidated statement of comprehensive income since acquisition.		
Turnover		1,994
Profit after tax		56

26 Related party transactions

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Key management personnel (including directors):				
Total remuneration in the period:				
Aggregate compensation	591	783	-	-
Dividends paid during the period	335	320	335	320
Amounts due at 31 December 2016	727	733	702	690
Related parties:				
Total remuneration in the period:				
The wives of four of the directors	203	128	-	-
Dividends paid during the period:				
The wives of three of the directors	114	114	114	114
Amounts due at 31 December 2016:				
The wives of three of the directors	549	601	549	601
Other related party	25	25	-	-