Company Registration No. 09200786 (England and Wales)

BERRY RECRUITMENT GROUP LIMITED

ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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 2017

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

The Berry Recruitment Group now operates from 36 locations across England and Wales employing more than 200 people.

The accounts show a turnover of £65m (2016: £62m) in the year with an EBITDA of £1.75m (2016: £1.9m). The net cash generated from operations was in excess of £1.7m in the year (2016: £2.3m). At the 31 December 2017, the group had £1.3m of undrawn banking facilities available.

The group incurred a goodwill amortisation charge of £1.1m 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.

The group's turnover has increased by 5.5% with a marginal increase in gross profit.
The group generated a net cash inflow from operations of £1,736k (2016: £2,348k).
Debtor days continue to be well controlled at 35.3 days at December 2017 (2016: 36.6 days).

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.

Amanda Smith Recruitment was acquired in January 2016 which is a successful commercial based business in London. The business was consolidated with other recently acquired businesses to create the Wild Berry Associates brand which was launched in March 2017. We now have a central London professional recruitment presence operating from modern large premises.

On 31 October 2017, the group acquired Joy Recruitment Limited which specialises in the construction, white collar commercial and recruitment-to-recruitment sectors. The acquisition fits our network and particularly strengthens our Kent and South East London presence.

Our Onsite Division has seen significant growth during 2017 with 9 offices now established.

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.

The group's turnover has more than doubled in the past six years to well over £65 million and we are planning further significant growth and investment in 2018. 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 2018 financial year has started well with profits above 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

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A.G. Berry
Director
Chairman

Date: 13/3/18

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and financial statements for the year ended 31 December 2017.

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 £455,000. 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.

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 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 of the profit and loss of the company 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.

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

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A.G. Berry

Director

Chairman

Date: 13/3/18

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BERRY RECRUITMENT GROUP LIMITED

Opinion

We have audited the financial statements of Berry Recruitment Limited (the "parent company") and its subsidiaries (the "group") for the year ended 31 December 2017 which comprise the Consolidated Profit And Loss Account, The Consolidated Balance Sheet, The Company Balance Sheet, The Consolidated Statement of Changes in Equity, The Company Statement of Changes in Net Equity, The Consolidated Cash Flow Statement 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 Financial Reporting Standard 102 *The Reporting Standard Applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 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.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's 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.

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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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 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 unidentified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date of 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 annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material misstatements 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BERRY RECRUITMENT GROUP LIMITED

Opinion 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 the light of our 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 strategic report and 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 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 companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

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, and for the 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to the 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.

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 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: https:/www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

Date: 13/3/18

Amwell House
19 Amwell Street
Hoddesdon
Hertfordshire
EN11 8TS

BERRY RECRUITMENT GROUP LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £'000	2016 £'000
Turnover	3	65,368	61,929
Cost of sales		(52,411)	(49,087)
Gross profit		12,957	12,842
Administrative expenses		(11,206)	(10,921)
EBITDA		1,751	1,921
Depreciation		(238)	(254)
Goodwill amortisation		(1,114)	(1,475)
Operating profit/(loss)	4	399	192
Interest receivable and similar income	8	-	-
Interest payable and similar charges	9	(182)	(188)
Profit on ordinary activities before taxation		217	4
Taxation	10	(285)	(287)
Total comprehensive loss for the financial period		(68)	(283)
Losses attributable to:			
Non-controlling interests	21	-	-
Parent company		(68)	(283)
Total comprehensive loss for the financial period		(68)	(283)

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 2017

	Notes	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Fixed Assets					
Intangible assets	12		7,171		7,549
Tangible assets	13		705		749
			7,876		8,298
Current Assets					
Debtors	16	10,350		8,911	
Cash at bank and in hand		149		54	
		10,499		8,965	
Creditors: Amounts Falling Due Within One Year	17	(13,378)		(11,556)	
Net Current Liabilities			(2,879)		(2,591)
Total Assets Less Current Liabilities			4,997		5,707
Creditors: Amounts falling due after more than one year	18		(2,339)		(2,526)
Net assets			2,658		3,181
Capital and reserves					
Called up share capital	20		10		10
Share premium account			5,032		5,032
Profit and loss account			(2,391)		(1,868)
Equity attributable to owners of the parent company			2,651		3,174
Non-controlling interests	21		7		7
			2,658		3,181

The financial statements were approved by the board of directors and authorised for issue on 13|3|18 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 2017

	Notes	2017 £'000	2016 £'000
Fixed Assets			
Investments	**14**	7,538	7,538
Creditors : Amounts falling due within one year	**17**	(1,200)	(989)
Total Assets Less Current Liabilities		6,338	6,549
Creditors: Amounts falling due after more than one year	**18**	(972)	(1,260)
Net Assets		5,366	5,289
Capital and reserves			
Called up share capital	**20**	10	10
Share premium account		5,032	5,032
Profit and loss account		324	247
Shareholders' funds		5,366	5,289

The financial statements were approved by the board of directors and authorised for issue on 13/3/18 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 2017

	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 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 at 31 December 2016		10	5,032	(1,868)	3,174	7	3,181
Year ended 31 December 2017							
Balance at 1 January 2017		10	5,032	(1,868)	3,174	7	3,181
Loss and total comprehensive income for the year		-	-	(68)	(68)	-	(68)
Dividends	11	-	-	(455)	(455)	-	(455)
Balance 31 December 2017		10	5,032	(2,391)	2,651	7	2,658

BERRY RECRUITMENT GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2017

	Notes	Share Capital £'000	Share Premium Account £'000	Profit and Loss Reserves £'000	Total £'000
Period 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
Year ended 31 December 2017					
Balance at 1 January 2017		10	5,032	247	5,289
Profit and total comprehensive income for the year		-	-	532	532
Dividends	11	-	-	(455)	(455)
Balance at 31 December 2017		10	5,032	324	5,366

BERRY RECRUITMENT GROUP LIMITED

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

	2017		2016	
	£'000	£'000	£'000	£'000
Reconciliation of operating profit from operating activities				
Operating profit/ (loss)		399		192
Depreciation of tangible fixed assets		238		254
Amortisation of intangible fixed assets		1,114		1,475
(Increase) / decrease in debtors		(1,396)		323
Increase in creditors		1,381		104
Net cash inflow from operating activities		1,736		2,348
Returns on investments and servicing of finance				
Interest paid	(182)		(188)	
Net cash inflow for returns on investments and servicing of finance		(182)		(188)
Taxation		(334)		(502)
Capital expenditure and financial investment				
Purchase of tangible fixed assets		(188)		(321)
Business acquisitions		(662)		(1,080)
Equity dividends paid		(455)		(449)
Net cash (outflow) before management of liquid resources and financing		(85)		(192)
Financing activities				
Loans to shareholders repaid	(470)		(372)	
Hire purchase finance repayments	(70)		(98)	
Bank loan finance received	-		1,000	
Bank loan finance repaid	(13)		(15)	
Cash (outflow)/inflow from financing		(553)		515
Net increase/(decrease) in cash and cash equivalents		(638)		323
Cash and cash equivalents at the beginning of period		(6,160)		(6,483)
Cash and cash equivalents at the end of period		(6,798)		(6,160)

Analysis of net debt	**31 December 2016**	**Cash flow**	**Other non-cash changes**	**31 December 2017**
	£'000	**£'000**	**£'000**	**£'000**
Net Cash:				
Cash at bank and in hand	54	95	-	149
Invoice discounting facility	(6,214)	(733)	-	(6,947)
	(6,160)	(638)	-	(6,798)
Debt:				
Debts falling due within one year	(482)	228	-	(254)
Debts falling due after one year	(2,496)	325	-	(2,171)
	(2,978)	553	-	(2,425)
Net Debt	(9,138)	(85)	-	(9,223)

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 £531,000 (2016: £855,000)

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 (i.e. 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 2017. 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.

1.2 Basis of consolidation

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

Joy 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 Joy Recruitment Limited for the period from its acquisition on 31 October 2017. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

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 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.

1.7 Fixed asset investments

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.

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 transition 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.

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 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.

1.11 Financial Instruments

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.

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.
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 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.

Geographical analysis of turnover:	**2017 £'000**	**2016 £'000**
United Kingdom	65,059	61,475
Europe	309	454
	65,368	61,929

4 Operating Profit/(Loss)

	2017	2016
	£'000	£'000
Operating profit/(loss) is stated after charging:		
Amortisation of intangible fixed assets	1,114	1,475
Depreciation of tangible fixed assets		
- Owned assets	203	198
- Assets held under hire purchase and finance leases	35	56
Auditors' remuneration	50	43
Fees payable to the auditors in respect of taxation services	9	7
Foreign exchange (gains)/losses	(2)	(7)
Operating lease rentals		
- Plant and machinery	192	179
- Land and buildings	595	628

5 Auditor's remuneration

	2017	2016
	£'000	£'000
Fees payable to the company's auditor:		
For audit services:		
Audit of the financial statements of the group and company	50	43
For other services:		
Taxation compliance services	9	7

6 Employee information

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

	2017	2016
	Number	Number
Directors	9	9
Finance	16	13
Admin	14	13
Operations	182	178
	221	213

Their aggregate remuneration comprised:	2017	2016
	£'000	£'000
Staff costs (including directors):		
Wages and salaries	6,762	6,655
Social security costs	687	668
Other pension costs	89	95
	7,538	7,418

7 Directors' remuneration

	2017 £'000	2016 £'000
Emoluments for qualifying services	576	511
Company pension contributions to money purchase schemes	26	26
Benefits in kind	56	54
	658	591

The number of directors for whom retirement benefits are accruing under defined contribution schemes was 5 (2016: 6).

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

	2017 £'000	2016 £'000
Remuneration for qualifying services	99	95
Company contributions to money purchase pension schemes	7	6
Benefits in kind	16	4
	122	105

8 Interest receivable and similar income

	2017 £'000	2016 £'000
Other interest income	-	-

9 Interest payable and similar charges

	2017 £'000	2016 £'000
Interest on amounts payable to invoice finance arrangements	126	120
Interest on finance leases and hire purchase contracts	3	4
Other interest payable	53	64
	182	188

10 Taxation

	2017 £'000	2016 £'000
Current tax:		
U.K. Corporation tax on the result for the year	311	300
Adjustment in respect of prior years	(26)	(13)
	285	287
Factors affecting the tax charge for the year:		
Profit on ordinary activities before taxation	217	4
Expected tax charge based on the standard rate of corporation tax in the UK of 19.25% (2016: 20%)	42	1
Tax effect of expenses that are not deductible in determining taxable profit	25	21
Adjustment in respect of prior years	(26)	(13)
Depreciation on assets not qualifying for tax allowances	16	25
Amortisation on assets not qualifying for tax allowances	203	253
Overprovision in previous years	25	-
	285	287

11 Dividends

	2017 £'000	2016 £'000
Ordinary interim paid	455	449

12 Intangible Fixed Assets

Group	*Goodwill* £'000
Cost	
At 1 January 2017	14,052
Additions	321
Adjustment	415
At 31 December 2017	14,788
Amortisation and impairment	
At 1 January 2017	6,503
Amortisation charged for the year	1,114
At 31 December 2017	7,617
Carrying amount	
At 31 December 2017	7,171
At 31 December 2016	7,549

The company had no intangible fixed assets at 31 December 2016 or at 31 December 2017

13 Tangible Fixed Assets

Group	Short leasehold property £'000	Computer equipment £'000	Fixtures fittings and equipment £'000	Total £'000
Cost				-
At 1 January 2017	419	699	368	1,486
On acquisitions	-	-	30	30
Additions	63	57	68	188
At 31 December 2017	482	756	466	1,704
Depreciation				
At 1 January 2017	105	405	227	737
On acquisitions	-	-	24	24
Depreciation charged for the year	50	139	49	238
At 31 December 2017	155	544	300	999
Carrying amount				
At 31 December 2017	327	212	166	705
At 31 December 2016	314	294	141	749

The company had no tangible fixed assets at 31 December 2016 or at 31 December 2017.
Included above are assets held under finance leases or hire purchase contracts with net book values £44,685 (2016: £79,613) and depreciation charge for the period £34,928 (2016: £55,732).

14 Fixed Asset Investments

Company

	Subsidiary Undertakings £'000
Cost	
At 1 January 2017	7,538
Additions	-
At 31 December 2017	7,538
Net book value	
At 31 December 2017	7,538

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
Joy Recruitment Limited	100	Employment agency
Mainline Resourcing Ltd	100	Dormant
Headway Recruitment Ltd	95	Dormant
Headway Rec 2 Rec Ltd	100	Employment agency
Bushley Ltd	100	Dormant

The above companies are all incorporated in England and Wales.

15 Financial Instruments

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Carrying amount of financial assets				
Debt instruments measured at amortised cost	9,467	7,973	-	-
Equity instruments measured at cost less impairment	-	-	7,538	7,538
Carrying amount of financial liabilities				
Measured at amortised cost	12,275	11,481	2,172	2,249

16 Debtors

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Trade debtors	9,412	7,862	-	-
Other debtors	55	111	-	-
Prepayments and accrued income	883	938	-	-
	10,350	8,911	-	-

17 Creditors: Amounts falling due within one year

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Invoice discounting	6,947	6,214	-	-
Bank loan	22	21	-	-
Trade creditors	1,842	1,923	-	-
Corporation tax payable	203	232	-	-
Other taxes and social security	2,691	1,922	-	-
Amounts due to subsidiary undertakings	-	-	990	598
Other creditors	893	336	-	-
Accruals and deferred income	548	447	-	-
Obligations under hire purchase contracts	22	70	-	-
Loans	210	391	210	391
	13,378	11,556	1,200	989

18 Creditors: Amounts falling due after more than one year

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Loans	1,021	1,310	972	1,260
Bank loans	1,150	1,164	-	-
Obligations under hire purchase contracts	-	22	-	-
Other creditors	168	30	-	-
	2,339	2,526	972	1,260
Analysis of borrowings				
Wholly repayable within five years	2,425	2,977	1,182	1,651
Included within current liabilities	(254)	(481)	(210)	(391)
	2,171	2,496	972	1,260

19 Borrowings

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Invoice discounting	6,947	6,214	-	-
Bank loans	1,172	1,185	-	-
Other loans	1,231	1,701	1,182	1,651
	9,350	9,100	1,182	1,651

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 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'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
	10	10	10	10

21 Non-controlling interests

	Group 2017 £'000	Group 2016 £'000
At 31 December 2016	7	7
Acquired in the year	-	-
Share of profit/(loss) for the year	-	-
At 31 December 2017	7	7

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.

	2017 £'000	2016 £'000
The charge to the profit and loss in respect of defined contribution schemes in the year was	89	95

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 2017 £'000	Other Group 2017 £'000	Land and Buildings Group 2016 £'000	Other Group 2016 £'000
Operating leases which expire:				
Within one year	496	199	383	124
In two to five years	1,276	139	743	46
After five years	631	60	198	-
	2,403	398	1,324	170

24 Capital commitments

At 31 December 2017 the capital commitments were:	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Authorised, but not contracted for	-	-	-	-

25 Acquisitions

On 31 October 2017 the group acquired 100% of the issued share capital of Joy Recruitment Limited.

	Book Value £'000	Fair Value £'000
Tangible fixed assets	6	6
Debtors	43	43
Creditors: amounts falling due within one year	(64)	(64)
Cash and cash equivalents	(30)	(30)
		(45)
Goodwill		321
Total Consideration		276
The consideration was satisfied by:		
Cash		276

Contributed by the acquired business for the reporting period included in the consolidated statement of comprehensive income since acquisition.

Turnover	37
Loss after tax	(12)

26 Related party transactions

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Key management personnel (including directors):				
Total remuneration in the period:				
Aggregate compensation	658	591	-	-
Dividends paid during the period	339	335	339	335
Amounts due at 31 December 2017	390	727	365	702
Related parties:				
Total remuneration in the period:				
The wives of four of the directors	173	233	-	-
Dividends paid during the period:				
The wives of three of the directors	116	114	116	114
Amounts due at 31 December 2017				
The wives of three of the directors	549	549	549	549
Other related party	25	25	-	-