

Company Registration No. 10624123 (England and Wales)

**CHURCHILL KNIGHT UMBRELLA LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2022**

CHURCHILL KNIGHT UMBRELLA LIMITED

COMPANY INFORMATION

Directors	Mr J V Payne Mr T Edwards Mrs S J O'Toole
Company number	10624123
Registered office	Suite G Hollies House 230 High Street Potters Bar Herefordshire EN6 5BL
Auditor	Knowles Warwick Audit Services Limited Charlotte House 500 Charlotte Road Sheffield S2 4ER
Business address	Suite G Hollies House 230 High Street Potters Bar Herefordshire EN6 5BL
Bankers	Metro Bank 1 Southampton Row London WC1B 5HA

CHURCHILL KNIGHT UMBRELLA LIMITED

CONTENTS

	Page
Strategic report	1 - 4
Directors' report	5 - 6
Directors' responsibilities statement	7
Independent auditor's report	8 - 10
Profit and loss account	11
Statement of comprehensive income	12
Balance sheet	14
Statement of changes in equity	13
Statement of cash flows	15
Notes to the financial statements	16 - 25

CHURCHILL KNIGHT UMBRELLA LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JANUARY 2022

The directors present the strategic report for the year ended 31 January 2022.

Fair review of the business

Business Overview

Churchill Knight Umbrella are an Umbrella Employment solution for contractors in a variety of industries. Situated from one head office in Potters Bar. The staff are broken up into 4 main areas, Payroll, Contractor Finance, Compliance and Onboarding, with Onboarding recently created this year to assist further with explaining the detail of the Umbrella processes. The staff within these 4 areas service over 1,000 contractors with the majority of staff within the Payroll department.

The reason the company is predominantly Payroll is because it has been built with a focus on customer service, ensuring that our contractors are paid as efficiently as possible as we run multiple payrolls every day of the week to deliver a service that cannot be bettered.

Having migrated payroll software in the previous year, this year has been spent enabling us to enhance the service we provide and this included incorporating a new department to spend more time with workers when going through the onboarding process which can be a lot to take in and ensure that they are aware of everything that is required. They are also there to check in with workers once they have worked consistently through the company to see if there is any feedback or additional questions that have arisen that were not known at the start of their journey.

Markets and Trends

During the company year we have seen a large attack on the industry with both cloning and cyber attacks. As a company we have been fortunate enough not to fall victim of either, however this has been due to the increased security that we have deployed. Although all companies should have security in place, unless the configuration is optimum it does not matter how good the security software is. We have begun in this period reviewing all configurations and increased the frequency in which these are reviewed. We have also started working with external parties on penetration testing which we would like to have in place next year.

With the IR35 off payroll reforms predicted to stay permanent, Umbrella plays a huge part in the contractor market due to the fact that contractors will still need a way of being paid and all taxes accounted for. There have been calls for governance of the Umbrella industry which we would more than welcome as we are operating a very transparent services and do feel that there are others in the market who do not and this should not be accepted.

Growth

The growth of the company has been excellent and in line with the strategy and forecasts. The company has seen the number of paid workers increase by just under 100% up to the period 31/01/2022. A large factor behind this was the change in payroll software in the previous year which has helped facilitate this growth.

This growth has been important to us due to the previous year being impacted by the government lockdowns during the Covid-19 Pandemic. Much of the infrastructure that had been put in place was with this rate of growth in mind and therefore it was important that we saw that growth, even though it was a year later than expected.

The company has a fantastic foundation of systems, processes and personnel in place in order to sustain such growth and we will be recruiting in the next year with growth and expansion in mind.

CHURCHILL KNIGHT UMBRELLA LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

Principal risks and uncertainties

For any umbrella company, including Churchill Knight Umbrella the assessment of risk is of the utmost importance due to the nature of the company. The company needs to be fully compliant with employment law as well as having security in place due to the amounts of money coming in and out of the company and current checks and balances taking place on an extremely frequent basis.

As a company the board is fully responsible for the risk management including both a Compliance Director and an Operations Director. As a company we have a 3 point risk management process where all risk is identified, assessed and actioned accordingly.

Identifying Risk – We promote all staff to bring risks and issues to the attention of the board, however there are 4 main areas where we have people in place to identify risk, namely Compliance, Finance, Operations and Industry/Market. Any risks that are identified are brought to the bi-weekly Company Direction Meeting to be assessed if an assessment is required. If they have been identified and the individual responsible for that area has already assessed and actioned accordingly then the review of the risk is still brought to the meeting to inform the rest of the board of the risk, assessment and action that took place.

Risk Assessment – Once risks have been identified the board will assess the risk, led by the individual in which area the risk has been identified. As a company we are extremely risk adverse so it is very rare that no action would be taken when identifying risk. It is also important to us to not only action this risk identified but look at how the attributes of this risk could potentially be found in other areas also. It is important to learn from every one of these instances.

Risk Action – Any actions identified by the board are agreed and the assigned to the relevant lead person to complete. These are reviewed until the action has been completed and then feedback provided to the board on the success of the actions.

CHURCHILL KNIGHT UMBRELLA LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

Ongoing Risks

The company has identified and has appropriate protections in place for the following risks:

Compliance – Employment Law

Any changes in employment law will have an impact on us as a company and we need to ensure that we are able to adapt with any changes. We have a Compliance Director in place to ensure they feed back any pending employment law changes and we have an external Employment Consultant and an Employment Lawyer to do the same so that if any of them miss anything there are two back up sources

Compliance – Right To Work

Any contractor who is employed by the company and does not have the right to work in the UK can lead to a penalty of up to £20,000 per worker. Our workflows do not allow anyone to be paid without Right to Work proof. There are also two methods of verifying right to work

Compliance – Regulator Changes

Being accredited by FCSA we need to keep up to date with any changes. A yearly audit ensures that we are reviewing our processes on a regular basis and with a communication structure in place with FCSA any changes throughout the year are provided with time to implement

Finance - Cash flow

The company itself receives a high quantity of transactions and although the individual values are not necessarily large, they aggregate to millions. Likewise thousands of transactions go out of the company on a monthly basis as well whilst all liabilities needing to be covered. A negative cash flow would affect the company to the highest severity and could even cause the company to no longer trade. The cash flow forecast is part of the regular forecasting performed by the finance team with weekly, monthly and annual cash flows continuously monitored.

Finance – Liabilities

Overdue liabilities with HMRC could result in significant fines and penalties due to the size of the company and its liabilities. It is critical that we do not have late payment of liabilities for our external relationships. Multiple members of the finance team are responsible for the payments of liabilities meaning that should one staff member be unable to there are multiple other staff who will ensure payments are made.

Operations – Human Error

With any company and operations there is always an element of human error and because in an umbrella company human error can lead to incorrect tax or underpaid contractors it is vitally important to review this. We have significant reporting which not only alerts us when certain abnormal criteria is met but there are weekly reports that are commented on and reviewed so that should any error be identified that it is remedied within 7 days.

Operations – Data Protection

The data protection regulations including GDPR must be met as an ICO registered company. As a company we need to ensure that we are keeping the personal data of our contractors secure. Regular training is provided to all of our staff as well as policies provided. We have a legal team to deal with and monitor any breaches and liaise with the ICO where necessary. Our systems provide security and controls for data protection also.

Infrastructure – Cyber Security

Cyber Security is one of the largest threats to the contractor industry as a whole. As an Umbrella company we process millions of pounds on a daily basis and therefore can be prime for being attacked. The due diligence that is undertaken with every company we deal with is essential but on top of this, monitoring attack attempts and adjusting Cyber Security configurations based on attempts is critical to the business, its workers and business partners.

Industry/Market - Legislation

Legislation changes can impact the company in both a positive or negative way. Either way they could result in an overhaul of processes or a large influx or loss of contractors at once, both of which carry risk. With legislation changes usually being confirmed via the budget each year we have a team responsible for throughout the year keeping up with the potential budget changes and then a board review of all budget changes post budget announcement.

CHURCHILL KNIGHT UMBRELLA LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

On behalf of the board

Mr T Edwards
Director

27 January 2023

CHURCHILL KNIGHT UMBRELLA LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2022

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

Principal activities

The principal activity of the company continued to be that of the provision of temporary staff.

Results and dividends

The results for the year are set out on page 11.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr J V Payne
Mr T Edwards
Mrs S J O'Toole

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Business relationships

Customer relationships and high standards of service are key to maintaining the company's growth. The company has been built with a focus on customer service, ensuring that contractors are paid as efficiently as possible. Efficiency is at the heart of everything we do. In the last company year we changed our payroll software to ensure that we could continue to improve on our efficiency.

Creditor relationships are also key to the company's ongoing sustainability, ensuring all liabilities are paid on time is crucial to ensure healthy relationships are maintained.

Auditor

The auditor, Knowles Warwick Audit Services Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Energy and carbon report

As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

CHURCHILL KNIGHT UMBRELLA LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually 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 auditor is aware of that information.

On behalf of the board

Mr T Edwards

Director

27 January 2023

CHURCHILL KNIGHT UMBRELLA LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 JANUARY 2022

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 or 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CHURCHILL KNIGHT UMBRELLA LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CHURCHILL KNIGHT UMBRELLA LIMITED

Disclaimer of opinion on financial statements

We were engaged to audit the financial statements of Churchill Knight Umbrella Limited (the 'company') for the year ended 31 January 2022 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

Due to the volume of payroll transactions being processed through the RTI system, HMRC struggle to process the data, as such, there are variances between the liability per the statutory accounts and HMRC. Due to the difficulty in reconciling the employment taxes, we were unable to obtain sufficient and appropriate evidence to conclude that the figure within the financial statements is free from material misstatement.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

Notwithstanding our disclaimer of an opinion on the financial statements, in our opinion, based on the work undertaken in the course of our 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.

CHURCHILL KNIGHT UMBRELLA LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CHURCHILL KNIGHT UMBRELLA LIMITED

Matters on which we are required to report by exception

In respect solely of the limitation on our work relating to employment taxes, described above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records had been maintained.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly followed auditing standards.

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by:

- Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

In response to the risk of revenue recognition, we;

- Performed analytical procedures to identify unusual transactions; and
- Performed detailed substantive testing across all revenue streams

In response to the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify unusual transactions;
- Assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- Investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- Agreeing financial statement disclosures to underlying supporting documentation
- Enquiring of management as to actual and potential litigation and claims; and
- Reviewing correspondence with HMRC and other relevant parties.

CHURCHILL KNIGHT UMBRELLA LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CHURCHILL KNIGHT UMBRELLA LIMITED

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.

Steven Knowles
Senior Statutory Auditor
For and on behalf of Knowles Warwick Audit Services Limited

27 January 2023

Chartered Accountants
Statutory Auditor

Charlotte House
500 Charlotte Road
Sheffield
S2 4ER

CHURCHILL KNIGHT UMBRELLA LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JANUARY 2022

	Notes	2022 £	2021 £
Turnover	2	116,983,303	57,529,449
Cost of sales		(115,833,680)	(56,751,418)
Gross profit		<u>1,149,623</u>	<u>778,031</u>
Administrative expenses		(1,079,684)	(1,190,211)
Other operating income		-	769,463
Operating profit	3	<u>69,939</u>	<u>357,283</u>
Interest receivable and similar income	6	688	-
Interest payable and similar expenses	7	(4,750)	-
Profit before taxation		<u>65,877</u>	<u>357,283</u>
Tax on profit	8	(13,435)	(32,239)
Profit for the financial year		<u><u>52,442</u></u>	<u><u>325,044</u></u>

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

CHURCHILL KNIGHT UMBRELLA LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JANUARY 2022

	2022 £	2021 £
Profit for the year	52,442	325,044
Other comprehensive income	-	-
Total comprehensive income for the year	<u>52,442</u>	<u>325,044</u>

CHURCHILL KNIGHT UMBRELLA LIMITED

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

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 February 2020		2	(181,523)	(181,521)
Year ended 31 January 2021:				
Profit and total comprehensive income for the year		-	325,044	325,044
Balance at 31 January 2021		2	143,521	143,523
Year ended 31 January 2022:				
Profit and total comprehensive income for the year		-	52,442	52,442
Issue of share capital	14	98	-	98
Balance at 31 January 2022		100	195,963	196,063

CHURCHILL KNIGHT UMBRELLA LIMITED

BALANCE SHEET

AS AT 31 JANUARY 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Intangible assets	9		12,875		14,438
Current assets					
Debtors	10	3,152,922		1,597,977	
Cash at bank and in hand		4,929,544		2,310,057	
		<u>8,082,466</u>		<u>3,908,034</u>	
Creditors: amounts falling due within one year	11	<u>(7,899,278)</u>		<u>(3,778,949)</u>	
Net current assets			183,188		129,085
Net assets			<u>196,063</u>		<u>143,523</u>
Capital and reserves					
Called up share capital	14		100		2
Profit and loss reserves			195,963		143,521
Total equity			<u>196,063</u>		<u>143,523</u>

The financial statements were approved by the board of directors and authorised for issue on 27 January 2023 and are signed on its behalf by:

Mr T Edwards
Director

Company Registration No. 10624123

CHURCHILL KNIGHT UMBRELLA LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2022

		2022		2021	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	18	2,576,956		195,641	
Interest paid		(4,750)		-	
Income taxes refunded		41,745		-	
Net cash inflow from operating activities		2,613,951		195,641	
Investing activities					
Purchase of intangible assets		-	(15,000)		
Repayment of loans		4,750	190,000		
Interest received		688	-		
Net cash generated from investing activities		5,438		175,000	
Financing activities					
Proceeds from issue of shares		98	-		
Net cash generated from/(used in) financing activities		98		-	
Net increase in cash and cash equivalents		2,619,487		370,641	
Cash and cash equivalents at beginning of year		2,310,057		1,939,416	
Cash and cash equivalents at end of year		4,929,544		2,310,057	

CHURCHILL KNIGHT UMBRELLA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2022

1 Accounting policies

Company information

Churchill Knight Umbrella Limited is a private company limited by shares incorporated in England and Wales. The registered office is Suite G, Hollies House, 230 High Street, Potters Bar, Herefordshire, EN6 5BL.

1.1 Accounting convention

These 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 company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The financial statements of the company are consolidated in the financial statements of Darbayne Group Limited. These consolidated financial statements are available from its registered office Suite G, Hollies House, 230 High Street, Potters Bar, Herefordshire, EN6 5BL.

1.2 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 operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

Turnover is recognised at the point of service provision which matches to when the company incurs the liability to HMRC and the worker. The income for future payroll runs, which is billed in advance of operating the payroll, is deferred until payment is received from the customer.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation 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:

Software	33% straight line
Web domains	10% straight line

1.5 Impairment of fixed assets

At each reporting period end date, the company 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.

CHURCHILL KNIGHT UMBRELLA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

1 Accounting policies

(Continued)

1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and 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.

1.7 Financial instruments

The company has elected to apply the provisions 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 company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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 publicly 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 the 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 company 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.

CHURCHILL KNIGHT UMBRELLA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

1 Accounting policies

(Continued)

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 company after deducting all of its liabilities.

Basic financial 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 the future payments 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 fair 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 the 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.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.8 Equity instruments

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

1.9 Taxation

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

Current tax

The tax currently payable is based on 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 deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

CHURCHILL KNIGHT UMBRELLA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

1.10 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.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.12 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.13 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 in the period are included in profit or loss.

CHURCHILL KNIGHT UMBRELLA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2022

2 Turnover and other revenue

	2022	2021
	£	£
Turnover analysed by class of business		
Umbrella payroll services	116,983,303	57,529,449

	2022	2021
	£	£
Turnover analysed by geographical market		
United Kingdom	116,078,577	56,829,794
Europe	720,495	543,671
USA	180,931	150,949
Africa	-	5,035
Asia	3,300	-
	116,983,303	57,529,449

	2022	2021
	£	£
Other revenue		
Interest income	688	-
Grants received	-	709,463

3 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	-	(709,463)
Fees payable to the company's auditor for the audit of the company's financial statements	6,920	8,700
Amortisation of intangible assets	1,563	625

4 Employees

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

	2022	2021
	Number	Number
Employees	1,729	1,004

CHURCHILL KNIGHT UMBRELLA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

4	Employees	(Continued)	
	Their aggregate remuneration comprised:		
		2022	2021
		£	£
	Wages and salaries	101,960,738	50,521,816
	Social security costs	11,836,220	6,039,150
	Pension costs	2,420,591	395,756
		<u>116,217,549</u>	<u>56,956,722</u>
5	Directors' remuneration		
		2022	2021
		£	£
	Remuneration for qualifying services	41,882	40,617
	Company pension contributions to defined contribution schemes	1,087	1,104
		<u>42,969</u>	<u>41,721</u>
6	Interest receivable and similar income		
		2022	2021
		£	£
	Interest income		
	Other interest income	688	-
		<u>688</u>	<u>-</u>
7	Interest payable and similar expenses		
		2022	2021
		£	£
	Interest on financial liabilities measured at amortised cost:		
	Other interest on financial liabilities	4,750	-
		<u>4,750</u>	<u>-</u>
8	Taxation		
		2022	2021
		£	£
	Current tax		
	UK corporation tax on profits for the current period	11,865	32,239
	Adjustments in respect of prior periods	1,570	-
	Total current tax	<u>13,435</u>	<u>32,239</u>

CHURCHILL KNIGHT UMBRELLA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2022

8 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
Profit before taxation	65,877	357,283
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	12,517	67,884
Tax effect of expenses that are not deductible in determining taxable profit	473	200
Unutilised tax losses carried forward	-	(32,995)
Group relief	(1,125)	-
Permanent capital allowances in excess of depreciation	-	(2,850)
Under/(over) provided in prior years	1,570	-
Taxation charge for the year	13,435	32,239

9 Intangible fixed assets

	Software £
Cost	
At 1 February 2021 and 31 January 2022	33,635
Amortisation and impairment	
At 1 February 2021	19,197
Amortisation charged for the year	1,563
At 31 January 2022	20,760
Carrying amount	
At 31 January 2022	12,875
At 31 January 2021	14,438

10 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	2,793,365	1,256,635
Corporation tax recoverable	-	77,098
Other debtors	356,890	261,883
Prepayments and accrued income	2,667	2,361
	3,152,922	1,597,977

CHURCHILL KNIGHT UMBRELLA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2022

11 Creditors: amounts falling due within one year

	Notes	2022 £	2021 £
Trade creditors		20,005	57,727
Corporation tax		11,865	33,783
Other taxation and social security		4,410,208	2,360,069
Deferred income	12	2,820,830	1,156,236
Other creditors		603,710	145,133
Accruals and deferred income		32,660	26,001
		<u>7,899,278</u>	<u>3,778,949</u>

12 Deferred income

	2022 £	2021 £
Other deferred income	<u>2,820,830</u>	<u>1,156,236</u>

13 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>2,420,591</u>	<u>395,756</u>

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.

14 Share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	<u>100</u>	<u>2</u>	<u>100</u>	<u>2</u>

Ordinary shares in issue enjoy full voting rights and full entitlement to profit distributions and capital distributions upon winding up.

On 24 May 2021, 98 new ordinary shares were issued and paid at a value of £1 per share for cash consideration.

On 28 May 2021 all 100 ordinary shares were transferred via a share for share exchange with the parent company within the groups reorganisation.

CHURCHILL KNIGHT UMBRELLA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2022

15 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sales 2022 £	Sales 2021 £	Purchases 2022 £	Purchases 2021 £
Other related parties	123,102	60,000	250,988	-

The following amounts were outstanding at the reporting end date:

	2022 £	2021 £
Amounts due from related parties		
Other related parties	171,991	181,744

All related party loans are interest free and payable on demand.

16 Directors' transactions

Loans have been granted by the company to its directors as follows:

Description	% Rate	Opening balance £	Amounts written off £	Closing balance £
Mr J V Payne -	-	4,750	(4,750)	-
		4,750	(4,750)	-

17 Ultimate controlling party

The company's parent company is Darbayne Group Limited, a company registered in England & Wales under company number 13425944.

CHURCHILL KNIGHT UMBRELLA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

18 Cash generated from operations

	2022	2021
	£	£
Profit for the year after tax	52,442	325,044
Adjustments for:		
Taxation charged	13,435	32,239
Finance costs	4,750	-
Investment income	(688)	-
Amortisation and impairment of intangible assets	1,563	625
Movements in working capital:		
Increase in debtors	(1,636,793)	(316,235)
Increase/(decrease) in creditors	2,477,653	(97,998)
Increase in deferred income	1,664,594	251,966
Cash generated from operations	2,576,956	195,641

19 Analysis of changes in net funds

	1 February 2021	Cash flows	31 January 2022
	£	£	£
Cash at bank and in hand	2,310,057	2,619,487	4,929,544

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.