

Company registration number 12110858 (England and Wales)

COMPASS CE LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 2 APRIL 2023

COMPASS CE LTD

CONTENTS

	Page
Company information	1
Strategic report	2 - 4
Directors' report	5
Directors' responsibilities statement	6
Independent auditor's report	7 - 10
Statement of comprehensive income	11
Balance sheet	12
Statement of changes in equity	13
Notes to the financial statements	14 - 22

COMPASS CE LTD

COMPANY INFORMATION

Directors	Rohan Byles D H Francis A S Fraser C Shandley	(Appointed 6 May 2022)
------------------	--	------------------------

Company number	12110858
-----------------------	----------

Registered office	2 Oriel Court 106 The Green Twickenham Middlesex United Kingdom TW2 5AG
--------------------------	--

Auditor	Azets Audit Services 37 Commercial Road Poole Dorset BH14 0HU
----------------	---

COMPASS CE LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 2 APRIL 2023

The directors present the strategic report for the year ended 2 April 2023.

Fair review of the business

Compass continues to enjoy a period of consistent growth going back to August 2020. The rate of growth slowed at the beginning of the period in line with industry peers but continued to be strong and has increased again as we progress into the new year. This shows Compass is not yet fully mature and still has plenty of potential for growth. Turnover has increased by £16,755,568 to £55,291,528.

Compass CE operates in a very competitive industry but has worked consistently to differentiate the brand as business partners (not suppliers) that are reliable and compliant.

The Executive Team have continued to prioritise the development of the back-office team to ensure that we can maintain the high levels of customer service that Compass is known for during this period of growth.

The result of this work is the Compass CE shows a satisfying level of maturity for a business that started trading in November 2019.

Brand

Compass has continued to promote its brand with a focus on service levels, building an honest reputation, and a unique character. Anecdotal evidence suggests that this is a key factor in customer retention, with the Compass brand well-recognised as a brand that stands for honesty, integrity and transparency in the industry.

While most of the data on the Compass brand is anecdotal, we have now established ourselves on Trust Pilot with a combined review score of 4.8 out of 5 stars.

People

As a payroll company, we know that our team are our biggest asset. We continually invest in creating an environment that is enjoyable to work in, with a culture that rewards hard work, and provides many benefits so that people feel like they are taken care of, even when they are not at work.

The Board has invested in the health and wellbeing of our staff through Private Medical Insurance, with an option extended to families as well as employees, and has identified other health and happiness initiatives that we are looking to implement over the next year.

Board

The Compass Executive Team is well-balanced team and aims for integrity, intelligence, and evolution when making decisions. This means that we only make decisions in the board room that we would be comfortable declaring in a public forum, and we aim to drive the industry forward by showing that you can do well by following your moral and ethical Compass.

Using these principles as our guiding light, the Board is committed to taking a long-term perspective on all matters to ensure the ongoing success of Compass and oversee a structured approach to the development of the company's strategic plan.

The market

Factors in the market that influence our strategy:

- a recent government consultation has put forward two legislative options for tackling non-compliance in the umbrella company market: 1) Mandating due diligence, and 2) Transfer of tax debt (similar to IR35); and it appears likely that one or both will be adopted in the near future. While it has been suggested that option 2 could result in agencies removing all their Umbrella contractors from the market, like they did for Limited companies contractors after IR35, we think this is very unlikely given that umbrella services and tax treatment are more generic.
- further, as early adopters of new compliance technologies that provide real-time compliance for both contractors and agencies alike, we expect to see a net positive impact from any legislation, as competitors scramble to catch up.

COMPASS CE LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 2 APRIL 2023

- while legislation could go some way to improving the situation, major change could still be some time away. In the meantime, malpractice is still rife and continues to erode trust in the industry. Until compliance standards in the industry improve, we will continue to promote best practise due diligence with our partners, and campaign for a legislative environment that supports compliant umbrella and pro-actively seeks to curb non-compliance.
- the incidence of major cyber attacks has decreased but we continue to remain vigilant. Compass continues staff training alongside comprehensive cyber protection systems cyber insurance should the worst happen.

Key performance indicators

The group maintained its strong growth through the year to 2 April 2023. Comparing our KPIs to the same period a year earlier:

- 4-Week Rolling Average to 2 April:
 - Weeks paid increased by 27%
 - Gross margin increased 36%
- Totals for the 12 Months to 2 April:
 - Weeks paid increased by 42%
 - Gross margin increased 51%

Future Developments

Looking ahead, we feel the opportunities within the sector are the below:

Economic uncertainty is driving the market

Economic uncertainty is driving the contractor market and it is only getting bigger. If we take our opportunity now, we only need a tiny share of new business to do very well.

Systemisation, Automation and Outsourcing

The launch of our bespoke, automated robotic payroll app has allowed us to add scale to our operations while simultaneously improving the quality of work that we are able to offer our employees and improving the conversations we have with contractors and agencies.

Due to the significant impact this has had on the payroll function, we have seeded an ARP team in other major departments within the business, to find small, repetitive tasks that can be automated. In future, these will be expanded until they link together and across departments.

Promoting the success of the company

Section 172 of the Companies Act 2006

This statement is intended by the Directors to set out how they have approached and met their responsibilities under Section 172 of the Companies Act 2006 in the financial period ending 2 April 2023.

The Directors of Compass CE act in accordance with a set of general duties, including those under Section 172 of the Companies Act 2006 to promote the success of the company for the benefit of its members as a whole. In doing so they complied with the below factors:

- (a) the likely consequences of any decision in the long term,
- (b) the interests of the company's employees,
- (c) the need to foster the company's business relationships with suppliers, customers and others,
- (d) impact of the company's operations on the community and the environment,
- (e) the desirability of the company maintaining a reputation for high standards of business conduct,
- (f) the need to act fairly as between members of the company.

COMPASS CE LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 2 APRIL 2023

Our relationship with suppliers, customers, community and the environment

As a socially responsible company, Compass supports the wider UK community by donating to a wide variety of charity partners, and engaging the local community by supporting efforts to improve the local environment for our employees and neighbours, and the local regulations that support small businesses.

We believe in building long-term relationships within the supply chain, such that our suppliers and customers view us as partners in their business, and they in ours.

Our reputation and the reputation of the industry

Compass aims to lead the campaign to improve the reputation of the industry. Our reputation is tied to that of the wider industry – when one provider is found to be non-compliant, we are all tarred with the same brush. Historically, people have chosen to keep quiet when suspicions have been raised, but we have chosen to call people out where evidence of malpractice has been found. We have a reputation for being outspoken on matters of compliance and due diligence, and we will continue to challenge the status quo until the reputation of the industry is exemplary.

We fully accept that we cannot lead this movement unless our own reputation is beyond reproach and that is why we have adopted SafeRec – industry-leading, real-time, compliance technology – and have maintained our Professional Passport accreditation – the only independent annual accreditation available. Further, we continue to refuse entry to other accreditations until they demonstrate in the long-term that they put the interests of contractors and hirers above their own interests and those of their members.

Greenhouse Gas Emissions

It is deemed that the energy consumed by the group is less than 40,000 kWh, therefore the exemption has been taken not to disclose the energy used during the period.

Summary

In summary, the business has exceeded expectations in many areas but we have identified underperforming areas and put in place development plans. The performance will need to be closely monitored to ensure that we maximise the amazing opportunities we have in front of us and to avoid the common pitfalls of maturing businesses. External factors will play a significant role in the performance of the business over the next 12-24 months as uncertainty will continue to drive the temporary labour industry, as long as the UK avoids a significant downturn in economic activity in the medium term.

On behalf of the board

Rohan Byles
Director

18 August 2023

COMPASS CE LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 2 APRIL 2023

The directors present their annual report and financial statements for the year ended 2 April 2023.

Principal activities

The principal activity of the company continued to be that of employing contractors.

Results and dividends

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

Ordinary dividends were paid amounting to £10,000. The directors do not recommend payment of a further dividend.

Directors

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

Rohan Byles

D H Francis

A S Fraser

A B Olliver

C Shandley

(Resigned 28 June 2023)

(Appointed 6 May 2022)

Auditor

In accordance with the company's articles, a resolution proposing that Azets Audit Services be reappointed as auditor of the company will be put at a General Meeting.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

Rohan Byles

Director

18 August 2023

COMPASS CE LTD

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 2 APRIL 2023

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

COMPASS CE LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF COMPASS CE LTD

Opinion

We have audited the financial statements of Compass CE Ltd (the 'company') for the year ended 2 April 2023 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity 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 the financial statements:

- give a true and fair view of the state of the company's affairs as at 2 April 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

COMPASS CE LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF COMPASS CE LTD

Matters on which we are required to report by exception

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

Responsibilities of directors

As explained more fully in the 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.

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.

COMPASS CE LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF COMPASS CE LTD

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the umbrella payroll industry;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

COMPASS CE LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF COMPASS CE LTD

Use of our report

This report is made solely to the company's member 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 member those matters we are required to state to the member 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 member, for our audit work, for this report, or for the opinions we have formed.

**Mr Paul Francis (Senior Statutory Auditor)
For and on behalf of Azets Audit Services**

21 August 2023

**Chartered Accountants
Statutory Auditor**

37 Commercial Road
Poole
Dorset
BH14 0HU

COMPASS CE LTD

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 2 APRIL 2023

	Notes	2023 £	2022 £
Turnover	2	55,291,528	38,535,960
Cost of sales		(54,265,874)	(37,923,356)
Gross profit		1,025,654	612,604
Administrative expenses		(1,002,397)	(636,404)
Other operating income		-	35,922
Operating profit	3	23,257	12,122
Interest payable and similar expenses	6	(85)	(4,743)
Profit before taxation		23,172	7,379
Tax on profit	7	(3,595)	(7,173)
Profit for the financial year		19,577	206

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

The notes on pages 14 to 22 form part of these financial statements.

COMPASS CE LTD

BALANCE SHEET

AS AT 2 APRIL 2023

	Notes	2023 £	£	2022 £	£
Current assets					
Debtors falling due after more than one year	10	1,300,987		-	
Debtors falling due within one year	10	3,146,910		2,622,920	
Cash at bank and in hand		5,698,579		1,811,632	
		<u>10,146,476</u>		<u>4,434,552</u>	
Creditors: amounts falling due within one year	11	<u>(10,146,339)</u>		<u>(4,443,992)</u>	
Net current assets/(liabilities)			137		(9,440)
Capital and reserves					
Called up share capital	12		2		2
Profit and loss reserves			<u>135</u>		<u>(9,442)</u>
Total equity			<u>137</u>		<u>(9,440)</u>

The financial statements were approved by the board of directors and authorised for issue on 18 August 2023 and are signed on its behalf by:

Rohan Byles
Director

Company Registration No. 12110858

COMPASS CE LTD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 2 APRIL 2023

	Share capital	Profit and loss reserves	Total
Notes	£	£	£
Balance at 1 April 2021	2	(9,648)	(9,646)
Year ended 31 March 2022:			
Profit and total comprehensive income for the year	-	206	206
Balance at 31 March 2022	2	(9,442)	(9,440)
Year ended 2 April 2023:			
Profit and total comprehensive income for the year	-	19,577	19,577
Dividends	8	(10,000)	(10,000)
Balance at 2 April 2023	2	135	137

COMPASS CE LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 2 APRIL 2023

1 Accounting policies

Company information

Compass CE Ltd is a private company limited by shares incorporated in England and Wales. The registered office is 2 Oriel Court, 106 The Green, Twickenham, Middlesex, United Kingdom, TW2 5AG.

Accounting reference date

The company's accounting reference date is 31 March 2023. As permitted by Section 390 of the Companies Act 2006, the company has prepared accounts to 2 April 2023 for operational purposes.

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, 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.

This 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:

- 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: Interest income/expense and net gains/losses for financial instruments not measured at fair value; 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 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of RCADA Holdings Limited. These consolidated financial statements are available from its registered office, 2 Oriel Court, 106 The Green, Twickenham, England, TW2 5AG.

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 services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from contracts for the provision of services is recognised by reference to the date the work has been completed. Invoices are raised and recognised at that point, and if this invoice is delayed this is accrued into the financial statements.

COMPASS CE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 2 APRIL 2023

1 Accounting policies

(Continued)

1.4 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.

1.5 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.

COMPASS CE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 2 APRIL 2023

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.

1.6 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.

1.7 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.

COMPASS CE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 2 APRIL 2023

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.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.8 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.

1.9 Retirement benefits

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

1.10 Leases

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

1.11 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.

1.12 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.

COMPASS CE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 2 APRIL 2023

2 Turnover and other revenue

	2023	2022
	£	£
Turnover analysed by class of business		
Self employed (CIS)	4,503,650	2,211,610
PEO	7,273,198	2,291,659
Umbrella	39,981,119	33,085,377
Self employed	3,463,305	873,232
Non payroll	70,256	74,082
	<u>55,291,528</u>	<u>38,535,960</u>

	2023	2022
	£	£
Turnover analysed by geographical market		
UK	55,189,163	38,401,507
EU	61,872	41,195
Worldwide	40,493	93,258
	<u>55,291,528</u>	<u>38,535,960</u>

	2023	2022
	£	£
Other revenue		
Grants received	-	35,922
	<u>-</u>	<u>35,922</u>

3 Operating profit

	2023	2022
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	-	(35,922)
Operating lease charges	903	19,855
	<u>903</u>	<u>19,855</u>

4 Auditor's remuneration

	2023	2022
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	6,750	7,750
	<u>6,750</u>	<u>7,750</u>
For other services		
Taxation compliance services	750	750
	<u>750</u>	<u>750</u>

COMPASS CE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 2 APRIL 2023

5 Employees

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

	2023 Number	2022 Number
Contractors	1,042	803
Directors	5	4
Total	1,049	807

Their aggregate remuneration comprised:

	2023 £	2022 £
Wages and salaries	40,981,377	28,523,064
Social security costs	4,532,082	2,781,743
Pension costs	864,864	569,770
	46,378,323	31,874,577

There is no directors' remuneration included within Wages and salaries.

6 Interest payable and similar expenses

	2023 £	2022 £
Interest on bank overdrafts and loans	85	4,743

7 Taxation

	2023 £	2022 £
Current tax		
UK corporation tax on profits for the current period	3,595	7,173

COMPASS CE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 2 APRIL 2023

7 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:

	2023 £	2022 £
Profit before taxation	23,172	7,379
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	4,403	1,402
Tax effect of expenses that are not deductible in determining taxable profit	-	3,456
Tax effect of utilisation of tax losses not previously recognised	-	(1,684)
Permanent capital allowances in excess of depreciation	-	1,569
Movement in pension provision	(808)	2,430
Taxation charge for the year	3,595	7,173

8 Dividends

	2023 £	2022 £
Final paid	10,000	-

9 Financial instruments

	2023 £	2022 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	4,447,897	2,574,920
Carrying amount of financial liabilities		
Measured at amortised cost	2,949,742	2,577,959

10 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Trade debtors	573,073	500,388
Unpaid share capital	2	2
Amounts owed by group undertakings	-	299,668
Other debtors	13,896	83,374
Prepayments and accrued income	2,559,939	1,739,488
	3,146,910	2,622,920

COMPASS CE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 2 APRIL 2023

10 Debtors (Continued)

	2023 £	2022 £
Amounts falling due after more than one year:		
Amounts owed by group undertakings	1,300,987	-
Total debtors	4,447,897	2,622,920

11 Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	82,549	292,997
Corporation tax	10,768	7,173
Other taxation and social security	7,185,829	1,858,860
Other creditors	2,862,193	2,267,517
Accruals and deferred income	5,000	17,445
	10,146,339	4,443,992

12 Share capital

	2023 Number	2022 Number	2023 £	2022 £
Ordinary share capital Issued and not fully paid				
Ordinary shares of £1 each	2	2	2	2

13 Operating lease commitments

Lessee

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

	2023 £	2022 £
Within one year	-	11,667

COMPASS CE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 2 APRIL 2023

14 Related party transactions

Engage Technology Partners Limited

(Some directors are directors and/or shareholders of the company)

During the year sales of £nil (2022: £nil) were made to and purchases of £nil (2022: £1,364) were made from Engage Technology Partners Limited.

The company has taken advantage of the exemption available in Section 33.1A of FRS 102 whereby it has not disclosed transactions with its parent company, as it's wholly owned by the group.

Compass (ECS) Limited

(a company with the shareholders in common)

At the balance sheet date the balance due from Compass (ECS) Limited was £nil (2022: £10,596).

15 Ultimate controlling party

The company's ultimate parent company is RCADA Holdings Limited, a company incorporated in England and Wales, by virtue of their 100% share capital of Compass CE Limited.

Consolidated accounts can be found at the RCADA's registered office, 2 Oriel Court, 106 The Green, Twickenham, England, TW2 5AG and also at Companies House.

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.