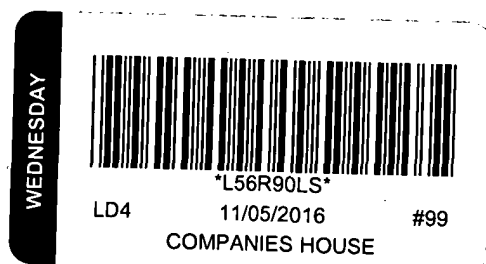


**COMPANY NUMBER: 01349434**

**PSD LIMITED**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**



**PSD LIMITED**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

---

<b>CONTENTS</b>	<b>PAGE</b>
Company Information	1
Strategic Report	2
Directors' Report	3 – 4
Statement of Directors' Responsibilities	5
Independent Auditor's Report to the Members of PSD Limited	6 – 7
Statement of Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Notes to the Financial Statements	12 - 26

**PSD LIMITED**  
**COMPANY INFORMATION**

---

**DIRECTORS:**

P J Hearn  
F M Robinson  
I D Moss

**COMPANY SECRETARY:**

I D Moss

**COMPANY NUMBER:**

01349434 (England and Wales)

**REGISTERED OFFICE:**

62 Queen Street  
London  
EC4R 1EB

**AUDITORS:**

Grant Thornton UK LLP  
Grant Thornton House  
Melton Street  
Euston Square  
London  
NW1 2EP

**PSD LIMITED**  
**STRATGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

---

**Results**

The gross fee income for year decreased by 4% to £23.0 million (2014: £24.0 million).

The profit for the year after taxation was £236,000 (2014: £1,540,000).

**Key performance indicator**

The Company's principal Key Performance Indicator ('KPI') is net fee income generated per employee which reflects productivity. Current productivity is used to monitor the performance of the business which, together with historic and projected productivity, helps determine where the Company's resources should be deployed. Net fee income per employee for the year was £99,000 (2014: £99,000).

**Principal risk factors**

***i) Dependence on key personnel***

The future success of the Company is dependant on the continued service of senior management and key personnel. The loss of the services of the executive officers of the Company and other key personnel could have a material effect on the business.

***ii) Competition***

The Directors believe that the Company is well positioned in its chosen markets. Whilst the Company will seek to continue to improve its competitive positions, the actions of current or indeed potential competitors may adversely affect the Company's business.

***iii) Strength of key markets***

The market for executive search and selection and other recruitment services is currently uncertain and it is difficult to predict how the market will develop over the foreseeable future. A decline in the market for executive search and selection services could have a material adverse effect on profitability and cash flows of the business.

**Principal activity, business reviews and future developments**

The principal activity of the Company remained the provision of recruitment consultancy services.

Market conditions were stable during the year ended 31 December 2015 and the Company continues to be profitable. The Directors keep under review the cost base of the Company and we will continue to take prompt and decisive action where necessary to maintain the appropriate balance of revenues and costs for the long term success of the business.

The majority of the Company's profits are generated in our domestic market and consequently the Company's performance is closely allied to economic activity in the UK. The out turn for the remainder of the year is uncertain and to a large degree will be dependent upon the performance of the UK economy. The Company, whilst keeping operating costs under detailed review, has continued to invest in the long-term future of its business.

Approved by the Board on 04 May 2016 and signed on its behalf by:



I D Moss

Company Secretary

**PSD LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

---

**Directors**

The Directors who served during the year are:

P J Hearn  
F M Robinson  
I D Moss

The Directors' present their review of the affairs of the Company, together with the audited accounts for the year ended 31 December 2015.

**Dividends**

No dividends (2014: £3,500,000) were declared or paid during the year.

**Personnel policies**

The Company gives consideration to applications for employment from disabled persons where the requirements of the job may be adequately covered by a handicapped or disabled person. Disabled employees are employed under normal terms and conditions. Career development and promotion are provided wherever appropriate.

During the year, the policy of providing employees with financial and economic factors affecting the Company and other information about the Company through news letters and employee forums has been continued. Employees have been encouraged to present their own suggestions and views.

**Environmental policy**

The Company recognises its responsibilities for the environment and gives due consideration to the possible effects of its activities on the environment. The Company's activities have a minor effect on the environment. However, it is the Company's aim to reduce the environmental impact of its activities and to operate in an environmentally responsible manner. The Company is committed to the following principles to ensure the business operates in an environmentally sensitive manner:

- Encouraging the re-use and recycling of products;
- Ensuring efficient use of materials and energy; and
- Purchasing environmentally friendly materials where appropriate.

The Company keeps under review its environmental policy and the practical implementation of this policy as new products and technologies become available. The Company is conscious of the need to balance the benefits of formally monitoring its impact and the benefits this will bring to all stakeholders. No formal evaluation or monitoring was carried out during 2015. However, the Company will review annually the costs and benefits arising from introducing a formal process and, if appropriate, introduce a process for monitoring the Company's impact on the environment.

**PSD LIMITED**  
**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

---

**Political and charitable donations**

The Group plays an active part in the community where most of its employees live and work by encouraging charitable donations and by supporting volunteering and fund raising. The principal charities supported by the Group are Cash for Kids, a charity helping disadvantaged and underprivileged children and Chestnut Tree House, a charity providing palliative care services for children and young people. During the year the Group made charitable donations of £10,000 (2014: £20,000). The Company made no political donations during the year (2014: £Nil).

**Directors' and officers' liability insurance**

The Company maintains liability insurance for the Directors and Officers of the Company and its subsidiaries.

**Auditors**

Grant Thornton UK LLP have indicated their willingness under Section 489 of the Companies Act 2006 to continue in office and a resolution will be put to members to approve their appointment in due course.

**Financial risk management**

The Group's financial risks are principally price, liquidity and credit risk. The Group has long term funding and cash not required for short term operational requirements is placed on deposit with Barclays Bank and major building societies. The directors closely monitor the performances of its investments to ensure they are managed such that financial risks of the businesses are commensurate with anticipated financial returns.

Approved by the Board on 04 May 2016 and signed on its behalf by:



I D Moss  
Company Secretary

## **PSD LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

---

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the Strategic Report, Directors' 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 International Financial Reporting Standards as adopted by the European Union (IFRSs). 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 profit 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 IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PSD LIMITED**

---

We have audited the financial statements of PSD Limited for the year ended 31 December 2015 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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.

## **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of directors' responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate)

## **Opinion on financial statements**

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2015 and of the profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

## **Opinion on other matter prescribed by the Companies Act 2006**

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



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PSD LIMITED

---

### Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Marc Summers BSc(Hons), FCA  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London

04 May 2016

**PSD LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

	Notes	2015 £'000	2014 £'000
<b>Revenue ('Gross fee income')</b>	5	<b>22,976</b>	23,964
Direct costs		(6,293)	(7,480)
<b>Gross profit ('Net fee income')</b>		<b>16,683</b>	16,484
Other income		-	500
Administrative expenses		(16,182)	(15,114)
<b>Operating profit</b>	8	<b>501</b>	1,870
Finance income	9	136	121
Finance costs	9	-	(1)
<b>Profit before income tax</b>		<b>637</b>	1,990
Income tax expense	10	(401)	(450)
<b>Profit for the year</b>		<b>236</b>	1,540
<b>Other comprehensive income</b>			
Other comprehensive income		-	-
<b>Total comprehensive profit for the year</b>		<b>236</b>	1,540

All operations are classified as continuing.

The notes on pages 12 to 26 form part of these financial statements.

**PSD LIMITED**  
**STATEMENT OF FINANCIAL POSITION AS AT**  
**31 DECEMBER 2015**

	Notes	2015 £'000	2014 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant & equipment	12	1,302	1,511
Intangible assets	13	147	114
Investment in subsidiaries	14	-	-
Deferred income tax assets	15	-	-
<b>Total non-current assets</b>		<b>1,449</b>	<b>1,625</b>
<b>Current assets</b>			
Trade and other receivables	17	6,822	7,317
Cash and cash equivalents	18	4,122	3,528
<b>Total current assets</b>		<b>10,944</b>	<b>10,845</b>
<b>TOTAL ASSETS</b>		<b>12,393</b>	<b>12,470</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Non current provisions	19	161	124
<b>Total non-current liabilities</b>		<b>161</b>	<b>124</b>
<b>Current liabilities</b>			
Current income tax liabilities		127	120
Deferred income tax liabilities	15	34	32
Trade and other payables	20	11,771	12,130
<b>Total current liabilities</b>		<b>11,932</b>	<b>12,282</b>
<b>Total liabilities</b>		<b>12,093</b>	<b>12,406</b>
<b>Net assets</b>		<b>300</b>	<b>64</b>
<b>Equity</b>			
Called up share capital	21	-	-
Retained earnings		300	64
<b>Total Equity</b>		<b>300</b>	<b>64</b>

The financial statements on pages 8 to 26 were authorised for issue by the Board of Directors on 04 May 2016 and signed on its behalf by:

I D Moss  Director

Company number 01349434

The notes on pages 12 to 26 form part of these financial statements.

**PSD LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

	Called up share capital	Retained earnings	Total equity
	£'000	£'000	£'000
<b>As at 1 January 2014</b>	-	<b>2,024</b>	<b>2,024</b>
Dividend	-	(3,500)	(3,500)
Total transactions with owners	-	(3,500)	(3,500)
Profit for the financial year	-	1,540	1,540
Total comprehensive income for the year	-	1,540	1,540
<b>As at 31 December 2014</b>	-	<b>64</b>	<b>64</b>
Profit for the financial year	-	236	236
Total comprehensive income for the year	-	236	236
<b>As at 31 December 2015</b>	-	<b>300</b>	<b>300</b>

The notes on pages 12 to 26 form part of these financial statements.

**PSD LIMITED**  
**STATEMENT OF CASH FLOWS FOR THE YEAR**  
**ENDED 31 DECEMBER 2015**

	Notes	2015 £'000	2014 £'000
<b>Cash flows from operating activities</b>			
Cash generated by operations	23	1,024	4,214
Interest paid		-	(1)
Income tax paid		(392)	(308)
<b>Net cash generated by operating activities</b>		<b>632</b>	<b>3,905</b>
<b>Cash flows from investing activities</b>			
Interest received		136	121
Dividend received		-	500
Purchase of property, plant and equipment		(83)	(950)
Purchase of intangible assets		(91)	(83)
<b>Net cash used in investing activities</b>		<b>(38)</b>	<b>(412)</b>
<b>Cash flows from financing activities</b>			
Dividends paid to shareholders		-	(3,500)
<b>Net cash used in financing activities</b>		<b>-</b>	<b>(3,500)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>594</b>	<b>(7)</b>
Cash and cash equivalents at 1 January		3,528	3,535
<b>Cash and cash equivalents at 31 December</b>	24	<b>4,122</b>	<b>3,528</b>

All cash flows arise from continuing activities.

The notes on pages 12 to 26 form part of these financial statements.

**PSD LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

---

**1. General information**

The Company is a limited company which is incorporated and domiciled in the UK. The Company is a recruitment services organisation with offices in the UK. The address of the registered office and its principal place of business is 62 Queen Street, London, EC4R 1EB.

**2. Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**2.1 Basis of preparation**

The financial statements of PSD Limited have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC interpretations and the Companies Act 2006 applicable to Companies reporting under IFRS. The financial statements have been prepared under the historical cost convention and going concern basis.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

New standards and interpretations currently in issue (as at 30 January 2016) but not effective for accounting periods commencing on 1 January 2015 are:

- IFRS 9 Financial Instruments (IASB effective date 1 January 2018)
- IFRS 14 Regulatory Deferral Accounts (effective 1 January 2016)
- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2017)
- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38
- Amendments to IAS 16 and IAS 41: Bearer Plants
- Amendments to IAS 27: Equity Method in Separate Financial Statements
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception
- Disclosure Initiative: Amendments to IAS 1 Presentation of Financial Statements

The Directors anticipate that the adoption of the remaining standards and interpretations in future periods will have no material impact on the financial statements of the Group.

The company is exempt and has elected to take the exemption from the requirement to prepare consolidated financial statements as its results are included in the consolidated financial statements of PSD Group Limited, a company incorporated in the United Kingdom and the company's 100% parent undertaking. These financial statements therefore present information about the individual company only.

The consolidated financial statements of PSD Group Limited comply with International Financial Reporting Standards, as adopted by the European Union and have been produced for public use. PSD Group Limited's financial statements can be obtained from Companies House.

**PSD LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

---

**2.2 Going concern**

Accounting standards require the directors to consider the appropriateness of the going concern basis when preparing the financial statements. The directors regard the going concern basis as remaining appropriate as they have assessed the company's financial performance and position and identified the risks and critical judgements as disclosed in notes 3 and 4. From this, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

**2.3 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board.

**2.4 Foreign currency translation**

*(a) Functional and presentation currency*

The financial statements are presented in pounds sterling (£), which is the Company's functional and presentation currency.

*(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

**2.5 Property, plant and equipment**

All property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Furniture, fittings and computer equipment over 3 years
- Leasehold improvements over shorter of 10 years or the period of the lease

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.7). Gains and losses on disposals are determined by comparing the proceeds with the carrying amount.

**PSD LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

---

**2.6 Intangible assets**

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful economic lives (15%-33% per annum).

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Computer software development costs recognised as assets are amortised over their estimated useful lives (15%-33% per annum).

**2.7 Impairment of non-financial assets**

Assets that have an indefinite useful economic life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

**2.8 Financial assets**

Purchases and sales of financial assets are recognised on the trade-date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets are subsequently carried at fair value.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Impairment testing of trade receivables is described in note 2.9.

**2.9 Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within 'Cost of Sales'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'Cost of Sales' in the statement of comprehensive income.



**PSD LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

---

**2.10 Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

**2.11 Share capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Where the Company purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled.

**2.12 Trade payables**

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**2.13 Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

**2.14 Current and deferred income tax**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date where the Company generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

**2.15 Employee benefits**

The Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**PSD LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

---

**2.16 Revenue recognition**

Revenue comprises the fair value of the sale of goods net of value added tax, rebates and discounts, and revenue is recognised as follows:

*(a) Fee income*

The Company recognises gross fee income from retained assignments on completion of defined stages of work. Gross fee income is recognised on non-retained assignments when a client offers a candidate a position, the candidate accepts the position and a start date is determined. A provision is made against gross fee income for the cancellation of placements either prior to or shortly after the commencement of employment based on past experience of this occurring. In respect of temporary assignments, gross fee income is recognised when the service has been provided. Gross fee income is net of value added tax.

Net fee income is derived by deducting from gross fee income direct costs including the cost of temporary staff placed with clients, costs of advertising, costs and charges to clients for artwork.

*(b) Interest income*

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

*(c) Dividend income*

Dividend income is recognised when the right to receive payment is established.

**2.17 Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

**2.18 Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

**2.19 Provisions**

Provisions for property restoration are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

**2.20 Exceptional items**

Items of income and expense that are unlikely to recur and which merit being separately reported on the face of the Statement of Comprehensive Income in order to provide an understanding of the Company's underlying performance are disclosed as exceptional items.

**PSD LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

---

**3. Financial risk management**

**3.1 Financial risk factors**

The Company's activities expose it to a variety of financial risks; market risk, credit risk and liquidity risk. The Company does not use derivative financial instruments to hedge risk exposures.

**a) Market risk**

**(i) Foreign exchange risk**

The principal foreign exchange risk is to the Euro and U.S. Dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Company seeks to minimise its exposure to foreign exchange risk and all cash balances in foreign currency that are not required for short term working capital monetary needs are converted into pounds.

**(ii) Price risk**

The Company does not routinely invest in equity securities and is not exposed to commodity price risk. At 31 December 2015 the Company did not have any significant exposure to price risk.

**(iii) Cash flow and fair value interest rate risk**

The Company has no significant interest bearing assets or liabilities and the Company's income and operating cash flows are substantially independent of changes in market interest rates.

**b) Credit risk**

Credit risk arises from cash and deposits with banks as well as credit exposures to clients. The Company has no significant concentration of credit risk. It has policies and procedures in place, including the use of credit checks and credit limits to ensure that sales are made to customers with an appropriate credit history. The Company's principal banker is Barclays Bank and substantially all the Company's cash, cash equivalents and deposits are placed with Barclays Bank. At 31 December 2015 cash and deposits amounting to £4,138,000 (31 December 2014: £3,535,000) were placed with Barclays Bank.

**(c) Liquidity risk**

Effective liquidity risk management requires maintaining sufficient cash and credit facilities to meet the forecast cash requirements of the Company whilst maximising the rate of return on surplus cash. Management monitors rolling forecasts of the Company's liquidity reserves on the basis of expected cash flow. This is generally carried out at Company level based on monthly returns made by the Company's operating units.

**3.2 Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain a capital structure appropriate to the nature of the business.

**PSD LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

---

**3.3 Fair value estimation**

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Company is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

**4. Critical accounting estimates and judgments**

The directors make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**i) Revenue recognition**

Revenue from permanent placements is recognised when a candidate accepts an offer of employment and a start date has been determined. There are occasionally circumstances where a candidate never takes up the offer of employment and the revenue has to be backed out in subsequent periods. A provision for back-outs is made at the time of revenue recognition, based on an estimate of the number of employment offers that will not be taken up.

**ii) Bad debt provision**

In deciding the level of bad debt provision required management exercises judgement based on the age of the debt, knowledge of any known disputes surrounding the debt, the credit rating and the company's past experience of trading with the client. The accounting treatment of this provision is described in note 2.9.

**5. Segmental analysis**

The chief operating decision-maker has been identified as the Board. This Board reviews the Company's internal reporting in order to assess performance and allocate resources, based upon operating profit. The Board considers that the business comprises one operating segment.

**PSD LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

**6. Directors' remuneration**

	2015 £'000	2014 £'000
Remuneration	839	806

**Remuneration of the highest paid director:**

	2015 £'000	2014 £'000
Remuneration	599	572

**7. Staff costs (including directors)**

	2015 £'000	2014 £'000
Wages and salaries	11,127	10,683
Social security costs	1,254	1,259
	<b>12,381</b>	<b>11,942</b>

The average number of employees during the year excluding temporary staff placed with clients was as follows:

	2015 Average No	2014 Average No
Executive Directors	2	2
Client Services	113	111
Administration	53	54
	<b>168</b>	<b>167</b>

The Directors consider that other than the Board of Directors there are no key management as defined by IAS 24.

**8. Operating profit before exceptional item**

	2015 £'000	2014 £'000
Profit before taxation is stated after charging:		
Operating lease rentals – land and buildings	644	656
Auditors' remuneration		
- as auditors of the Company	7	7
Depreciation - owned assets	292	279
Amortisation of intangible assets	58	42
Foreign exchange loss	68	38

**PSD LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

**9. Net finance income**

	2015 £'000	2014 £'000
<b>Interest expense:</b>		
Interest payable to Group undertakings	-	-
Bank interest payable	-	(1)
Interest and similar charges payable	-	(1)
Interest received from Group undertakings	126	113
Bank interest received	10	8
Interest income	136	121
<b>Finance income – net</b>	<b>136</b>	<b>120</b>

**10a. Analysis of the tax charge for the year**

The tax charge arises from continuing operations and is made up as follows:

	2015 £'000	2014 £'000
<b>Current tax</b>		
UK corporation tax	401	359
UK tax (over)/under provided in previous years	(2)	18
<b>Total current tax</b>	<b>399</b>	<b>377</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	4	72
UK deferred tax (over)/under provided in previous years	(2)	1
Change in tax rate	-	-
<b>Total deferred tax</b>	<b>2</b>	<b>73</b>
<b>Total income tax expense in the income statement</b>	<b>401</b>	<b>450</b>

**10b. Factors affecting the tax charge for the year**

The tax assessed on the profit on continuing operations for the year is higher (2014: higher) than the standard rate of corporation tax in the UK of 20.25% (2014: 21.49%). The difference is reconciled as follows:

	2015 £'000	2014 £'000
Profit on continuing operations multiplied by standard rate of corporation tax in the UK of 20.25% (2014: 21.49%)	129	428
Fixed asset differences	13	-
Expenses not deductible for tax purposes	262	102
Adjustments to charge in respect of previous years – current tax	(2)	18
Adjustments to charge in respect of previous years – deferred tax	2	1
Adjustment for opening deferred tax	(4)	-
Adjustment for closing deferred tax	1	-
Income not taxable for tax purposes	-	(107)
Other short term timing differences	-	8
<b>Total tax charge for the year</b>	<b>401</b>	<b>450</b>

**PSD LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

**11. Dividends**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Dividends for 2015 of £Nil per share (2014: £35,000)	-	3,500

**12. Property, plant and equipment**

	<b>Leasehold improvements £'000</b>	<b>Fixture and fittings £'000</b>	<b>Computer equipment £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At 1 January 2014	2,511	1,712	1,935	6,158
Additions	780	76	94	950
Disposals	(1,701)	(595)	(1,526)	(3,822)
At 1 January 2015	1,590	1,193	503	3,286
Additions	45	2	36	83
<b>At 31 December 2015</b>	<b>1,635</b>	<b>1,195</b>	<b>539</b>	<b>3,369</b>
<b>Depreciation</b>				
At 1 January 2014	1,926	1,651	1,741	5,318
Charge for the year	148	20	111	279
Disposals	(1,701)	(595)	(1,526)	(3,822)
At 1 January 2015	373	1,076	326	1,775
Charge for the year	168	23	101	292
<b>At 31 December 2015</b>	<b>541</b>	<b>1,099</b>	<b>427</b>	<b>2,067</b>
<b>Net book value</b>				
<b>At 31 December 2015</b>	<b>1,094</b>	<b>96</b>	<b>112</b>	<b>1,302</b>
<b>At 31 December 2014</b>	<b>1,217</b>	<b>117</b>	<b>177</b>	<b>1,511</b>

**13. Intangible assets**

<b>Computer software</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>		
At 1 January	247	706
Additions	91	83
Disposals	-	(542)
<b>At 31 December</b>	<b>338</b>	<b>247</b>
<b>Amortisation and impairment</b>		
At 1 January	133	633
Amortisation charge for the year	58	42
Disposals	-	(542)
<b>At 31 December</b>	<b>191</b>	<b>133</b>
<b>Net book value</b>		
<b>At 31 December</b>	<b>147</b>	<b>114</b>

**PSD LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

**14. Investments in subsidiaries**

	2015 £'000	2014 £'000
Shares in Group undertakings at cost	-	-

Principal Group undertaking	Country of Incorporation	Principal Activity	Proportion of Equity and Voting Rights	Description of Shares	Total Assets £'000	Revenue £'000	Profit £'000
Hoggett Bowers Interim Management Limited	England	Recruitment	100%	£1 Ordinary	308	2,196	110

**15. Deferred income tax**

	Accelerated tax depreciation differences £'000	Other temporary £'000	Total £'000
<b>1 January 2014</b>	<b>16</b>	<b>25</b>	<b>41</b>
Charged to comprehensive income	(75)	2	(73)
<b>31 December 2014</b>	<b>(59)</b>	<b>27</b>	<b>(32)</b>
Charged to comprehensive income	(4)	2	(2)
<b>31 December 2015</b>	<b>(63)</b>	<b>29</b>	<b>(34)</b>

**16. Financial assets and liabilities**

	Notes	2015 £'000	2014 £'000
<b>Financial assets</b>			
Loans and receivables:			
Trade and other receivables	17	6,822	7,317
Cash and other cash equivalents	18	4,122	3,528
		<b>10,944</b>	<b>10,845</b>
<b>Financial liabilities</b>			
Financial liabilities measured at amortised cost:			
Trade and other payables	20	11,771	12,130
		<b>11,771</b>	<b>12,130</b>



**PSD LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

**17. Trade and other receivables**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Trade receivables	<b>2,905</b>	2,526
Less provision for impairment of trade receivables	<b>(27)</b>	(88)
Trade receivables - net	<b>2,878</b>	2,438
Amounts owed by Group undertakings	<b>1,136</b>	1,700
Other receivables	<b>228</b>	226
Accrued income	<b>1,795</b>	2,306
Prepayments	<b>785</b>	647
	<b>6,822</b>	7,317

Trade and other receivables balances equal their carrying balances as the impact of discounting is not significant. Amounts owed by Group undertakings are repayable on demand.

As at 31 December 2015, trade receivables of £27,000 (2014: £88,000) were impaired and fully provided for. The individually impaired receivables mainly relate to clients who are experiencing financial difficulty or disputing the amounts charged by the Company for the services provided. The ageing of those receivables is as follows:

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
0 to 3 months	<b>27</b>	74
3 to 6 months	-	-
Over 6 months	-	14
	<b>27</b>	88

Movements in the Company provision for impairment of trade receivables are as follows:

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
At 1 January	<b>88</b>	29
Provision for receivables impaired	<b>27</b>	88
Unused amounts reversed	<b>(88)</b>	(29)
At 31 December	<b>27</b>	88

The creation and release of provision for impaired receivables have been included in 'direct costs' in the Statement of Comprehensive Income. Amounts charged to the allowance account are written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the fair value of each days of receivables mentioned above. The Company does not hold any collateral as security.

**PSD LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

**18. Financial instruments**

	<b>2015</b>	<b>2014</b>
<b>Financial assets</b>	<b>£'000</b>	<b>£'000</b>
<b>Interest bearing</b>		
Sterling	4,122	3,528
	<b>4,122</b>	<b>3,528</b>

**19. Provisions for liabilities and charges**

The movement in provisions during the year was as follows:

	<b>2015</b>			<b>2014</b>		
	<b>Current</b>	<b>Non-</b>	<b>Total</b>	<b>Current</b>	<b>Non-</b>	<b>Total</b>
	<b>£'000</b>	<b>Current</b>	<b>£'000</b>	<b>£'000</b>	<b>Current</b>	<b>£'000</b>
At 1 January	-	124	124	-	84	84
Charged to the statement of comprehensive income	-	37	37	-	40	40
<b>At 31 December</b>	<b>-</b>	<b>161</b>	<b>161</b>	<b>-</b>	<b>124</b>	<b>124</b>

The provision above is to provide for the loss of reinstating certain leasehold buildings occupied by the Company to the condition at the commencement of the lease.

**20. Trade and other payables – current**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Trade payables	225	169
Amounts owed to Group undertakings	7,610	8,211
Other taxes and social security	883	781
Other payables and accruals	3,053	2,969
	<b>11,771</b>	<b>12,130</b>

Amounts owed to Group undertakings are payable on demand.

**PSD LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

**21. Share capital**

	2015 £	2014 £
<b>Allotted, called up and fully paid:</b>		
100 Ordinary shares of £1 each	100	100

**22. Operating lease commitments**

The commitments arise from the operating leases for property. The leases require the tenant to keep the property in a good state of repair and are subject to periodic rental review. The following commitments based on current rental amounts existed at 31 December 2015 in respect of non-cancellable operating leases.

	2015 £'000	2014 £'000
<b>Leases expiring:</b>		
Within one year	762	515
Later than one year and less than five years	4,506	3,986
After five years	3,463	4,459
	<b>8,731</b>	<b>8,960</b>

**23. Reconciliation of profit before tax to net cash inflow from operating activities**

	2015 £'000	2014 £'000
Profit before tax	637	1,990
Adjustments for:		
Depreciation	292	279
Amortisation	58	42
Change in provision	37	40
Net finance income	(136)	(120)
Dividend received	-	(500)
Changes in working capital:		
Decrease/(increase) in trade and other receivables	495	(1,446)
(Decrease)/increase in trade and other payables	(359)	3,929
<b>Cash generated by operations</b>	<b>1,024</b>	<b>4,214</b>

**PSD LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

**24. Analysis of net funds**

	At 1 January 2015 £'000	Cash flow £'000	At 31 December 2015 £'000
<b>Net cash:</b>			
Cash and cash equivalents	3,528	594	4,122
<b>Net funds</b>	<b>3,528</b>	<b>594</b>	<b>4,122</b>

**25. Related party transactions**

At 31 December 2015 PSD Limited owed its parent company Reuter Simkin Limited £7,610,000, and was owed £7,000 from its subsidiary undertaking Hoggett Bowers Interim Management Limited.

At 31 December 2015 PSD Limited also had amounts due from group companies under common control. £1,024,000 was due from PSD Group (China) Limited, £5,385,000 was due from PSD Group (Hong Kong) Limited and £619,000 was due from PSD Group GmbH. As at the year end the recoverability of the PSD Group (China) Limited and PSD Group (Hong Kong) Limited receivables were in question so provisions were made reducing the balances to £Nil and £504,000 respectively.

All of these balances are the net result of each party settling liabilities due by, and receiving settlement for debts due to, the other party.

Costs accrued or paid that benefit more than one group company are apportioned based on the number of client service employees.

During the year ended 31 December 2015, administrative expenses of £651,000 were recharged to Hoggett Bowers Interim Management Limited and £1,374,000 to PSD Contracts Limited, two group companies under common control, and direct costs of £5,973,000 were recharged from PSD Contracts Limited and to Hoggett Bowers Interim Management Limited of £11,000.

Offerco Limited, is a company controlled by Mr P Hearn. Mr Hearn is also a director of PSD Group Limited. For the year ended 31 December 2015 directors fees amounting to £30,000 (2014: £30,000) are due to OPD Group Limited, a subsidiary for Offerco Limited, for the services of Mr Hearn. Of this, £26,000 (2014: £26,000) was recharged to PSD Limited during the year and included in administrative expenses on the Statement of comprehensive income.

**26. Ultimate parent undertaking**

The ultimate parent undertaking and controlling party of the company is PSD Group Limited, a private company incorporated in England. The smallest and largest group producing accounts into which the results of the company for the year ended 31 December 2015 are consolidated is PSD Group Limited. The accounts of the Group are available from Companies House.