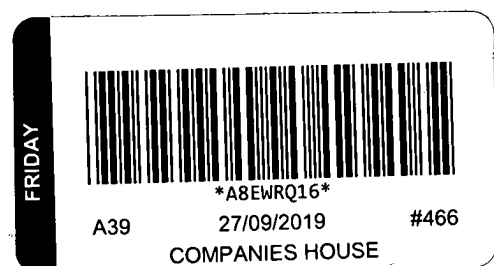


COMPANY NUMBER: 01349434

PSD LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018



PSD LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

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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
30 Finsbury Square
London
EC2A 1AG

PSD LIMITED
STRATGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

Results

The gross fee income for year decreased by 11% to £17.8 million (2017: £20.1 million).

The profit for the year after taxation was £1,065,000 (2017: £820,000).

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 £117,000 (2017: £106,000).

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.

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 revenues 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 24 April 2019 and signed on its behalf by:



I D Moss
Secretary

PSD LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

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 2018.

Dividends

No dividends (2017: £Nil) 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 2018. 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 2018

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 Access Sport, helping disadvantaged children to experience and enjoy the power of sport; 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 £1,400 (2017: £2,000).

The Company made no political donations during the year (2017: £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 PLC. 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 24 April 2019 and signed on its behalf by:



I D Moss
Secretary

PSD LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

Directors' responsibilities statement

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 (IFRSs) as adopted by the European Union. 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 as adopted by the European union 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.

The directors confirm that:

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

The directors are responsible for preparing the annual report in accordance with applicable law and regulations. Having taken advice from the Audit Committee, the directors consider the annual report and the financial statements, taken as a whole, provides the information necessary to assess the company's performance, business model and strategy and is fair, balanced and understandable.

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.

To the best of our knowledge:

- the financial statements, prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Approved by the Board on 24 April 2019 and signed on its behalf by:-



I D Moss
Secretary

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PSD LIMITED

Opinion

We have audited the financial statements of PSD Limited (the 'company') for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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.

Who are we reporting to

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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PSD LIMITED (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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 directors' 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 for the financial statements

As explained more fully in the directors' responsibilities statement 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, 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 for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



Marc Summers FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants

24 April 2019

PSD LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £'000	2017 £'000
Revenue ("Gross fee income")		17,758	20,107
Direct costs		(3,722)	(4,856)
Gross profit ("Net fee income")		14,036	15,251
Administrative expenses		(12,602)	(14,089)
Operating profit	8	1,434	1,162
Finance income	9	17	5
Finance costs	9	(81)	(88)
Profit before income tax		1,370	1,079
Income tax expenses	10	(305)	(259)
Profit for the year		1,065	820
Other comprehensive income			
Other comprehensive income		-	-
Total comprehensive profit for the year		1,065	820

All operations are classified as continuing.

PSD LIMITED
STATEMENT OF FINANCIAL POSITION AS AT
31 DECEMBER 2018

	Notes	2018 £'000	2017 £'000
Assets			
Non-current assets			
Property, plant & equipment	12	693	862
Intangible assets	13	36	26
Investment in subsidiaries	14	-	-
Deferred income tax asset	14	24	21
Total non-current assets		753	909
Current assets			
Trade and other receivables	17	5,353	5,590
Current income tax asset		-	-
Cash and cash equivalents	18	5,557	3,362
Total current assets		10,910	8,952
Total assets		11,663	9,861
Liabilities			
Non-current liabilities			
Non current provisions	19	273	235
Total non-current liabilities		273	235
Current liabilities			
Current income tax liabilities		140	214
Trade and other payables	20	9,656	8,883
Total current liabilities		9,796	9,097
Total liabilities		10,069	9,332
Net assets		1,594	529
Equity			
Called up share capital	21	-	-
Retained earnings		1,594	529
Total Equity		1,594	529

The financial statements on pages 8 to 26 were authorised for issue by the Board of Directors on 24 April 2019 and signed on its behalf by:



I D Moss
Company Secretary

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 2018

	Called up share capital	Retained earnings	Total equity
	£'000	£'000	£'000
As at 1 January 2017	-	(291)	(291)
Profit for the financial year	-	820	820
Total comprehensive profit for the year	-	820	820
As at 31 December 2017	-	529	529
Profit for the financial year	-	1,065	1,065
Total comprehensive profit for the year	-	1,065	1,065
As at 31 December 2018	-	1,594	1,594

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 2018

	Notes	2018 £'000	2017 £'000
Cash flows from operating activities			
Cash generated by operations	23	2,698	245
Income tax paid		(382)	(73)
Net cash generated by/(used in) operating activities		2,316	172
Cash flows from investing activities			
Interest received	9	17	5
Purchase of property, plant and equipment		(22)	(29)
Purchase of intangible assets		(35)	(6)
Net cash/(used in) investing activities		(40)	(30)
Cash flows from financing activities			
Interest paid	9	(81)	(88)
Net cash used in financing activities		(81)	(88)
Net increase in cash and cash equivalents		2,195	54
Cash and cash equivalents at 1 January		3,362	3,308
Cash and cash equivalents at 31 December	24	5,557	3,362

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 2018

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. The Company is limited by shares.

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.

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 'Revenue from Contracts with Customers' and the related 'Clarifications to IFRS 15 Revenue from Contracts and Customers' (hereinafter "IFRS 15") replaces IAS 18 'Revenue' and several interpretations. The Company has adopted the new standard effective 1 January 2018 and applied it retrospectively. In accordance with the transition guidance, IFRS 15 has only been applied to contracts that were incomplete as at 1 January 2018 or commenced thereafter. The Company has identified no retrospective adjustments required to periods prior to 2018 and therefore there is no restatement or impact to brought forward retained earnings of the Company. Areas in which the adoption of IFRS 15 has affected the Company's results are set out below.

Principal vs agent considerations

The Company derives revenue from the provision of temporary workers to customers and the recognition of revenue depends on whether the Group has an obligation to provide services itself (acting as principal) whereby revenue is recognised gross (inclusive of costs of temporary workers), or whether the obligation is to arrange for services to be provided by a third party (acting as agent) whereby revenue is recognised net (exclusive of costs of temporary workers). IFRS 15 requires a determination of control rather than IAS 18's consideration of risks and rewards. Under IFRS 15, to determine the nature of the relationship, the Company assesses whether it controls the service before it is transferred to the customer.

The Company has assessed its contracts against these considerations and determines that there is no impact on the profit and loss in 2018 and 2017.

IFRS 9 'Financial Instruments'

IFRS 9 replaces IAS 39 'Financial Instruments: Recognition and Measurement', making changes to guidance on the classification and measurement of financial assets and introducing an expected loss model for the impairment of financial assets. The Company has adopted the new standard effective 1 January 2018 and applied transitional relief and opted not to restate prior periods.

For contract assets arising from IFRS 15 and trade receivables, the Company applies a simplified model of recognising lifetime expected credit losses where these assets do not contain a significant financing component.

The implementation of IFRS 9 did not have a significant impact on the value or classification of the Company's financial assets and liabilities.

PSD LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

Accounting policies: new standards, amendments and interpretations that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, several new, but not yet effective, standards, amendments to existing standards and interpretations have been published. None of these have been adopted early by the Company. Those expected to have an effect on the Company's financial statements are listed below. Those not listed below are not disclosed as they are not expected to have a significant impact on the Company.

IFRS 16 'Leases'

IFRS 16 replaces IAS 17 'Leases' and related interpretations. This will result in operating leases previously treated solely through profit and loss being recorded in the statement of financial position in the form of a right-of-use asset and a lease liability, subject to exemptions for low value and short-term leases. IFRS 16 is effective from periods beginning on or after 1 January 2019. The Company is planning to adopt IFRS 16 on 1 January 2019 using a full retrospective approach with restated comparative information.

Management are in the process of assessing the full impact of the new standard but expects impacts in the following areas:

- The Company will recognise right-of-use assets and lease liabilities for leases of property which are treated as operating leases under IAS 17. At 31 December 2018, minimum future lease payments on these properties total approximately £5 million.
- The nature of the expense of the above cost will change from being an operating expense to predominantly depreciation with an interest expense on the lease liability.
- The Company expects that operating costs would be lower by approximately £1.1m and depreciation would be higher by approximately £1.1m in both 2018 and 2019 when applying IFRS 16 compared to IAS 17.

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.

PSD LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

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.

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.

At the end of each financial year the company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment losses recognised in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income. Impairment testing of trade receivables is described in note 2.9.

PSD LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

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.

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 statement of comprehensive income 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.

PSD LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

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 date of the statement of financial position 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.

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

Gross fee income is recognised at a point in time when the Group satisfies performance obligations by transferring the promised services to clients. 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 and the costs of advertising the position.

In respect of permanent positions, for retained assignments these performance obligations are defined by stages of work in the terms of business agreed with the client in advance, and for non-retained assignments the Group's obligations are deemed satisfied when a candidate accepts an offer of employment from a client. The transaction price is set by terms of business agreed with the client in advance. 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 based on periodic records approved by the client or achievement of pre-defined deliverables to the clients satisfaction. The transaction price is set by agreements or statements of work agreed with the client in advance.

(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.

PSD LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

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.

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 2018 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.

PSD LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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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 PLC and substantially all the Company's cash, cash equivalents and deposits are placed with Barclays Bank PLC. At 31 December 2018 cash and deposits amounting to £5,554,000 (31 December 2017: £3,371,000) were placed with Barclays Bank PLC.

(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.

3.3 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of the statement of financial position. 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.

PSD LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

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.

6. Directors' remuneration

	2018 £'000	2017 £'000
Remuneration	843	765

Remuneration of the highest paid director:

	2018 £'000	2017 £'000
Remuneration	601	512

7. Staff costs (including directors)

	2018 £'000	2017 £'000
Wages and salaries	9,223	10,127
Social security costs	1,055	1,175
	10,278	11,302

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

	2018 Average No	2017 Average No
Executive Directors	2	2
Client Services	82	98
Administration	36	44
	120	144

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

8. Operating profit

	2018 £'000	2017 £'000
Profit before taxation is stated after charging:		
Operating lease rentals – land and buildings	823	752
Auditors' remuneration		
- as auditors of the Company	8	7
Depreciation - owned assets	191	205
Amortisation of intangible assets	25	71
Foreign exchange (gain)/loss	(31)	(19)

PSD LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

9. Net finance cost

	2018 £'000	2017 £'000
Interest expense:		
Interest payable to Group undertakings	(81)	(88)
Interest and similar charges payable	(81)	(88)
Interest received from Group undertakings	6	3
Bank interest received	11	2
Interest income	17	5
Finance cost – net	(64)	(83)

10. Taxation

10a. Analysis of the tax charge for the year

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

	2018 £'000	2017 £'000
Current tax		
UK corporation tax	307	288
UK tax under/(over) provided in previous years	-	-
Foreign taxation	1	-
Total current tax	308	288
Deferred tax		
Origination and reversal of temporary differences	(3)	(29)
Change in tax rate	-	-
Total deferred tax	(3)	(29)
Total income tax expense in the statement of comprehensive income	305	259

10b. Factors affecting the tax charge for the year

The tax assessed on the profit on continuing operations for the year is higher (2017: higher) than the standard rate of corporation tax in the UK of 19.0% (2017: 19.25%). The difference is reconciled as follows:

	2018 £'000	2017 £'000
Profit on continuing operations multiplied by standard rate of corporation tax in the UK of 19.0% (2017: 19.25%)	260	208
Fixed asset differences	7	9
Expenses not deductible for tax purposes	40	38
Group tax relief	(3)	-
Adjustments to charge in respect of previous years – deferred tax	-	-
Adjustment for opening deferred tax	(2)	1
Adjustment for closing deferred tax	3	3
Other differences	-	-
Total tax charge for the year	305	259

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

11. Dividends

	2018 £'000	2017 £'000
Dividends for 2018 of £Nil per share (2017: £Nil)	-	-

12. Property, plant and equipment

	Leasehold improvements £'000	Fixture and fittings £'000	Computer equipment £'000	Total £'000
Cost				
At 1 January 2017	1,654	1,195	549	3,398
Additions	14	15	-	29
Disposals	-	(1,000)	-	(1,000)
At 1 January 2018	1,668	210	549	2,427
Additions	9	13	-	22
At 31 December 2018	1,677	223	549	2,449
Depreciation				
At 1 January 2017	667	1,188	505	2,360
Charge for the year	167	8	30	205
Disposals	-	(1,000)	-	(1,000)
At 1 January 2018	834	196	535	1,565
Charge for the year	169	8	14	191
At 31 December 2018	1,003	204	549	1,756
Net book value				
At 31 December 2018	674	19	0	693
At 31 December 2017	834	14	14	862

13. Intangible assets

Computer software	2018 £'000	2017 £'000
Cost		
At 1 January	356	350
Additions	35	6
Disposals	-	-
At 31 December	391	356
Amortisation and impairment		
At 1 January	330	259
Amortisation charge for the year	25	71
Disposals	-	-
At 31 December	355	330
Net book value		
At 31 December	36	26

PSD LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

14. Investments in subsidiaries

	2018 £'000	2017 £'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	Loss £'000
Hoggett Bowers Interim Management Limited	England	Recruitment	100%	£1 Ordinary	499	2,322	16

15. Deferred income tax

	Accelerated tax depreciation differences £'000	Other temporary £'000	Total £'000
1 January 2017	(41)	33	(8)
Charged to comprehensive income	13	16	29
31 December 2017	(28)	49	21
Charged to comprehensive income	4	(1)	3
31 December 2018	(24)	48	24

16. Financial assets and liabilities

	Notes	2018 £'000	2017 £'000
Financial assets			
Loans and receivables:			
Trade and other receivables	17	2,603	2,964
Cash and other cash equivalents	18	5,557	3,362
		8,160	6,326
Financial liabilities			
Financial liabilities measured at amortised cost:			
Trade and other payables	20	6,923	5,894
		6,923	5,894

PSD LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

17. Trade and other receivables

	2018 £'000	2017 £'000
Trade receivables	1,879	2,088
Less provision for impairment of trade receivables	(61)	-
Trade receivables - net	1,818	2,088
Amounts owed by Group undertakings	610	696
Other receivables	175	180
Accrued income	1,835	1,862
Prepayments	915	764
	5,353	5,590

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 2018, trade receivables of £61,000 (2017: £Nil) 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:

	2018 £'000	2017 £'000
0 to 3 months	22	-
3 to 6 months	33	-
Over 6 months	6	-
	61	-

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

	2018 £'000	2017 £'000
At 1 January	-	145
Provision for receivables impaired	61	-
Unused amounts reversed	-	(145)
At 31 December	61	-

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 2018

18. Financial instruments

An analysis of cash and cash equivalents is set out below:

	2018 £'000	2017 £'000
Financial assets		
Interest bearing		
Sterling	4,699	2,106
Euros	723	1,233
US Dollars	135	23
	5,557	3,362

To date, the company's currency exposure has not been significant and it has not been necessary to use any derivative financial instruments to manage this exposure. Short term trade receivables and trade payables are excluded from the above disclosures.

The directors consider that the carrying values of cash and cash equivalents is approximately equal to their fair values.

19. Provisions for liabilities and charges

The movement in provisions during the year was as follows:

	Current £'000	2018 Non- Current £'000	Total £'000	Current £'000	2017 Non- Current £'000	Total £'000
At 1 January	-	235	235	-	198	198
Charged to the statement of comprehensive income	-	38	38	-	37	37
At 31 December	-	273	273	-	235	235

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

	2018 £'000	2017 £'000
Trade payables	169	164
Amounts owed to Group undertakings	6,056	4,943
Other payables	191	162
Other taxes and social security	507	625
Accruals	2,733	2,989
	9,656	8,883

Amounts owed to Group undertakings are payable on demand.

PSD LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

21. Share capital

	2018 £	2017 £
Allotted, called up and fully paid:		
100 Ordinary shares of £1 each	100	100

22. Operating lease commitments

The commitments arise from 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 minimum rental payments existed at 31 December 2018 in respect of non-cancellable operating leases.

	2018 £'000	2017 £'000
Leases expiring:		
Within one year	1,714	1,714
Later than one year and less than five years	4,196	5,191
After five years	1,100	1,819
	7,010	8,724

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

	2018 £'000	2017 £'000
Profit before tax	1,370	1,079
Adjustments for:		
Depreciation	191	205
Amortisation	25	71
Change in provision	38	37
Net finance cost	64	83
Changes in working capital:		
(Increase)/decrease in trade and other receivables	237	(382)
Increase/(decrease) in trade and other payables	773	(848)
Cash generated by operations	2,698	245

24. Analysis of net funds

	At 1 January 2018 £'000	Cash flow £'000	At 31 December 2018 £'000
Net cash:			
Cash and cash equivalents	3,362	2,195	5,557
Net funds	3,362	2,195	5,557

PSD LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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25. Related party transactions

At 31 December 2018 PSD Limited owed its parent company Reuter Simkin Limited £6,056,000, and was owed £314,000 from its subsidiary undertaking Hoggett Bowers Interim Management Limited.

At 31 December 2018 PSD Limited also had £296,000 due from PSD Group GmbH, a group company under common control.

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 2018, administrative expenses of £638,000 were recharged to Hoggett Bowers Interim Management Limited and £1,260,000 to PSD Contracts Limited, two group companies under common control, and direct costs of £3,584,000 were recharged from PSD Contracts Limited and to Hoggett Bowers Interim Management Limited of £7,000.

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 2018 directors fees amounting to £30,000 (2017: £30,000) are due to OPD Group Limited, a subsidiary for Offerco Limited, for the services of Mr Hearn. Of this, £27,000 (2017: £27,000) 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 2018 are consolidated is PSD Group Limited. The accounts of the Group are available from Companies House.