

Company registration number 01349434 (England and Wales)

**PSD LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

# PSD LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	F M Robinson	
	P Hearn	
	L Krafchik	(Appointed 27 September 2022)
<b>Secretary</b>	L Krafchik	
<b>Company number</b>	01349434	
<b>Registered office</b>	62 Queen Street London United Kingdom EC4R 1EB	
<b>Auditor</b>	Gravita ABG LLP 30 City Road London EC1Y 2AB	

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# **PSD LIMITED**

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# PSD LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

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

#### **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.

Subject to market conditions, the Company will seek to continue extending its operations through organic growth.

#### **Results**

The gross fee income for year increased by 19% to £11.4 million (2021: £9.6 million). The profit for the year after taxation was £0.83 million (2021: £1.07 million).

#### **Principal risks and uncertainties**

##### ***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.

##### ***iv) Going concern***

As at 31 December 2022 the Company had cash of £8.4 million and no borrowings. The Directors have prepared base case financial forecasts for the period ending 1 August 2024. Forecast stress testing has demonstrated that the Company could withstand both a material and prolonged decrease in revenue and not require any financial support. On this basis, the Directors have a reasonable expectation that the Company will have sufficient available resources to continue operating for at least 12 months from the approval date of these Financial Statements. Accordingly, the Company continues to adopt the going concern basis in preparing its financial statements.

#### **Key performance indicators**

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 £0.170 million (2021: £0.140 million).

#### **Other information and explanations**

##### **Related Parties**

As at the year end the Group held funds totalling £9.5 million on behalf of related parties. These funds have been placed on deposit on behalf of the related parties and will ultimately be repaid to them.

**PSD LIMITED**

**STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2022***

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On behalf of the board

L Krafczik  
**Director**

27 June 2023

# PSD LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

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

#### Principal activities

The principal activity of the company continued to be that of the provision of recruitment consultancy services.

#### Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £1,000,000. The directors do not recommend payment of a final dividend.

#### Directors

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

F M Robinson

P Hearn

L Krafchik

I Moss

(Appointed 27 September 2022)

(Resigned 27 September 2022)

#### Energy and carbon report

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

#### Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

## **PSD LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2022***

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On behalf of the board

L Krafchik  
**Director**

27 June 2023

# PSD LIMITED

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

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### Opinion

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

In our opinion the financial statements:

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

### Basis for opinion

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

### Conclusions relating to going concern

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

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

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

### Other information

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

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

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

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



## **PSD LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF PSD LIMITED**

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

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

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

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

##### **Responsibilities of directors**

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

##### **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

##### ***The extent to which the audit was considered capable of detecting irregularities including fraud.***

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006 and Health and Safety legislation.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal expenses; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

## **PSD LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF PSD LIMITED**

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

- understanding the business model as part of the control and business environment;
- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

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

- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment by for example forgery, or intentional misrepresentation or through collusion. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Sarah Wilson FCA**  
**Senior Statutory Auditor**  
**For and on behalf of Gravita ABG LLP**

28 June 2023

**Chartered Accountants**  
**Statutory Auditor**

30 City Road  
London  
EC1Y 2AB

## PSD LIMITED

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Turnover	3	11,366,806	9,558,158
Cost of sales		(131,979)	(115,220)
<b>Gross profit</b>		<b>11,234,827</b>	<b>9,442,938</b>
Administrative expenses		(10,050,423)	(8,318,193)
Other operating income		18,330	156,184
<b>Operating profit</b>	4	<b>1,202,734</b>	<b>1,280,929</b>
Interest receivable and similar income	8	178,577	131,147
Interest payable and similar expenses	9	(248,182)	(117,889)
<b>Profit before taxation</b>		<b>1,133,129</b>	<b>1,294,187</b>
Tax on profit	10	(303,000)	(218,121)
<b>Profit for the financial year</b>		<b>830,129</b>	<b>1,076,066</b>

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

# PSD LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2022

		2022		2021	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Intangible assets	12		22,341		25,241
Tangible assets	13		115,941		229,578
Investments	14		2		2
			<u>138,284</u>		<u>254,821</u>
<b>Current assets</b>					
Debtors	16	5,555,341		4,201,675	
Cash at bank and in hand		17,983,644		8,296,862	
		<u>23,538,985</u>		<u>12,498,537</u>	
<b>Creditors: amounts falling due within one year</b>	18	(21,545,802)		(10,452,020)	
<b>Net current assets</b>			<u>1,993,183</u>		<u>2,046,517</u>
<b>Total assets less current liabilities</b>			<u>2,131,467</u>		<u>2,301,338</u>
<b>Provisions for liabilities</b>					
Provisions	19	397,100	(397,100)	397,100	(397,100)
<b>Net assets</b>			<u><u>1,734,367</u></u>		<u><u>1,904,238</u></u>
<b>Capital and reserves</b>					
Called up share capital	21		100		100
Profit and loss reserves	22		1,734,267		1,904,138
<b>Total equity</b>			<u><u>1,734,367</u></u>		<u><u>1,904,238</u></u>

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

L Krafchik  
Director

Company Registration No. 01349434

# PSD LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
<b>As restated for the period ended 31 December 2021:</b>				
<b>Balance at 1 January 2021</b>		100	107,074	107,174
Effect of transition to FRS 102		-	720,998	720,998
<b>As restated</b>		100	828,072	828,172
<b>Year ended 31 December 2021:</b>				
Profit and total comprehensive income for the year		-	1,076,066	1,076,066
<b>Balance at 31 December 2021</b>		100	1,904,138	1,904,238
<b>Year ended 31 December 2022:</b>				
Profit and total comprehensive income for the year		-	830,129	830,129
Dividends	11	-	(1,000,000)	(1,000,000)
<b>Balance at 31 December 2022</b>		100	1,734,267	1,734,367

# PSD LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
<b>Cash flows from operating activities</b>					
Cash generated from/(absorbed by) operations	27		1,567,348		(239,878)
Interest paid			(248,182)		(117,889)
Income taxes paid			(300,890)		(471,746)
<b>Net cash inflow/(outflow) from operating activities</b>			1,018,276		(829,513)
<b>Investing activities</b>					
Purchase of intangible assets		(10,071)		(29,924)	
Purchase of tangible fixed assets		-		(3,253)	
Interest received		178,577		131,147	
<b>Net cash generated from investing activities</b>			168,506		97,970
<b>Financing activities</b>					
Received on trust from third parties	24	9,500,000		-	
Dividends paid		(1,000,000)		-	
<b>Net cash generated from/(used in) financing activities</b>			8,500,000		-
<b>Net increase/(decrease) in cash and cash equivalents</b>			9,686,782		(731,543)
Cash and cash equivalents at beginning of year			8,296,862		9,028,405
<b>Cash and cash equivalents at end of year</b>			17,983,644		8,296,862

# PSD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

##### Company information

PSD Limited is a private company limited by shares incorporated in England and Wales. The registered office is 62 Queen Street, London, United Kingdom, EC4R 1EB.

##### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

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

These financial statements for the year ended 31 December 2022 are the first financial statements of PSD Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 January 2021. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 29.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

PSD Limited is a wholly owned subsidiary of PSD Group Limited and the results of PSD Limited are included in the consolidated financial statements of PSD Group Limited which are available from 62 Queen Street, London EC4R 1EB.

##### 1.2 Going concern

As at 31 December 2022 the Company had cash of £8.4 million and no borrowings. The Directors have prepared base case financial forecasts for the period ending 1 August 2024. Forecast stress testing has demonstrated that the Company could withstand both a material and prolonged decrease in revenue and not require any financial support. On this basis, the Directors have a reasonable expectation that the Company will have sufficient available resources to continue operating for at least 12 months from the approval date of these Financial Statements. Accordingly, the Company continues to adopt the going concern basis in preparing its financial statements. The company has been provided with a letter of support from its parent, PSD Group Limited.

##### 1.3 Turnover

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

Gross fee income is recognised at a point in time when the company 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 costs of advertising the position and candidate research.

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 company'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.

# PSD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 1 Accounting policies

(Continued)

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.

#### 1.4 Intangible fixed assets other than goodwill

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

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

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software licences	15%-33% per annum
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#### 1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	10 years over the period of the lease
Fixtures and fittings	3 years straight line
Computers	3 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.6 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.



## PSD LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand and deposits held at call with banks.

#### 1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

# PSD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 1 Accounting policies

(Continued)

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

The company holds a balance on deposit at a treasury account, whereby the cash is being held on behalf of third parties that are directly linked to the ultimate beneficial owner PJ Hearn. All of the risks and rewards of ownership of the financial assets are transferred to the third party, and so the company will derecognise the asset on the date of transfer.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors and loans from fellow group companies that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

# PSD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 1 Accounting policies

(Continued)

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### **Derecognition of financial liabilities**

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

#### **1.10 Equity instruments**

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

#### **1.11 Taxation**

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

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### **1.12 Provisions**

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

#### **1.13 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

# PSD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 1 Accounting policies

(Continued)

#### 1.14 Leases

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

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### 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.

#### 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.

### 3 Turnover and other revenue

	2022 £	2021 £
<b>Turnover analysed by class of business</b>		
Recruitment consultancy services	11,366,806	9,558,158
	<u>          </u>	<u>          </u>
	2022 £	2021 £
<b>Other revenue</b>		
Interest income	178,577	131,147
	<u>          </u>	<u>          </u>

## PSD LIMITED

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

#### 4 Operating profit

	2022	2021
Operating profit for the year is stated after charging/(crediting):	£	£
Exchange (gains)/losses	(39,217)	25,598
Depreciation of owned tangible fixed assets	113,637	126,779
Amortisation of intangible assets	12,971	20,509
Operating lease charges	672,247	565,769

#### 5 Auditor's remuneration

	2022	2021
Fees payable to the company's auditor and associates:	£	£
<b>For audit services</b>		
Audit of the financial statements of the company	39,340	40,294

#### 6 Employees

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

	2022 Number	2021 Number
Client services	45	48
Administration	19	17
Executive directors	2	2
Total	66	67

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	6,619,239	5,513,233
Social security costs	972,793	917,687
	7,592,032	6,430,920

All staff are employed by PSD Limited but costs relating to a average of 6 employees (2021: 6 employees) have been recharged to PSD Contracts Limited, and an average of 2 employees (2021: 2 employees) have been recharged to Hoggett Bowers Interim Management Limited, based on which company has benefited from their work. The costs retained by PSD Limited as shown in the table above relate to the remaining average 60 employees during the year (2021: 60 employees).

# PSD LIMITED

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

### 7 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	714,215	628,000

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

	2022 £	2021 £
Remuneration for qualifying services	380,257	381,438

### 8 Interest receivable and similar income

	2022 £	2021 £
<b>Interest income</b>		
Interest on bank deposits	159,054	125,094
Interest receivable from group companies	19,523	6,053
Total income	178,577	131,147

	2022 £	2021 £
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	178,577	131,147

### 9 Interest payable and similar expenses

	2022 £	2021 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest payable to group undertakings	188,704	117,890
<b>Other finance costs:</b>		
Other interest	59,478	(1)
	248,182	117,889

### 10 Taxation

	2022 £	2021 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	303,000	218,121

# PSD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 10 Taxation

(Continued)

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

	2022 £	2021 £
Profit before taxation	1,133,129	1,294,187
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	215,295	245,896
Tax effect of expenses that are not deductible in determining taxable profit	71,499	-
Tax effect of income not taxable in determining taxable profit	-	(24,000)
Unutilised tax losses carried forward	-	(33,106)
Permanent capital allowances in excess of depreciation	16,206	14,000
Transition adjustments	-	15,331
Taxation charge for the year	303,000	218,121

### 11 Dividends

	2022 £	2021 £
Interim paid	1,000,000	-

### 12 Intangible fixed assets

	Software licences £
<b>Cost</b>	
At 1 January 2022	443,548
Additions	10,071
Disposals	(359,288)
At 31 December 2022	94,331
<b>Amortisation and impairment</b>	
At 1 January 2022	418,307
Amortisation charged for the year	12,971
Disposals	(359,288)
At 31 December 2022	71,990
<b>Carrying amount</b>	
At 31 December 2022	22,341
At 31 December 2021	25,241

# PSD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 13 Tangible fixed assets

	Leasehold improvements £	Fixtures and fittings £	Computers £	Total £
<b>Cost</b>				
At 1 January 2022	1,290,903	160,281	587,312	2,038,496
Disposals	-	(12,282)	(488,444)	(500,726)
At 31 December 2022	1,290,903	147,999	98,868	1,537,770
<b>Depreciation and impairment</b>				
At 1 January 2022	1,063,830	160,281	584,807	1,808,918
Depreciation charged in the year	112,486	-	1,151	113,637
Eliminated in respect of disposals	-	(12,282)	(488,444)	(500,726)
At 31 December 2022	1,176,316	147,999	97,514	1,421,829
<b>Carrying amount</b>				
At 31 December 2022	114,587	-	1,354	115,941
At 31 December 2021	227,073	-	2,505	229,578

### 14 Fixed asset investments

	Notes	2022 £	2021 £
Investments in subsidiaries	15	2	2

### 15 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Hoggett Bowers Interim Management Limited	62 Queen Street, London, EC4R 1EB	Ordinary	100.00

### 16 Debtors

	2022 £	2021 £
<b>Amounts falling due within one year:</b>		
Trade debtors	1,565,280	2,306,745
Amounts owed by group undertakings	1,642,960	155,990
Other debtors	524,280	163,507
Prepayments and accrued income	1,822,821	1,575,433
	5,555,341	4,201,675



## PSD LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

#### 17 Cash at bank

Cash at bank includes £9.5 million which is held on deposit at a treasury account as described in note 1.9. This balance is also recognised as an other creditor.

#### 18 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	246,417	239,298
Corporation tax	62,114	60,004
Other taxation and social security	443,199	468,691
Other creditors	18,826,794	7,956,670
Accruals and deferred income	1,967,278	1,727,357
	<u>21,545,802</u>	<u>10,452,020</u>

#### 19 Provisions for liabilities

	2022 £	2021 £
Dilapidations	<u>397,100</u>	<u>397,100</u>
Movements on provisions:		<b>Dilapidations</b> £
At 1 January 2022 and 31 December 2022		<u>397,100</u>

#### 20 Retirement benefit schemes

##### Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

#### 21 Share capital

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

#### 22 Profit and loss reserves

The reserves of the Company include retained earnings representing the cumulative profits of the Company.

# PSD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 23 Operating lease commitments

#### Lessee

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

	2022 £	2021 £
Within one year	683,258	733,258
Between two and five years	1,055,430	1,738,687
	<u>1,738,688</u>	<u>2,471,945</u>

### 24 Related party transactions

#### Transactions with related parties

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

	Recharges		Intercompany Interest	
	2022 £	2021 £	2022 £	2021 £
Entities under common control	1,425,317	1,289,000	118,704	117,890
Other related parties	-	-	25,000	25,000
	<u>1,425,317</u>	<u>1,289,000</u>	<u>143,704</u>	<u>142,890</u>

Costs accrued or paid that directly relate to a client service employee are apportioned between the group companies based on the revenue each employee has generated. Other costs that offer benefits to the whole group are apportioned between the group companies based on the number of client service employees.

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 2022 directors fees were charged by OPD Group Limited, a subsidiary of Offerco Limited, for the services of Mr Hearn amounting to £30,000 (2021: £30,000). Of this, £25,000 (2021: £25,000) was recharged to PSD Limited during the year and included in administrative expenses on the Statement of comprehensive income. At the end of the year £nil (2021: £30,000) was outstanding.

	2022 £	2021 £
<b>Amounts due to related parties</b>		
Entities with control, joint control or significant influence over the company	7,500,000	-
Entities under common control	8,945,039	7,506,235
Other related parties	<u>2,000,000</u>	<u>-</u>

During the year OPD Group Limited, a company indirectly controlled by Mr P Hearn, transferred £7.5 million into the company to be held on deposit in a treasury interest bearing account. At the year end the amount included is Other Creditors amounted to £7.5 million.

During the year The Hearn Foundation, a charity in which Mr P Hearn is a Trustee, transferred £2 million into the company to be held on deposit in a treasury interest bearing account. At the year end the amount included is Other Creditors amounted to £2 million.

## PSD LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

#### 24 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

	2022	2021
Amounts due from related parties	£	£
Entities under common control	1,642,960	195,411
Entities over which the entity has control, joint control or significant influence	-	80,000
Key management personnel	50,000	-

#### Other information

The company has provided a guarantee in favour of other UK Group companies to Barclays Bank PLC in relation to a Composite Accounting Agreement in place.

## PSD LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

#### 25 Directors' transactions

##### Directors Loan

During the year a director received an interest free loan. The conditions of the loan state that repayment will only take place as a result of a exit event in the Parent Company to discharge the liability or termination of employment whichever is the earlier of the two.

Description	% Rate	Opening balance £	Amounts advanced £	Closing balance £
Loan	-	-	50,000	50,000
		-	50,000	50,000

#### 26 Ultimate controlling party

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 2022 are consolidated is PSD Group Limited. The accounts of the Group are available from Companies House.

#### 27 Cash generated from/(absorbed by) operations

	2022 £	2021 £
Profit for the year after tax	830,129	1,076,066
<b>Adjustments for:</b>		
Taxation charged	303,000	218,121
Finance costs	248,182	117,889
Investment income	(178,577)	(131,147)
Amortisation and impairment of intangible assets	12,971	20,509
Depreciation and impairment of tangible fixed assets	113,637	126,779
Increase in provisions	-	397,100
<b>Movements in working capital:</b>		
Increase in debtors	(10,853,666)	(1,552,929)
Increase/(decrease) in creditors	11,091,672	(512,266)
<b>Cash generated from/(absorbed by) operations</b>	<b>1,567,348</b>	<b>(239,878)</b>

#### 28 Analysis of changes in net funds

	1 January 2022 £	Cash flows £	31 December 2022 £
Cash at bank and in hand	8,296,862	9,686,782	17,983,644

# PSD LIMITED

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

### 29 Reconciliations on adoption of FRS 102

#### Reconciliation of equity

	Notes	1 January 2021 £	31 December 2021 £
Equity as reported under previous UK GAAP		107,174	1,263,930
Adjustments arising from transition to FRS 102:			
IFRS 16 - rental charge and computer equipment charge	1	(653,221)	(1,205,639)
Transition to FRS 102 - Reversing asset depreciation charge	2	-	414,686
Lease liability and interest	3	1,266,345	1,348,387
Prepayments and accruals	4	107,874	82,874
Equity reported under FRS 102		828,172	1,904,238

#### Reconciliation of profit for the financial period

	Notes	2021 £
Profit as reported under previous UK GAAP		1,156,756
Adjustments arising from transition to FRS 102:		
IFRS 16 - rental charge and computer equipment charge	1	(552,418)
Transition to FRS 102 - Reversing asset depreciation charge	2	414,686
Lease liability and interest	3	82,042
Prepayments and accruals	4	(25,000)
Profit reported under FRS 102		1,076,066

#### Reconciliation of equity

	Notes	At 1 January 2021			At 31 December 2021		
		Previous IFRS £	Effect of transition £	FRS 102 £	Previous IFRS £	Effect of transition £	FRS 102 £
<b>Fixed assets</b>							
Other intangibles		15,826	-	15,826	25,241	-	25,241
Tangible assets	5	2,840,316	(2,487,149)	353,167	2,044,868	(1,815,290)	229,578
Investments		2	-	2	2	-	2
		2,856,144	(2,487,149)	368,995	2,070,111	(1,815,290)	254,821
<b>Current assets</b>							
Debtors	5	2,540,536	255,600	2,796,136	4,030,719	170,956	4,201,675
Bank and cash		9,028,405	-	9,028,405	8,296,862	-	8,296,862
		11,568,941	255,600	11,824,541	12,327,581	170,956	12,498,537

# PSD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 29 Reconciliations on adoption of FRS 102

(Continued)

		At 1 January 2021			At 31 December 2021		
	Notes	Previous IFRS £	Effect of transition £	FRS 102 £	Previous IFRS £	Effect of transition £	FRS 102 £
<b>Creditors due within one year</b>							
Finance leases	5	-	-	-	(746,178)	746,178	
Taxation		(890,560)	-	(890,560)	(528,695)	-	(528,695)
Other creditors	5	(10,013,722)	(63,082)	(10,076,804)	(9,954,664)	31,339	(9,923,325)
		(10,904,282)	(63,082)	(10,967,364)	(11,229,537)	777,517	(10,452,020)
Net current assets		664,659	192,518	857,177	1,098,044	948,473	2,046,517
Total assets less current liabilities		3,520,803	(2,294,631)	1,226,172	3,168,155	(866,817)	2,301,338
<b>Creditors due after one year</b>							
Finance leases	5	(3,100,000)	3,100,000	-	(1,591,496)	1,591,496	-
<b>Provisions for liabilities</b>							
Deferred tax	5	(313,629)	(84,371)	(398,000)	84,371	(84,371)	-
Other provisions		-	-	-	(397,100)	-	(397,100)
		(313,629)	(84,371)	(398,000)	(312,729)	(84,371)	(397,100)
Net assets		107,174	720,998	828,172	1,263,930	640,308	1,904,238
<b>Capital and reserves</b>							
Share capital		100	-	100	100	-	100
Profit and loss	5	107,074	720,998	828,072	1,263,830	640,308	1,904,138
Total equity		107,174	720,998	828,172	1,263,930	640,308	1,904,238

### Notes to reconciliations on adoption of FRS 102

#### IFRS 16 - Impact in transition to FRS102

The impact on transition from IFRS to FRS102 solely relates to the reversal of IFRS16 Leases. The effect of transition on the balance sheet removes the ROU Asset and Finance Lease current and long term liability, including any prepayments and accruals arising. The profit and loss impact on transition removes the depreciation and interest charges under IFRS16 which is adjusted to include the rental charge under FRS102.

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