

Barker Ross Staffing Solutions Ltd

Registered number: 02234535

Directors' report and financial statements

For the year ended 30 November 2019

BARKER ROSS STAFFING SOLUTIONS LTD

COMPANY INFORMATION

Directors	P A Ross T Sutcliffe E C Tillotson
Company secretary	S Rahman
Registered number	02234535
Registered office	Mercury Place 11 St. George Street Leicester Leicestershire LE1 1QG
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor 6 Dominus Way Meridian Business Park Leicester LE19 1RP

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**STRATEGIC REPORT
FOR THE YEAR ENDED 30 NOVEMBER 2019**

Business review

The turnover for the year was £38.6m (2018: £38.4m) and is in line with director's expectations. The company continued to focus on core specialist areas which has helped strengthen the business' position in the industrial sector. The operating profit was £306,275 (2018: £292,584).

The KPI's that the business tracks are GP% (10.3% compared to 10.9%), return on GP (4.2% compared to 3.8% last year), GP per sales head of £77,837 (2018: £86,926) and debtor days of 54 (2018: 65).

Whilst economic conditions have continued to be challenging across the industry and broader economy as a whole, the strategy has continued to be to grow the business within the existing branch network.

Overall strategy

The company has continued its strategy of organic growth and in 2018/19 whilst there hasn't been a significant increase in revenue, the company has retained its major clients as well as achieving new business wins.

Future developments

The directors believe the company is in a strong position to achieve continued growth and profitability.

Financial risk management objectives and policies**Credit risk**

The maximum exposure to credit risk of the financial assets is the carrying amount shown on the balance sheet. Management monitors customers and trade/other debtors to avoid significant credit risks with the result that the company's exposure to bad debt is not significant.

It is the company's policy that all clients who wish to trade on credit terms are subject to credit verification procedures. In addition, the company has a credit insurance policy in place.

Liquidity risk

The company has an excellent relationship with its bankers. The company seeks to manage liquidity risk by ensuring sufficient liquidity is available to meet its foreseeable needs. This is primarily achieved through trading activities and intercompany accounts.

Interest rate risk

The company's funding is provided by an invoice financing facility with a variable interest rate. This facility has fixed and floating charges.

Major failure of IT systems

The company is reliant on its IT systems to carry out its day to day processes.

The company has a robust disaster recovery plan in place in the event of a major internal failure of its IT systems and a dual redundancy server environment.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 NOVEMBER 2019

Competition

The company operates in the recruitment services sector where there are a significant number of competitors and barriers to entry are relatively low. To counter the threat of competitors seeking to win business from us the company aims to build strong long term relationships with its customers through excellent service levels and through its rigorous selection and checking procedures which ensure that all contractors provided by the company are fully compliant with the legal requirements.

Legislative framework

Continued changes to the legislative framework in which the company operates presents an exposure to third party liabilities for failing to adhere to the relevant statutes. The business manages this risk by keeping up to date on all changes to the law and ensuring internal procedures are amended in a timely manner, backed up by rigorous internal audit to ensure high standards and the company's professional reputation are maintained. As a consequence of this the directors are confident of future prospects.

Uncertainties and Brexit

The exit of the UK from the EU may impact the company in both positive and negative ways. The core business model, with its diversified market coverage including food production, warehousing and logistics is considered relatively defensive as it is not solely reliant on one sector.

The company has a largely EU temporary workforce and will be proactive during the transition period in keeping them up to date with their rights and how to remain in the UK post-Brexit. The company is also liaising with EU agencies with a specific focus on Eastern Europe to assist with the search and selection of suitable candidates.

Changes to the IR35 off-payroll rules within the private sector are not expected to have major implications on the company as the majority of the temporary workforce are employed under the PAYE scheme. Where the company does engage with PSC's, the company intends to manage the risk by utilising Umbrella company services so that the company are not classified as the fee payer and therefore will not be liable for non-compliance.

Onerous changes in the regulatory framework, driven by potential European or UK legislation could lead to greatly increased employment costs which might lead to a reduction in demand for our temporary workers.

Coronavirus and the COVID-19 pandemic

The directors have successfully managed the business through the first wave of COVID-19. They have actively analysed the possible consequences of a second wave whilst directing the company's response to mitigate these risks. Throughout this challenging time their principal objectives are to protect the health and safety of personnel in the performance of their duties, and ensure the continuity of operations. The directors are confident and committed to managing the company in order to safeguard the financial position and develop new opportunities should they arise.

Going concern

The directors consider that the company has adequate resources to continue in operational existence for the foreseeable future. Potential sources of uncertainty noted by the directors include Coronavirus and the COVID-19 pandemic. At the date of this report it is not possible to reliably determine the effects that a second wave will have on the company. The directors have continued to prepare the financial statements on the going concern basis, based on the data and actions taken from the first wave of COVID-19.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 NOVEMBER 2019

Post balance sheet events

Between the year end and the date of this report, Coronavirus and the COVID-19 pandemic emerged globally and has therefore been treated as a non-adjusting post balance sheet event.

This report was approved by the board and signed on its behalf.

P A Ross
Director

Date: 26 October 2020

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 NOVEMBER 2019**

The directors present their report and the financial statements for the year ended 30 November 2019.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, the 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 ("FRS 102") 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the company's financial statements 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 to 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.

Principal activity

The principal activity of the company during the year continued to be that of a recruitment business and recruitment agency providing temporary and permanent labour for the industrial sector, including food and logistics.

Results and dividends

The profit for the year, after taxation, amounted to £167,467 (2018 - £160,383).

During the year the company paid dividends totalling £152,602 (2018 - £215,104).

Directors

The directors who served during the year were:

P A Ross
T Sutcliffe
E C Tillotson
C A Bagguley (resigned 28 November 2019)

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 NOVEMBER 2019

Matters covered by the strategic report

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-Sized Companies and Groups (Accounts and reports) Regulations 2008 certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report on page 1.

Employee involvement

Employees are kept aware of developments within the company by regular briefings, team meetings and newsletters.

It is the policy of the company to encourage and develop all members of staff to realise their maximum potential. Wherever possible, vacancies are filled from within the company and adequate opportunities for internal promotion are created. The board is committed to a systematic training policy and the company has a comprehensive training and development programme creating the opportunity for employees to maintain and improve their performance and to develop their potential to a maximum level of attainment. In this way, staff will make their best possible contribution to the organisation's success. The company supports the principle of equal opportunities in employment and opposes all forms of unlawful or unfair discrimination on the grounds of race, age, nationality, religion, ethnic or national origin, sexual orientation, gender or gender reassignment, marital status or disability.

Disabled persons

It is the company's policy to give full and fair consideration to suitable applications for employment from disabled persons. Once employed, disabled persons receive equal opportunities for training, career development and promotion. Opportunities exist for employees of the company who become disabled to continue their employment or to be trained for other positions within the company.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

P A Ross
Director

Date: 26 October 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARKER ROSS STAFFING SOLUTIONS LTD

Opinion

We have audited the financial statements of Barker Ross Staffing Solutions Ltd (the 'company') for the year ended 30 November 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity 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 United Kingdom Accounting Standards, including FRS 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 30 November 2019 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.

Emphasis of matter – Impact of the outbreak of COVID-19 on the financial statements

In forming our opinion on the company financial statements, which is not modified, we draw your attention to the directors' view on the impact of the COVID-19 as disclosed on page 2, and the consideration in the going concern basis of preparation on page 12 and the non-adjusting post balance sheet events note on page 24.

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19, The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK.

The full impact following the recent emergence of the COVID-19 is still unknown. It is therefore not currently possible to evaluate all the potential implications to the company's trade, customers, suppliers and the wider economy.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARKER ROSS STAFFING SOLUTIONS LTD

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.

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 have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARKER ROSS STAFFING SOLUTIONS LTD

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 3, 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 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.

Use of the audit 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.

Stephen English (Senior Statutory Auditor)

for and on behalf of:

Mazars LLP

Chartered Accountants and Statutory Auditor

6 Dominus Way

Meridian Business Park

Leicester

LE19 1RP

26 October 2020

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 NOVEMBER 2019**

	Note	2019 £	2018 £
Turnover	4	38,555,465	38,413,756
Cost of sales		(34,585,753)	(34,241,319)
Gross profit		<u>3,969,712</u>	<u>4,172,437</u>
Administrative expenses		(3,663,437)	(3,879,853)
Operating profit	5	306,275	292,584
Interest receivable and similar income	10	731	205
Interest payable and expenses	11	(114,011)	(107,407)
Profit before tax		<u>192,995</u>	<u>185,382</u>
Tax on profit	12	(25,528)	(24,999)
Profit for the financial year		<u><u>167,467</u></u>	<u><u>160,383</u></u>

There was no other comprehensive income for 2019 (2018:£NIL).

The notes on pages 12 to 24 form part of these financial statements.

BALANCE SHEET
AS AT 30 NOVEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	14	55,209	94,205
Tangible assets	15	99,248	133,595
		<u>154,457</u>	<u>227,800</u>
Current assets			
Debtors	16	9,114,140	10,330,404
Cash at bank and in hand	17	649	10,045
		<u>9,114,789</u>	<u>10,340,449</u>
Creditors: amounts falling due within one year	18	(8,172,077)	(9,485,945)
Net current assets		<u>942,712</u>	<u>854,504</u>
Net assets		<u><u>1,097,169</u></u>	<u><u>1,082,304</u></u>
Capital and reserves			
Called up share capital	19	25,000	25,000
Profit and loss account	20	1,072,169	1,057,304
		<u><u>1,097,169</u></u>	<u><u>1,082,304</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

P A Ross
Director

Date: 26 October 2020

The notes on pages 12 to 24 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 NOVEMBER 2019**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 December 2018	25,000	1,057,304	1,082,304
Profit for the year	-	167,467	167,467
Dividends	-	(152,602)	(152,602)
At 30 November 2019	<u>25,000</u>	<u>1,072,169</u>	<u>1,097,169</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 NOVEMBER 2018**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 December 2017	25,000	1,112,025	1,137,025
Profit for the year	-	160,383	160,383
Dividends	-	(215,104)	(215,104)
At 30 November 2018	<u>25,000</u>	<u>1,057,304</u>	<u>1,082,304</u>

The notes on pages 12 to 24 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019**

1. General information

Barker Ross Staffing Solution Ltd is a private limited liability company incorporated in England and Wales. The registered office and registered number are noted on the company information page. The principal activity of the company during the year continued to be that of a recruitment business and recruitment agency providing temporary and permanent labour for the industrial sector, including food and logistics.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102 ("FRS 102"), the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The functional and presentational currency of the company during the year was Pound Sterling (£).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A.

This information is included in the consolidated financial statements of Barker Ross Group Limited, the parent undertaking as at 30 November 2019 and these financial statements may be obtained from Companies House.

2.3 Going concern

The directors consider that the company has adequate resources to continue in operational existence for the foreseeable future. Potential sources of uncertainty noted by the directors include Coronavirus and the COVID-19 pandemic. At the date of this report it is not possible to reliably determine the effects that a second wave will have on the company. The directors have continued to prepare the financial statements on the going concern basis, based on the data and actions taken from the first wave of COVID-19.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019**

2. Accounting policies (continued)

2.4 Turnover

Turnover from the provision of temporary workers is recognised at the end of the completed working week based on the hours worked multiplied by the contract rate, net of rebates.

Turnover from permanent placements is recognised when the candidate commences their new employment.

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

2.5 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life.

Amortisation is provided on the following annual basis:

Computer software	-	33 % straight line on cost
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2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following annual basis:

Motor vehicles	-	25%
Fixtures and fittings	-	20% - 25%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at transaction value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019**

2. Accounting policies (continued)

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.9 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at transaction value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

The company is part of the Barker Ross Group Limited group invoice discounting facility whereby debts are factored with recourse. Trade debtors are reported gross and cash advances from the factor as shown within creditors.

2.11 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.12 Operating leases

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019**

2. Accounting policies (continued)

2.13 Pensions

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

2.14 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

2.15 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

2.16 Borrowing costs

All borrowing costs are recognised in the statement of comprehensive income in the year in which they are incurred.

2.17 Taxation

Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements had the most significant effect on amounts recognised in the financial statements:

(i) Trade debtors

An allowance for doubtful debts is maintained for estimated losses resulting from the inability of the company's customers to make required payments.

(ii) Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement.

(iii) Going concern

The directors' assessment of going concern is outlined in note 2.3.

4. Turnover

Turnover is wholly attributable to the principal activity of the company and arose in the United Kingdom.

5. Operating profit

The operating profit is stated after charging/(crediting):

	2019 £	2018 £
Depreciation of tangible fixed assets	23,232	35,471
Amortisation of intangible assets	51,701	52,089
Other operating lease rentals	<u>232,078</u>	<u>235,362</u>

6. Auditor's remuneration

	2019 £	2018 £
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	<u>14,108</u>	<u>13,844</u>

The company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019**

7. Employees - permanent workers

	2019	2018
	£	£
Wages and salaries	2,357,866	2,190,732
Social security costs	219,634	206,702
Defined contribution pension cost	67,780	52,063
	<u>2,645,280</u>	<u>2,449,497</u>

The average monthly number of permanent employees, including the directors, during the year was as follows:

	2019	2018
	No.	No.
Sales	51	48
Administration	41	39
	<u>92</u>	<u>87</u>

8. Employees - temporary workers

Included in cost of sales are temporary workers' remuneration paid through the company's payroll as follows:

	2019	2018
	£	£
Wages and salaries	32,303,277	32,342,450
Social security costs	1,897,800	1,877,219
Defined contribution pension cost	270,923	173,230
	<u>34,472,000</u>	<u>34,392,899</u>

The average number of temporary workers contracted by the company during the year was:

	2019	2018
	No.	No.
Temporary workers	<u>2,055</u>	<u>2,149</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019**

9. Directors' remuneration

	2019	2018
	£	£
Directors' emoluments	339,100	343,745
Company contributions to defined contribution pension schemes	37,919	36,191
	<u>377,019</u>	<u>379,936</u>

During the year retirement benefits were accruing to 4 directors (2018 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration, excluding pension contributions, of £127,404 (2018 - £138,994).

The value of the company's contributions paid to a defined benefit pension scheme in respect of the highest paid director amounted to £25,160 (2018 - £24,679).

10. Interest receivable

	2019	2018
	£	£
Bank interest	731	205
	<u>731</u>	<u>205</u>

11. Interest payable and similar expenses

	2019	2018
	£	£
Bank interest	6,565	1,119
Invoice discounting charges	107,446	106,288
	<u>114,011</u>	<u>107,407</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019

12. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	25,528	-
Adjustments in respect of previous periods	-	16,906
Total current tax	<u>25,528</u>	<u>16,906</u>
Deferred tax		
Origination and reversal of timing differences	-	8,093
Total deferred tax	<u>-</u>	<u>8,093</u>
Taxation on profit on ordinary activities	<u>25,528</u>	<u>24,999</u>

Factors affecting tax charge for the year

The tax assessed for the year is different to the standard rate of corporation tax in the UK. The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>192,995</u>	<u>185,382</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19%)	36,669	35,223
Effects of:		
Expenses not deductible for tax purposes	7,040	17,285
Adjustments to tax charge in respect of previous periods	-	16,906
Deferred tax not recognised	(8,031)	34,919
Group relief	(10,150)	(79,334)
Total tax charge for the year	<u>25,528</u>	<u>24,999</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019

13. Dividends

	2019 £	2018 £
Dividends paid	152,602	215,104
	<u>152,602</u>	<u>215,104</u>

14. Intangible assets

	Computer software £
Cost	
At 1 December 2018	329,402
Additions	12,705
At 30 November 2019	<u>342,107</u>
Amortisation	
At 1 December 2018	235,197
Charge for the year	51,701
At 30 November 2019	<u>286,898</u>
Net book value	
At 30 November 2019	<u>55,209</u>
At 30 November 2018	<u>94,205</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019

15. Tangible fixed assets

	Motor vehicles	Fixtures and fittings	Total
	£	£	£
Cost			
At 1 December 2018	17,100	551,413	568,513
Additions	-	14,768	14,768
At 30 November 2019	17,100	566,181	583,281
Depreciation			
At 1 December 2018	1,315	433,603	434,918
Charge for the year	4,357	44,758	49,115
At 30 November 2019	5,672	478,361	484,033
Net book value			
At 30 November 2019	11,428	87,820	99,248
At 30 November 2018	15,785	117,810	133,595

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019**

16. Debtors

	2019	2018
	£	£
Trade debtors	5,742,760	6,848,040
Amounts owed by group undertakings	2,237,920	2,338,929
Other debtors	948,212	995,930
Prepayments	185,248	147,505
	<u>9,114,140</u>	<u>10,330,404</u>

17. Cash and cash equivalents

	2019	2018
	£	£
Cash at bank and in hand	649	10,045
Less: bank overdrafts	(30,252)	(39,933)
	<u>(29,603)</u>	<u>(29,888)</u>

18. Creditors: Amounts falling due within one year

	2019	2018
	£	£
Bank overdrafts (note 21)	30,252	39,933
Trade creditors	161,949	112,518
Amounts owed to group undertakings	219,526	142,018
Corporation tax	25,528	-
Other taxation and social security	1,700,874	1,746,551
Invoice financing facility (note 21)	4,575,113	5,750,231
Other creditors	176,246	191,627
Accruals and deferred income	1,217,038	1,390,203
Director's loans	65,551	112,864
	<u>8,172,077</u>	<u>9,485,945</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019**

19. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
1,250 (2018 - 1,250) Ordinary shares of £1 each	1,250	1,250
22,500 (2018 - 22,500) Ordinary A shares of £1 each	22,500	22,500
625 (2018 - 625) Ordinary B shares of £1 each	625	625
625 (2018 - 625) Ordinary C shares of £1 each	625	625
	<hr/>	<hr/>
	<u>25,000</u>	<u>25,000</u>

The holders of the Ordinary A shares shall have the right to appoint a director and meetings of the directors shall not be quorate unless such a director is present. The Ordinary B shares, Ordinary C shares and Ordinary shares shall rank pari passu in all other respects to the Ordinary A shares.

20. Reserves**Profit and loss account**

The profit and loss account contains all current and prior period retained profit and losses.

21. Contingent liabilities

The bank overdraft is secured by an unlimited multilateral guarantee in place between the company, Barker Ross Recruitment Limited and Cardea Resourcing Limited, both fellow subsidiary undertakings, and by a debenture including a fixed and floating charge over the assets of the company. At the balance sheet date, the total amounts due across all three companies were £30,252 (2018 - £39,933) covered by this guarantee.

The invoice financing facility is secured on the trade debtors of the company and the trade debtors of Barker Ross Recruitment Limited and Cardea Resourcing Limited. At the balance sheet date, the total amounts due under this facility across all three companies were £6,617,770 (2018 - £7,670,820).

22. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £338,703 (2018 - £225,293). The pension liability at the year end was £220,651 (2018 - £46,907).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019**

23. Commitments under operating leases

At 30 November 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	210,573	215,345
Later than 1 year and not later than 5 years	520,673	352,865
Later than 5 years	41,916	102,462
	<u>773,162</u>	<u>670,672</u>

24. Related party transactions

At 30 November 2019, there were loan account balances amounting to £22,102 due to P A Ross (2018 - £14,002), £3,854 due to T Sutcliffe (2018 - £17,613), £39,595 due to E Tillotson (2018 - £47,274), and £Nil due to C Bagguley (2018 - £33,975) all of whom are/were directors of the company and served during the year.

At 30 November 2019 the company was owed £1,255 (2018 - £2,083) from Barker Ross Group Limited, the parent company, £2,236,665 (2018 - £2,336,846) from Cardea Resourcing Limited, a fellow subsidiary and owed £219,526 (2018 - £142,018) to Barker Ross Recruitment Limited, a fellow subsidiary.

The Directors consider themselves to be the key management personnel of the Company.

25. Post balance sheet events

Between the year end and the date of this report, Coronavirus and the COVID-19 pandemic emerged globally and has therefore been treated as a non-adjusting post balance sheet event. For more detail regarding the directors' view of this event please refer to the strategic report.

26. Parent undertaking and controlling party

The company's parent undertaking is Barker Ross Group Limited, a company incorporated in England and Wales. The company's controlling party is P A Ross by virtue of his controlling interest in the issued equity share capital of Barker Ross Group Limited. The largest and smallest group of undertakings for which group accounts have been drawn up including these accounts, is headed by Barker Ross Group Limited. Copies of the group financial statements are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

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