

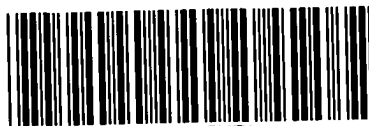
**SMART SOLUTIONS (RECRUITMENT)
LIMITED**

**Annual report and consolidated
financial statements**

Registered number 6421189

31 July 2016

FRIDAY



A65BYFNE

A32

28/04/2017

#216

COMPANIES HOUSE

Contents

Company Information	1
Strategic Report	2
Report of the Directors	3
Independent Auditor's Report to the Members of Smart Solutions (Recruitment) Limited	4
Consolidated Profit and Loss Account	6
Consolidated Balance Sheet	7
Company Balance Sheet	8
Statement of Changes in Equity	9
Consolidated Cash Flow Statement	10
Notes to the financial statements	11

Company Information

DIRECTORS: Mr N I Bowles
Mr J Hope-Bell

SECRETARY: Mr N I Bowles

REGISTERED OFFICE: Raleigh House
Unit 3 Langstone Business Park
Langstone Park
Newport
South Wales
NP18 2LH

REGISTERED NUMBER: 6421189 (England and Wales)

AUDITOR: KPMG LLP
3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX

BANKERS: Lloyds TSB
1 Gwent Square
Cwmbran
Torfaen
NP44 1XN

Strategic Report

The directors present the strategic report for the year ended 31 July 2016.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the Group in the year under review was that of a recruitment agency.

As shown in the Group's profit and loss account on page 6, the Group's sales have increased by £11m (2015: increase of £22.5m) representing a 14% increase over the previous year (2015: 40% increase).

Administrative expenses increased by £1.8m representing a 17% increase over the previous year. The increase in overheads is a result of acquired businesses and their integration, new staff, staff development, expense on system development, developing client relationships and significant expense on the development of enhanced client service offerings.

Due to the significant investment noted above the profit before taxation was 52% down on the prior year at £0.5m (2015: £1.0m).

The group's balance sheet as detailed on page 7 shows a good position, shareholders' funds amounting to £2.6m (2015: £3.5m).

Principal risks and uncertainties

The key business risks affecting the Group are considered to relate to uncertainties in the employment market. The directors have reviewed the cash position of the Group and the company's forecasts at the date of signing the accounts and the Group is expected to be cash generative for the forthcoming year and beyond. As a consequence the directors believe the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors continually review the financial risks to which the Group is exposed and consider the main financial risk to the business to be in the form of bad and doubtful debts. To help mitigate this risk, the Group has continued to strengthen its already stringent credit control and financial management processes.

Results and Dividends

The profit for the year after taxation was £0.2m (2015: £0.7m). A dividend of £1.1m was voted and paid during the year. The directors have proposed a further dividend of £0.6m (2015: £Nil).

Future prospects

The directors are encouraged by the Group's start to the 2017 financial year with further successes of gaining significant contracts. They are particularly encouraged by the improvements in client service offering arising out of the system and process developments undertaken in the year.

ON BEHALF OF THE BOARD:



Mr NI Bowles - Director

Date: 27th April 2017

Report of the Directors

The directors present their report with the audited financial statements of the group for the year ended 31 July 2016.

DIRECTORS

The Directors who served the company during the year, and since the year end, were as follows

Mr N I Bowles

Mr J Hope-Bell

Mr J Jones (Resigned 5th December 2015)

Mr J Price (Resigned 5th December 2015)

Mr P Ragan (Resigned 5th December 2015)

Mr C Raybould (Resigned 5th December 2015)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, Report of the Directors 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 they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including 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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor is unaware, and the directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

AUDITOR

KPMG LLP is deemed to be re-appointed under section 487(2) of the Companies Act 2006.

ON BEHALF OF THE BOARD:



Mr N I Bowles - Director

Date: 27th April 2017



KPMG LLP
3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX
United Kingdom

Independent Auditor's Report to the Members of Smart Solutions (Recruitment) Limited

We have audited the financial statements of Smart Solutions (Recruitment) Limited for the year ended 31 July 2016 set out on pages 6 to 27. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

Respective responsibilities of directors and auditor

As explained more fully in the 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. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 July 2016 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent Auditor's Report to the Members of Smart Solutions (Recruitment) Limited *(continued)*

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Emma Holiday (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX

28 April 2017

Consolidated Profit and Loss Account
for the year ended 31 July 2016

	<i>Note</i>	2016 £	2015 £
Turnover	2	89,508,768	78,497,220
Cost of sales		(76,385,157)	(66,727,943)
Gross profit		13,123,611	11,769,277
Administrative expenses		(12,512,103)	(10,738,959)
Operating profit	3	611,508	1,030,318
Interest payable and similar charges	5	(119,035)	(2,326)
Profit on ordinary activities before taxation		492,473	1,027,992
Tax on profit on ordinary activities	6	(257,207)	(283,027)
Profit for the financial year		235,266	744,965

All activities derive from continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account in either year.

The notes on pages 11 to 27 form part of these financial statements.

Consolidated Balance Sheet
for the year ended 31 July 2016

	Note	2016 £	2015 £
Fixed assets			
Goodwill	9	94,250	152,808
Intangible assets	9	1,201,159	1,570,746
Tangible assets	10	642,229	463,984
		<u>1,937,638</u>	<u>2,187,538</u>
Current assets			
Debtors	11	20,162,084	18,059,471
Cash at bank		745,622	739,921
		<u>20,907,706</u>	<u>18,799,392</u>
Creditors			
Amounts falling due within one year	12	(19,593,036)	(17,362,231)
Net current assets		<u>1,314,670</u>	<u>1,437,161</u>
Total assets less current liabilities		<u>3,252,308</u>	<u>3,624,699</u>
Creditors			
Amounts falling due after more than one year	13	(570,971)	(91,715)
Provisions for liabilities	16	(73,951)	(60,864)
Net assets		<u>2,607,386</u>	<u>3,472,120</u>
Capital and reserves			
Called up share capital	17	26,667	26,667
Share premium		91,111	91,111
Capital redemption reserve		62,222	62,222
Profit and loss account		2,427,386	3,292,120
Shareholders' funds		<u>2,607,386</u>	<u>3,472,120</u>

The notes on pages 11 to 27 form part of these financial statements.

The financial statements of Smart Solutions (Recruitment) Limited, registered number 6421189, were approved by the Board of Directors on 27th April 2017 and were signed on its behalf by:



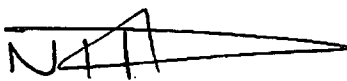
Mr NI Bowles - Director

Company Balance Sheet
for the year ended 31 July 2016

	Note	2016 £	2015 £
Fixed assets			
Investments	8	2,024,526	2,297,556
Tangible assets	10	596,177	403,696
		<u>2,620,703</u>	<u>2,701,252</u>
Current assets			
Debtors	11	20,313,919	16,475,942
Cash at bank		710,058	721,221
		<u>21,023,977</u>	<u>17,197,163</u>
Creditors			
Amounts falling due within one year	12	(20,296,150)	(15,988,335)
		<u>727,827</u>	<u>1,208,828</u>
Net current assets			
		<u>3,348,530</u>	<u>3,910,080</u>
Total assets less current liabilities			
Creditors			
Amounts falling due after more than one year	13	(570,971)	(91,715)
Provisions for liabilities	16	(69,029)	(55,942)
		<u>2,708,530</u>	<u>3,762,423</u>
Net assets			
		<u>2,708,530</u>	<u>3,762,423</u>
Capital and reserves			
Called up share capital	17	26,667	26,667
Share premium		91,111	91,111
Capital redemption reserve		62,222	62,222
Profit and loss account		2,528,530	3,582,423
		<u>2,708,530</u>	<u>3,762,423</u>
Shareholders' funds			
		<u>2,708,530</u>	<u>3,762,423</u>

The notes on pages 11 to 27 form part of these financial statements.

The financial statements of Smart Solutions (Recruitment) Limited, registered number 6421189, were approved by the Board of Directors on 27th April 2017 and were signed on its behalf by:



Mr N I Bowles – Director

Statement of Changes in Equity

GROUP	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total equity £
Balance at 1 August 2014	26,667	91,111	62,222	2,547,155	2,727,155
Profit or loss	-	-	-	744,965	744,965
Total comprehensive income for the period	-	-	-	744,965	744,965
Dividends	-	-	-	-	-
Total distributions to owners	-	-	-	-	-
Balance at 31 July 2015	26,667	91,111	62,222	3,292,120	3,472,120
Balance at 1 August 2015	26,667	91,111	62,222	3,292,120	3,472,120
Profit or loss	-	-	-	235,266	235,266
Total comprehensive income for the period	-	-	-	235,266	235,266
Dividends	-	-	-	(1,100,000)	(1,100,000)
Total distributions to owners	-	-	-	(1,100,000)	(1,100,000)
Balance at 31 July 2016	26,667	91,111	62,222	2,427,386	2,607,386
COMPANY	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total equity £
Balance at 1 August 2014	26,667	91,111	62,222	2,547,155	2,727,155
Profit or loss	-	-	-	1,035,268	1,035,268
Total comprehensive income for the period	-	-	-	1,035,268	1,035,268
Dividends	-	-	-	-	-
Total distributions to owners	-	-	-	-	-
Balance at 31 July 2015	26,667	91,111	62,222	3,582,423	3,762,423
Balance at 1 August 2015	26,667	91,111	62,222	3,582,423	3,762,423
Profit or loss	-	-	-	46,107	46,107
Total comprehensive income for the period	-	-	-	46,107	46,107
Dividends	-	-	-	(1,100,000)	(1,100,000)
Total distributions to owners	-	-	-	(1,100,000)	(1,100,000)
Balance at 31 July 2016	26,667	91,111	62,222	2,528,530	2,708,530

Consolidated Cash Flow Statement
for the year ended 31 July 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Profit for the year		235,266	744,965
Adjustments for:			
Depreciation		179,571	168,068
Amortisation/Impairment		468,145	288,305
Interest payable and similar charges		119,035	2,326
Taxation		257,207	283,027
Loss/(Profit) on disposal of fixed assets		-	1,235
		<u>1,259,224</u>	<u>1,487,926</u>
Increase in debtors		(1,728,494)	(4,998,372)
Increase/(decrease) in creditors		<u>1,149,416</u>	<u>1,909,755</u>
		680,146	(1,600,691)
Dividends paid		(1,100,000)	-
Interest paid		(119,035)	(2,326)
Tax paid		<u>(1,332,832)</u>	<u>(79,638)</u>
Net cash outflow from operating activities		(1,871,721)	(1,682,655)
Cash flows from investing activities			
Proceeds from sale of tangible assets		-	2,500
Acquisition of tangible fixed assets		(357,816)	(259,691)
Payments to acquire subsidiaries		(40,000)	(2,297,556)
Net bank balances acquired with subsidiaries		-	409,057
Net cash from investing activities		(397,816)	(2,145,690)
Cash flows from financing activities			
Movement on invoice discounting facility		801,770	3,707,251
Capital element of hire purchase		212,335	42,266
Capital element of loan		<u>1,261,133</u>	<u>-</u>
Net cash from financing activities		2,275,238	3,749,517
Net increase/(decrease) in cash and cash equivalents		5,701	(78,828)
Cash and cash equivalents at 1 st August		<u>739,921</u>	<u>818,749</u>
Cash and cash equivalents at 31st July		745,622	739,921

Notes to the Financial Statements

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Smart Solutions (Recruitment) Limited is a company limited by shares and incorporated and domiciled in the UK.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling.

In the transition to FRS 102 from old UK GAAP, the Group has made measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected financial position and financial performance of the Group is provided in note 23.

In the transition to FRS 102 from old UK GAAP, the Company has made no measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected financial position and financial performance of the Company is provided in note 23.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included a second time.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. On first time adoption of FRS 102, the Group has retrospectively changed its accounting under old UK GAAP.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards. The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 2. The director believes that that the company is well placed to manage its business risks successfully. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 July 2016. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

Notes (continued)

1. ACCOUNTING POLICIES (continued)

Turnover

Turnover represents amounts (excluding value added tax) derived from the provision of services to customers. Revenue on temporary placements is recognised over the period of the placement.

Goodwill and intangible assets

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions made up to 31 July 2016 is capitalised. In line with FRS 102, an element of the goodwill value that can be identified as directly attributable to a particular contract/contracts, has been re-analysed within intangibles and separately disclosed as 'Contracts' within the intangible assets note. The period over which the goodwill and contracts are being written off has been reviewed, and this has been reduced from 10 years to 5 years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset, less its estimated residual value, over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Improvements to property	- 20% on cost
Fixtures and fittings	- 20% on cost
Motor vehicles	- 20% on cost
Computer equipment	- 20% on cost

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter. The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability. Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

Notes (continued)

1. ACCOUNTING POLICIES (continued)

Government grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate.

Loans and borrowings

The interest element of loans is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs.

Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Operating leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Dividends on shares presented within shareholders' funds

Dividends are only recognised as a liability at that date to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

2. TURNOVER

The total turnover of the company for the year has been derived from its principal activities, wholly undertaken in the United Kingdom.

Segmental information

	Recruitment	Training	Consolidation	Total
Turnover				
Sales to third parties	88,029,836	1,478,932	-	89,508,768
Inter-segmental sales	111,376	-	(111,376)	-
	<u>88,141,212</u>	<u>1,478,932</u>	<u>(111,376)</u>	<u>89,508,768</u>
Total sales	<u>88,141,212</u>	<u>1,478,932</u>	<u>(111,376)</u>	<u>89,508,768</u>

3. OPERATING PROFIT

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

	2016 £	2015 £
Depreciation - owned assets	169,906	165,985
Depreciation - assets on hire purchase contracts	9,665	2,084
Grant amortisation	(20,000)	(20,000)
Intangible assets amortisation	382,039	288,305
Intangible assets impairment	86,106	-
Pension costs	143,692	125,518
(Profit)/Loss on disposal of fixed assets	-	1,235
Operating lease rentals		
- other	37,484	16,080
- land and buildings	175,989	152,440
Audit fees	26,000	26,000
Other amounts paid to the auditor - taxation	4,000	4,000
Other amounts paid to the auditor - other assurance services	-	106,685

Notes (continued)

4. EMPLOYEES

Number of employees

The average number of employees during the year was;

	2016 Number	2015 Number
Management	10	12
Finance, marketing, sales, HR and IT	41	29
Consultants	177	151
	228	192

Directors' emoluments

	2016 £	2015 £
Salary	473,957	497,553
Pension costs	50,000	50,000
	523,957	547,553

The aggregate of remuneration of the highest paid director was £264,000 (2015: £340,000) and company pension contributions of £50,000 (2015: £50,000).

Employment costs (including directors)

	2016 £	2015 £
Wages and salaries	7,368,252	6,192,797
Social security costs	675,071	591,584
Other pension costs	143,692	125,518
	8,187,015	6,909,899

Defined contribution pension scheme

The company and its subsidiary Smart Training Development Limited each operate a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company and its subsidiary to their schemes of £143,692 (2015: £125,518). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

5. INTEREST PAYABLE

	2016 £	2015 £
Hire purchase interest	11,353	1,972
Loan interest	26,381	-
Other interest	81,301	354
	119,035	2,326

Notes (continued)

6. TAXATION

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2016 £	2015 £
Current tax		
UK corporation tax	207,801	276,124
Adjustment in respect of prior year	36,319	-
Total current tax	244,120	276,124
Deferred tax		
Origination and reversal of timing differences	13,087	6,903
Total deferred tax (see note 16)	13,087	6,903
Total tax on profit on ordinary activities	257,207	283,027

All current and deferred tax has been recognised through the profit and loss account in both years.

Factors affecting the tax charge

The tax assessed for the year is higher (2015: higher) as the blended rate of corporation tax in the UK of 20% (2015: 19.7%).

	2016 £	2015 £
Profit for financial year	235,266	744,965
Total tax expense	257,207	283,027
Profit excluding taxation	492,473	1,027,992
Profit on ordinary activities	98,495	202,514
multiplied by the blended rate of corporation tax in the UK of 20% (2015: 19.7%)		
Effects of:		
Expenses not deductible for tax purposes	24,115	29,312
Amortisation & impairment	93,629	56,796
Capital allowances less than/(in excess of) depreciation	(8,438)	(12,498)
Adjustments to tax charge in respect of previous periods	36,319	-
Total tax expense included in profit or loss	244,120	276,124

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

Notes (continued)

7. DIVIDENDS

	2016 £	2015 £
Paid during the year	1,100,000	-
	<u>1,100,000</u>	<u>-</u>
	<u>1</u>	<u>-</u>

The dividend paid during the year was immediately repaid to the Company in order to reduce the Director's Loan Liability (see note 18). After the balance sheet date total dividends of £611,333 were proposed by the directors, no provision has been made for these dividends at the year end.

8. INVESTMENTS

COMPANY

	Total £
Cost	
At 1 August 2015	2,297,556
Additions	40,000
	<u>2,337,556</u>
At 31 July 2016	<u>2,337,556</u>
Impairment	
At 1 August 2015	-
Impairment charge for year (see note 21)	313,030
	<u>313,030</u>
At 31 July 2016	<u>313,030</u>
Net Book Value	
At 31 July 2016	<u>2,024,526</u>
	<u>2,297,556</u>
At 31 July 2015	<u>2,297,556</u>

The impairment charge relates to the Company's 100% shareholding in its UK incorporated subsidiary Smart Development Training Limited (see note 21).

The undertakings in which the Group's and Company's interest at the year-end is more than 20% are as follows.

	Country of incorporation	Registered number	Principal activity	Group	Class and percentage of shares held Company
Subsidiary undertakings					
RDUK Limited	UK	07157939	Recruitment services	100% ordinary	100% ordinary
Smart Development Training Limited	UK	07293000	Resource training	100% ordinary	100% ordinary

Notes (continued)

**9. INTANGIBLE ASSETS
GROUP**

	Goodwill £	Contracts £	Total £
Cost			
At 1 August 2015	163,923	1,847,936	2,011,859
Additions	40,000	-	40,000
At 31 July 2016	203,923	1,847,936	2,051,859
Amortisation			
At 1 August 2015	11,115	277,190	288,305
Amortisation charge for year	12,452	369,587	382,039
Impairment charge for year (see note 21)	86,106	-	86,106
At 31 July 2016	109,673	646,777	756,450
Net Book Value			
At 31 July 2016	94,250	1,201,159	1,295,409
At 31 July 2015	152,808	1,570,746	1,723,554

Notes (continued)

10. TANGIBLE FIXED ASSETS

GROUP

	Improvements to property £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
Cost					
At 1 August 2015	183,403	138,219	51,101	869,303	1,242,026
Additions	27,616	7,584	-	322,616	357,816
Disposals	-	-	-	-	-
At 31 July 2016	211,019	145,803	51,101	1,191,919	1,599,842
Depreciation					
At 1 August 2015	148,126	110,231	48,260	471,425	778,042
Charge for year	20,657	11,942	2,841	144,131	179,571
Disposals	-	-	-	-	-
At 31 July 2016	168,783	122,173	51,101	615,556	957,613
Net Book Value					
At 31 July 2016	42,236	23,630	-	576,363	642,229
At 31 July 2015	35,277	27,988	2,841	397,878	463,984

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Computer equipment £
Cost	
At 1 August 2016	48,323
Additions	234,950
At 31 July 2015	283,273
Depreciation	
At 1 August 2015	2,084
Charge for year	9,665
At 31 July 2016	11,749
Net Book Value	
At 31 July 2016	271,524
At 31 July 2015	46,239

Notes (continued)

10. TANGIBLE FIXED ASSETS (continued)

COMPANY	Improvements to property £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
Cost					
At 1 August 2015	179,639	128,524	51,101	803,609	1,162,873
Additions	27,616	7,292	-	321,054	355,962
Disposals	-	-	-	-	-
At 31 July 2016	207,255	135,816	51,101	1,124,663	1,518,835
Depreciation					
At 1 August 2015	148,126	106,783	48,260	456,008	759,177
Charge for year	19,904	9,959	2,841	130,777	163,481
Disposals	-	-	-	-	-
At 31 July 2016	168,030	116,742	51,101	586,785	922,658
Net Book Value					
At 31 July 2016	39,225	19,074	-	537,878	596,177
At 31 July 2015	31,513	21,741	2,841	347,601	403,696

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Computer equipment £
Cost	
At 1 August 2015	48,323
Additions	234,950
Disposals	-
At 31 July 2016	283,273
Depreciation	
At 1 August 2015	2,084
Charge for year	9,665
Disposals	-
At 31 July 2016	11,749
Net Book Value	
At 31 July 2016	271,524
At 31 July 2015	46,239

Notes (continued)

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

GROUP

	2016	2015
	£	£
Trade debtors	16,216,066	13,446,874
Other debtors	2,794,052	3,266,231
Prepayments and accrued income	777,847	1,346,366
Corporation tax	374,119	-
	<u>20,162,084</u>	<u>18,059,471</u>

COMPANY

	2016	2015
	£	£
Trade debtors	16,483,970	12,010,446
Other debtors	2,623,331	2,889,743
Prepayments and accrued income	777,851	1,476,148
Intercompany	-	99,605
Corporation tax	428,767	-
	<u>20,313,919</u>	<u>16,475,942</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

GROUP

	2016	2015
	£	£
Invoice discounting facility	10,316,203	9,514,433
Trade creditors	4,306,744	1,869,249
Hire purchase contracts	49,297	9,032
Corporation tax	-	714,593
Other taxation and social security	740,726	933,851
Other creditors	219,613	141,055
Accruals and deferred income	3,026,506	4,180,018
Loan	933,947	-
	<u>19,593,036</u>	<u>17,362,231</u>

Notes (continued)

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)

COMPANY

	2016	2015
	£	£
Invoice discounting facility	9,807,108	8,524,935
Trade creditors	4,209,441	1,563,115
Hire purchase contracts	49,297	9,032
Corporation tax	-	621,758
Other taxation and social security	726,306	854,162
Other creditors	213,305	91,649
Accruals and deferred income	3,026,506	3,810,653
Intercompany	1,330,240	513,031
Loan	933,947	-
	<u>20,296,150</u>	<u>15,988,335</u>

The loan is repayable over 18 months, ending November 2017. The interest rate charged for the first 12 months is 7.54%, increasing to 8.04% for the remainder of the loan. The loan is secured over the assets of the Company.

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

GROUP

	2016	2015
	£	£
Hire purchase contracts 2-5 years	212,118	40,048
Accruals and deferred income	31,667	51,667
Loan	327,186	-
	<u>570,971</u>	<u>91,715</u>

COMPANY

	2016	2015
	£	£
Hire purchase contracts 2-5 years	212,118	40,048
Accruals and deferred income	31,667	51,667
Loan	327,186	-
	<u>570,971</u>	<u>91,715</u>

The loan is repayable over 18 months, ending November 2017. The interest rate charged for the first 12 months is 7.54%, increasing to 8.04% for the remainder of the loan. The loan is secured over the assets of the Company.

Notes (continued)

14. SECURED DEBTS

GROUP

	2016	2015
	£	£
Hire purchase contracts	261,415	49,080
Invoice discounting facility	10,316,203	9,514,433
Loan	1,261,133	-
	<u>11,838,751</u>	<u>9,563,513</u>

The invoice discounting liability is secured on trade debtors. Hire purchase liabilities are secured against the related assets. The loan is secured over the assets of the company.

COMPANY

	2016	2015
	£	£
Hire purchase contracts	261,415	49,080
Invoice discounting facility	9,807,108	8,524,935
Loan	1,261,133	-
	<u>11,329,656</u>	<u>8,574,015</u>

The invoice discounting liability is secured on trade debtors. Hire purchase liabilities are secured against the related assets. The loan is secured over the assets of the company.

15. OPERATING LEASE COMMITMENTS

GROUP AND COMPANY

	2016	2016	2015	2015
	Land and	Other	Land and	Other
	buildings		buildings	
	£	£	£	£
Leases that expire:				
Within one year	23,668	-	27,909	16,080
Between one and five years	90,400	49,942	159,203	-
In more than five years	257,188	-	317,392	71,346
	<u>371,256</u>	<u>49,942</u>	<u>504,504</u>	<u>87,426</u>

During the year £213,473 was recognised as an expense in the profit and loss account in respect of operating leases (2015: £168,520).

Notes (continued)

16. PROVISIONS FOR LIABILITIES

GROUP

	Deferred taxation £
Balance at 1 August 2015	60,864
Charge for the year	13,087
Balance at 31 July 2016	73,951

COMPANY

	Deferred taxation £
Balance at 1 August 2015	55,942
Charge for the year	13,087
Balance at 31 July 2016	69,029

The deferred taxation liability consists of the tax effect of timing differences in respect of accelerated capital allowances. The deferred tax liability at 31 July 2016 has been calculated based on the rate of 18% which was substantively enacted at the balance sheet date.

17. SHARE CAPITAL

GROUP AND COMPANY

	2016 No	2016 £	2015 No	2015 £
Allotted, called up and fully paid Ordinary shares of £1 each	26,667	26,667	26,667	26,667
	<u>26,667</u>	<u>26,667</u>	<u>26,667</u>	<u>26,667</u>

18. DIRECTOR'S LOAN ACCOUNT

Mr N Bowles, director, operates a current loan account with the company, which is debited with payments made by the company on behalf of the director and credited with funds introduced and undrawn directors' fees. The maximum amount owed by Mr Bowles to the company during the year was £3,127,414. At 31 July 2016 the amount owed to the company was £2,080,645 (2015: £2,684,044). This loan is repayable on demand. The dividend paid during the year (see note 7) was immediately repaid to the Company in order to reduce the Directors Loan Liability.

Notes (continued)

19. RELATED PARTY DISCLOSURES

During the year £Nil (2015: £Nil) sales were made to Econ Recycling Limited, with £16,180 of the previous year's balance written off during the year. At the year-end £610,879 (2015: £627,059) was owed by them to the group. Sales of £912 (2015: £613) were made to Nationwide Waste Solutions Limited with a balance owed to the group of £316 (2015: £435) at the year end. Sales of £96,419 (2015: £26,735) were made to Veezu Limited during the year with a balance owed to the group of £118,840 (2015: £6,145) at the year end. Purchases of £15,095 (2015: £6,923) were made from Veezu Limited to the group, with a balance owed to them of £1,020 (2015: £Nil) as at the year-end. The above transactions are related due to common directors.

Furthermore, the group made payment for services to the non-executive directors during the year of £2,000 (2015: £24,000), £Nil (2015: £17,000), £18,000 (2014: £12,000), £1,500 (2015: £19,004) and £1,500 (2015: £17,000) on behalf of JHB Capital Limited, Centric Global Limited, Ragan Private Investments Limited, Jon Jones Limited and Castle Court Consulting respectively. At the year end the group owed JHB Capital Limited £Nil (2015: £4,000), Centric Global £ Nil (2015: £Nil), Ragan Private Investments Limited £Nil (2015: £7,500), Jon Jones Limited £Nil (2015: £1,500) and Castle Court £Nil (2015: £3,000). A balance of £150,000 (2015: £150,000) was owed to the group by Ragan Property Investments Limited as at the year-end.

See note 18 for details of transactions with directors.

20. ULTIMATE CONTROLLING PARTY

The company is ultimately controlled by Mr N Bowles by virtue of his shareholding.

21. POST BALANCE SHEET EVENTS

On the 14th of October 2016, the entire share capital in Smart Development Training Limited was sold for £1. The value of the investment was written down to nil in these Company accounts and the goodwill impaired and brought down to nil in these Group accounts, as the sale value agreed was considered to be an adjusting event for the purpose of impairment considerations in accordance with section 32 of FRS102.

22. ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these consolidated financial statements, the Group has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Key estimates and assumptions have been made in the following areas:

- The useful life of tangible assets is estimated after taking into consideration the type of asset, industry practice and past experience of the useful life of similar assets.
- The useful life of intangible assets/goodwill is estimated taking into consideration the type of asset and industry conditions.
- The recoverability of debtors and the subsequent calculation of the related bad debt provision is estimated based on historical payment patterns and a review of long outstanding debtors.

Notes (continued)

23. EXPLANATION OF TRANSITION TO FRS102 FROM ADOPTED UK GAAP

Group

In preparing its FRS 102 balance sheet, the Group has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting UK GAAP. An explanation of how the transition from UK GAAP to FRS 102 has affected the Group's financial position and financial performance is set out in the following table and the notes that accompany the table.

Balance Sheet		1 st August 2014 (Comparatives)			31 st July 2015 (Comparatives)		
	Note	Adopted UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £	Adopted UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
Fixed assets							
Goodwill	a	-	-	-	1,862,149	(1,709,341)	152,808
Contracts	a	-	-	-	-	1,570,746	1,570,746
Tangible fixed assets		351,092	-	351,092	463,984	-	463,984
		351,092	-	351,092	2,326,133	(138,595)	2,187,538
Current assets							
Debtors		11,683,644	-	11,683,644	18,059,471	-	18,059,471
Cash at bank		818,749	-	818,749	739,921	-	739,921
		12,502,393	-	12,502,393	18,799,392	-	18,799,392
Creditors							
Amount falling due within one year		(10,005,624)	-	(10,005,624)	(17,362,231)	-	(17,362,231)
Net current assets		2,496,769	-	2,496,769	1,437,161	-	1,437,161
Total assets less current liabilities		2,847,861	-	2,847,861	3,763,294	-	3,624,699
Creditors							
Amounts falling due after more than one year		(71,667)	-	(71,667)	(91,715)	-	(91,715)
Provisions for liabilities		(49,039)	-	(49,039)	(60,864)	-	(60,864)
Net assets		2,727,155	-	2,727,155	3,610,715	(138,595)	3,471,120
Capital and reserves							
Called up share capital		26,667	-	26,667	26,667	-	26,667
Share premium		91,111	-	91,111	91,111	-	91,111
Capital redemption reserve		62,222	-	62,222	62,222	-	62,222
Profit and loss account		2,547,155	-	2,547,155	3,430,715	(138,595)	3,292,120
Shareholder's funds		2,727,155	-	2,727,155	3,610,715	(138,595)	3,471,120

Notes (continued)

23. EXPLANATION OF TRANSITION TO FRS102 FROM ADOPTED UK GAAP (continued)

- a. In line with FRS 102, goodwill in relation to RDUK Limited has been reviewed and the element identifiable as contracts acquired, re-analysed within intangible fixed assets from goodwill to contracts. The period over which the contracts are being written off has been reviewed and adjusted to 5 years in the current year's accounts. The impact of this change would have resulted in additional amortisation last year of £138,595, as reflected above.

Profit and Loss Account		Adopted UK GAAP	Effect transition to FRS 102	of FRS102
	Note	£	£	£
Turnover		78,497,220	-	78,497,220
Cost of sales		(66,727,943)	-	(66,727,943)
Gross Profit		11,769,277	-	11,769,277
Administrative expenses	a	(10,600,364)	(138,595)	(10,738,959)
Operating profit		1,168,913	-	1,030,318
Interest payable & similar charges		(2,326)	-	(2,326)
Profit on ordinary activities before taxation		1,166,587	-	1,027,992
Tax on profit on ordinary activities		(283,027)	-	(283,027)
Profit for the financial year		883,560	(138,595)	744,965

- a. In line with FRS 102, goodwill in relation to RDUK Limited has been reviewed and the element identifiable as contracts acquired, re-analysed within intangible fixed assets from goodwill to contracts. The period over which the contracts are being written off has been reviewed and adjusted to 5 years in the current year's accounts. The impact of this change would have resulted in additional amortisation last year of £138,595, as reflected above.

Company

The Company made no measurement adjustments upon transition from UK GAAP to FRS 102.