
Kinetic Recruitment Services Limited

Annual Report and Financial Statements

For the Year Ended 31 March 2019



Kinetic Recruitment Services Limited

Company Information

| | |
|-----------------------------|--|
| Directors | N C Smith MBE J Heseltine |
| Company secretary | N Betton |
| Registered number | 01628477 |
| Registered office | Lancastrian Office Centre Talbot Road Stretford Manchester M32 0FP |
| Independent auditors | Hurst Accountants Limited Chartered Accountants and Statutory Auditors Lancashire Gate 21 Tiviot Dale Stockport SK1 1TD |

Kinetic Recruitment Services Limited

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Kinetic Recruitment Services Limited

Strategic Report For the Year Ended 31 March 2019

Introduction

Kinetic Recruitment Services Limited provides human resource and staffing services to the manufacturing, engineering and technical markets predominantly in the UK.

Business review

The company is well diversified in a number of core segments, principally within engineering and manufacturing.

With continued additional uncertainty post the European Referendum, the continuing focus on cost management and customer value is key to future profitability.

The company's growth strategy will continue with further diversification into engineering markets within the UK and enhancing the value added human resource and staffing services offerings.

Kinetic Recruitment Services continuing commitment to employees being the company's greatest asset is an employee owned company. All employees equally share in the success of the business.

Principal risks and uncertainties

Commercial risks to the core business continue to be challenging external market forces and industry legislation costs. There is an acute shortage of skilled engineering personnel in the UK. Such risks are mitigated with the market diversification strategy and a continuous drive for processes to be innovated along with strong cash management and strong balance sheet

For risk management of Brexit, a full review of the customer base has been carried out including supply chain wherever possible. Kinetic Recruitment Services is not exposed to import or export trading and has cash reserves in sterling with no debt. All key customers are reviewed monthly for credit insurance exposure.

Financial key performance indicators

Key financial indicators are concentrated on gross margin analysis and customer return on investment. Customer retention remains at 98%. This is analysed monthly and a core part of the ISO 9001:2015 quality management system within the company.

Gross margins are reviewed monthly in line with pricing policy. Full details are disclosed within the trading profit and loss account.

Other key performance indicators

Kinetic Recruitment Services Limited operates balanced scorecard to monitor strategy and to ensure the business is continuing to drive innovation and cost management throughout the organisation. Critical success factors continue to be focused on customer development and satisfaction, internal business process, finance and employee learning and growth.

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


.....
N C Smith MBE
Director

Date: 10/9/19

Kinetic Recruitment Services Limited

Directors' Report For the Year Ended 31 March 2019

The directors present their report and the financial statements for the year ended 31 March 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 '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.

Results and dividends

The loss for the year, after taxation, amounted to £103,004 (2018 -loss £77,619).

A dividend of £2,703,593 (2018: £15,367) was paid in the year. The directors do not recommend payment of final dividend.

Directors

The directors who served during the year were:

N C Smith MBE
J Heseltine

Future developments

An indication of the likely future developments in the company's business is provided in the Strategic Report.

Kinetic Recruitment Services Limited

**Directors' Report (continued)
For the Year Ended 31 March 2019**

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

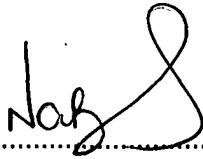
Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, Hurst & Company Accountants 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.



.....
N Betton

Secretary

Date:

10/9/19

Kinetic Recruitment Services Limited

Independent Auditors' Report to the Shareholders of Kinetic Recruitment Services Limited

Opinion

We have audited the financial statements of Kinetic Recruitment Services Limited (the 'Company') for the year ended 31 March 2019, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, 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 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 March 2019 and of its loss 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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

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 Auditors' 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.

Kinetic Recruitment Services Limited

Independent Auditors' Report to the Shareholders of Kinetic Recruitment Services Limited (continued)

We have nothing to report in this regard.

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 2, 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.

Auditors' 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 Auditors' 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 Auditors' report.

Kinetic Recruitment Services Limited

Independent Auditors' Report to the Shareholders of Kinetic Recruitment Services Limited (continued)

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 Auditors' 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.

Hurst Accountants Limited

Mike Jackson (Senior Statutory Auditor)

for and on behalf of

Hurst Accountants Limited

Chartered Accountants and Statutory Auditors

Lancashire Gate

21 Tiviot Dale

Stockport

SK1 1TD

Date: *27 September 2019*

Kinetic Recruitment Services Limited

Statement of Comprehensive Income
For the Year Ended 31 March 2019

| | Note | 2019 £ | 2018 £ |
|--|------|------------------|------------------|
| Turnover | 4 | 15,697,626 | 19,830,630 |
| Cost of sales | | (13,474,610) | (17,443,089) |
| Gross profit | | 2,223,016 | 2,387,541 |
| Administrative expenses | | (2,384,598) | (2,539,203) |
| Operating loss | 5 | (161,582) | (151,662) |
| Income from fixed assets investments | | 49,974 | 61,207 |
| Interest receivable and similar income | 10 | - | 3,584 |
| Interest payable and expenses | 11 | (15,454) | - |
| Loss before tax | | (127,062) | (86,871) |
| Tax on loss | 12 | 24,058 | 9,252 |
| Loss for the financial year | | (103,004) | (77,619) |

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.


The notes on pages 10 to 22 form part of these financial statements.

Kinetic Recruitment Services Limited
Registered number: 01628477

Balance Sheet
As at 31 March 2019

| | Note | 2019 £ | 2018 £ |
|--|------|-------------------------|-------------------------|
| Fixed assets | | | |
| Tangible assets | 14 | 113,683 | 178,696 |
| Investments | 15 | 4 | 4 |
| | | <u>113,687</u> | <u>178,700</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 16 | 7,277,918 | 6,537,275 |
| Cash at bank and in hand | 17 | 50,169 | 2,368,352 |
| | | <u>7,328,087</u> | <u>8,905,627</u> |
| Creditors: amounts falling due within one year | 18 | (2,870,632) | (1,691,208) |
| Net current assets | | <u>4,457,455</u> | <u>7,214,419</u> |
| Total assets less current liabilities | | <u>4,571,142</u> | <u>7,393,119</u> |
| Provisions for liabilities | | | |
| Deferred tax | 20 | (10,810) | (26,190) |
| Net assets | | <u><u>4,560,332</u></u> | <u><u>7,366,929</u></u> |
| Capital and reserves | | | |
| Called up share capital | 21 | 50,000 | 50,000 |
| Profit and loss account | 22 | 4,510,332 | 7,316,929 |
| | | <u>4,560,332</u> | <u>7,366,929</u> |

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


.....
N C Smith MBE
Director

Date: 10/9/19

The notes on pages 10 to 22 form part of these financial statements.

Kinetic Recruitment Services Limited

**Statement of Changes in Equity
For the Year Ended 31 March 2019**

| | Called up share capital | Profit and loss account | Total equity |
|--|----------------------------|----------------------------|------------------|
| | £ | £ | £ |
| At 1 April 2018 | 50,000 | 7,316,929 | 7,366,929 |
| Comprehensive income for the year | | | |
| Loss for the year | - | (103,004) | (103,004) |
| Other comprehensive income for the year | - | - | - |
| Total comprehensive income for the year | - | (103,004) | (103,004) |
| Dividends: Equity capital | - | (2,703,593) | (2,703,593) |
| Total transactions with owners | - | (2,703,593) | (2,703,593) |
| At 31 March 2019 | 50,000 | 4,510,332 | 4,560,332 |

**Statement of Changes in Equity
For the Year Ended 31 March 2018**

| | Called up share capital | Profit and loss account | Total equity |
|--|----------------------------|----------------------------|------------------|
| | £ | £ | £ |
| At 1 April 2017 | 50,000 | 7,409,915 | 7,459,915 |
| Comprehensive income for the year | | | |
| Loss for the year | - | (77,619) | (77,619) |
| Other comprehensive income for the year | - | - | - |
| Total comprehensive income for the year | - | (77,619) | (77,619) |
| Dividends: Equity capital | - | (15,367) | (15,367) |
| Total transactions with owners | - | (15,367) | (15,367) |
| At 31 March 2018 | 50,000 | 7,316,929 | 7,366,929 |

The notes on pages 10 to 22 form part of these financial statements.

**Notes to the Financial Statements
For the Year Ended 31 March 2019**

1. General information

Kinetic Recruitment Services Limited is a private company limited by members capital and incorporated in England and Wales. The address of the registered office and principal place of business is Lancastrian Office Centre, Talbot Road, Stretford, Manchester, M32 0FP. The nature of the company's operation and principal activity is human resource management services.

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, 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 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 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Kinetic Plc as at 31 March 2019 and these financial statements may be obtained from Companies House.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

The Company operates in the recruitment industry and has two main revenue streams. Contractor revenue is recognised based on time worked during the period and placement revenue is recognised based on the start date of the successful candidate.

Notes to the Financial Statements
For the Year Ended 31 March 2019

2. Accounting policies (continued)

2.4 Operating leases: the Company as lessee

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

2.5 Interest income

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

2.6 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of that year.

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. 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 balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.9 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.

Kinetic Recruitment Services Limited

**Notes to the Financial Statements
For the Year Ended 31 March 2019**

2. Accounting policies (continued)

2.9 Tangible fixed assets (continued)

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 basis:

| | | |
|-----------------------|---|-------------------|
| Fixtures and fittings | - | 15% Straight line |
| Computer equipment | - | 20% Straight line |

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.

2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

2.11 Debtors

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

2.12 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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.13 Creditors

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

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.

Notes to the Financial Statements
For the Year Ended 31 March 2019

2. Accounting policies (continued)

2.15 Financial instruments

The Company only enters into basic financial instrument 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, loans to related parties and investments in non-puttable ordinary shares.

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. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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 amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an 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.

2.16 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.

Kinetic Recruitment Services Limited

**Notes to the Financial Statements
For the Year Ended 31 March 2019**

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

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Recoverable value of trade debtors

The company has recognised trade debtors with a carrying value of £3,504,779 (2018: £2,776,818). The recoverability of trade debtors is regularly reviewed in the light of the available economic information specific to each debtor and specific provisions are recognised for balances considered to be at risk or irrecoverable.

Tangible fixed assets

The management of the company exercises judgement in estimating the useful economic life of fixtures & fittings and computer equipment.

Accruals and provision

Accruals and provisions are entered in the financial statements based on management expectations, taking into account various business and economic factors relevant to each individual item.

4. Turnover

An analysis of turnover by class of business is as follows:

| | 2019 £ | 2018 £ |
|------------------------------------|------------|------------|
| Human resource management services | 15,697,626 | 19,830,630 |

All turnover arose within the United Kingdom.

5. Operating loss

The operating loss is stated after charging:

| | 2019 £ | 2018 £ |
|--|-----------|-----------|
| Depreciation of tangible fixed assets | 84,835 | 85,607 |
| Operating lease rentals - land and buildings | 113,852 | 110,199 |
| Operating lease rentals - other | 39,283 | 42,129 |
| Defined contribution pension cost | 65,316 | 56,709 |

Kinetic Recruitment Services Limited

**Notes to the Financial Statements
For the Year Ended 31 March 2019**

6. Auditors' remuneration

| | 2019 | <i>2018</i> |
|---|---------------|---------------|
| | £ | £ |
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts | 17,400 | <i>17,400</i> |
| Fees payable to the Company's auditor and its associates in respect of: | | |
| Strategic advice | - | <i>27,063</i> |
| Tax services | 395 | <i>395</i> |
| | ===== | ===== |

7. Employees

Staff costs, including directors' remuneration, were as follows:

| | 2019 | <i>2018</i> |
|-------------------------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 1,256,450 | <i>1,321,682</i> |
| Social security costs | 139,313 | <i>160,242</i> |
| Cost of defined contribution scheme | 65,316 | <i>56,709</i> |
| | ===== | ===== |
| | 1,461,079 | <i>1,538,633</i> |

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

| | 2019 | <i>2018</i> |
|--------------------------------|--------------|--------------|
| | No. | No. |
| Sales and administrative staff | 42 | <i>41</i> |
| | ===== | ===== |

Kinetic Recruitment Services Limited

**Notes to the Financial Statements
For the Year Ended 31 March 2019**

8. Directors' remuneration

| | 2019 £ | 2018 £ |
|---|----------------|----------------|
| Directors' emoluments | 157,614 | 204,262 |
| Company contributions to defined contribution pension schemes | 8,775 | 9,900 |
| | <u>166,389</u> | <u>214,162</u> |

During the year retirement benefits were accruing to 2 directors (2018 -2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £93,167 (2018 -£140,584).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £5,775 (2018 -£6,900).

There are no key management personnel other than the directors.

9. Income from investments

| | 2019 £ | 2018 £ |
|---|---------------|---------------|
| Dividends received from group companies | <u>49,974</u> | <u>61,207</u> |

10. Interest receivable

| | 2019 £ | 2018 £ |
|---------------------------|-----------|--------------|
| Other interest receivable | <u>-</u> | <u>3,584</u> |

11. Interest payable and similar expenses

| | 2019 £ | 2018 £ |
|-------------------------------|---------------|-----------|
| Bank interest payable | 504 | - |
| Loans from group undertakings | 14,950 | - |
| | <u>15,454</u> | <u>-</u> |

Kinetic Recruitment Services Limited

**Notes to the Financial Statements
For the Year Ended 31 March 2019**

12. Taxation

| | 2019 £ | 2018 £ |
|--|-----------------|-----------------|
| Corporation tax | | |
| Current tax on profits for the year | (8,678) | 2,400 |
| Total current tax | <u>(8,678)</u> | <u>2,400</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | (15,380) | (11,652) |
| Total deferred tax | <u>(15,380)</u> | <u>(11,652)</u> |
| Taxation on loss on ordinary activities | <u>(24,058)</u> | <u>(9,252)</u> |

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 -higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

| | 2019 £ | 2018 £ |
|---|------------------|-----------------|
| Loss on ordinary activities before tax | <u>(127,062)</u> | <u>(86,871)</u> |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 -19%) | (24,142) | (16,505) |
| Effects of: | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | 10,995 | 20,775 |
| Change in tax rates | - | (1,893) |
| Dividends from UK companies | (9,495) | (11,629) |
| Other differences leading to an increase (decrease) in the tax charge | (1,416) | - |
| Total tax charge for the year | <u>(24,058)</u> | <u>(9,252)</u> |

Factors that may affect future tax charges

The UK Government announced a reduction in the Corporation Tax rate to 17% for the year starting 1 April 2020.

Kinetic Recruitment Services Limited

**Notes to the Financial Statements
For the Year Ended 31 March 2019**

13. Dividends

| | 2019 £ | 2018 £ |
|----------------------------------|-----------|-----------|
| Dividends paid on equity capital | 2,703,593 | 15,367 |

14. Tangible fixed assets

| | Fixtures & fittings £ | Computer equipment £ | Total £ |
|-------------------------------------|-----------------------------|----------------------------|----------------|
| Cost or valuation | | | |
| At 1 April 2018 | 34,994 | 605,105 | 640,099 |
| Additions | 1,938 | 17,884 | 19,822 |
| Disposals | (1,568) | (9,946) | (11,514) |
| At 31 March 2019 | <u>35,364</u> | <u>613,043</u> | <u>648,407</u> |
| Depreciation | | | |
| At 1 April 2018 | 18,639 | 442,764 | 461,403 |
| Charge for the year on owned assets | 3,372 | 81,463 | 84,835 |
| Disposals | (1,568) | (9,946) | (11,514) |
| At 31 March 2019 | <u>20,443</u> | <u>514,281</u> | <u>534,724</u> |
| Net book value | | | |
| At 31 March 2019 | <u>14,921</u> | <u>98,762</u> | <u>113,683</u> |
| <i>At 31 March 2018</i> | <u>16,355</u> | <u>162,341</u> | <u>178,696</u> |

Kinetic Recruitment Services Limited

**Notes to the Financial Statements
For the Year Ended 31 March 2019**

15. Fixed asset investments

| | Investments in subsidiary companies £ |
|--------------------------|--|
| Cost or valuation | |
| At 1 April 2018 | 4 |
| At 31 March 2019 | 4 |

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

| Name | Principal activity | Class of shares | Holding |
|--|---------------------------|-----------------|---------|
| Kinetic Nursing Services Limited | Human resource management | Ordinary | 100% |
| PayPartners Limited | Payroll bureau services | Ordinary | 100% |
| The Kinetic Employment Benefit Trust Limited | Dormant | Ordinary | 100% |

The registered office of all the subsidiary undertakings is Lancastrian Office Centre, Talbot Road, Stretford, Manchester, M32 0FP.

16. Debtors

| | 2019 £ | 2018 £ |
|------------------------------------|-------------------|-------------------|
| Trade debtors | 3,504,779 | 2,776,818 |
| Amounts owed by group undertakings | 3,516,273 | 3,514,176 |
| Other debtors | 61,869 | 61,031 |
| Prepayments and accrued income | 194,997 | 185,250 |
| | 7,277,918 | 6,537,275 |

An impairment loss of £nil (2018: £nil) was recognised against trade debtors.

Kinetic Recruitment Services Limited

**Notes to the Financial Statements
For the Year Ended 31 March 2019**

17. Cash and cash equivalents

| | 2019 £ | 2018 £ |
|--------------------------|------------------|------------------|
| Cash at bank and in hand | 50,169 | 2,368,352 |
| Less: bank overdrafts | (497,027) | - |
| | <u>(446,858)</u> | <u>2,368,352</u> |

18. Creditors: Amounts falling due within one year

| | 2019 £ | 2018 £ |
|------------------------------------|------------------|------------------|
| Bank overdrafts | 497,027 | - |
| Trade creditors | 62,291 | 144,342 |
| Amounts owed to group undertakings | 606,015 | 12,515 |
| Corporation tax | - | 2,400 |
| Other taxation and social security | 1,036,598 | 949,520 |
| Other creditors | 351,627 | 307,133 |
| Accruals and deferred income | 317,074 | 275,298 |
| | <u>2,870,632</u> | <u>1,691,208</u> |

The bank overdraft and invoice discounting facility are secured against the assets of the company.

19. Financial instruments

| | 2019 £ | 2018 £ |
|---|------------------|------------------|
| Financial assets | | |
| Financial assets that are debt instruments measured at amortised cost | <u>7,082,921</u> | <u>6,352,025</u> |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | <u>(668,306)</u> | <u>(156,857)</u> |

Financial assets that are debt instruments measured at amortised cost comprise trade, group and other debtors.

Financial liabilities measured at amortised cost comprise trade and group creditors.

Kinetic Recruitment Services Limited

Notes to the Financial Statements
For the Year Ended 31 March 2019

20. Deferred taxation

| | 2019 £ | 2018 £ |
|---------------------------|-----------------|-----------------|
| At beginning of year | (26,190) | (37,842) |
| Charged to profit or loss | 15,380 | 11,652 |
| At end of year | (10,810) | (26,190) |

The provision for deferred taxation is made up as follows:

| | 2019 £ | 2018 £ |
|--------------------------------|-----------------|-----------------|
| Accelerated capital allowances | (15,235) | (26,190) |
| Other timing differences | 4,425 | - |
| | (10,810) | (26,190) |

21. Share capital

| | 2019 £ | 2018 £ |
|---|---------------|---------------|
| Allotted, called up and fully paid | | |
| 25,000 (2018 -25,000) Ordinary shares of £1.00 each | 25,000 | 25,000 |
| 25,000 (2018 -25,000) 'A' Ordinary shares of £1.00 each | 25,000 | 25,000 |
| | 50,000 | 50,000 |

Ordinary shares have the rights to voting and dividends.

'A' Ordinary shares have the rights to dividends.

22. Reserves

Profit & loss account

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

23. Pension commitments

The Company operates a defined contributions 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 £65,316 (2018: £56,709). Contributions totalling £23,289 (2018: £7,455) were payable to the fund at the balance sheet date.

Kinetic Recruitment Services Limited

**Notes to the Financial Statements
For the Year Ended 31 March 2019**

24. Commitments under operating leases

At 31 March 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

| | 2019 £ | 2018 £ |
|--|----------------|----------------|
| Land and buildings | | |
| Not later than 1 year | 68,100 | 106,725 |
| Later than 1 year and not later than 5 years | 49,463 | 105,413 |
| Later than 5 years | 10,200 | 20,400 |
| | <u>127,763</u> | <u>232,538</u> |
| | 2019 £ | 2018 £ |
| Other | | |
| Not later than 1 year | 13,432 | 32,270 |
| Later than 1 year and not later than 5 years | 3,174 | 10,924 |
| | <u>16,606</u> | <u>43,194</u> |

25. Related party transactions

The company's ultimate parent undertaking is Kinetic Plc. The company has taken advantage of the exemption contained in FRS 102 Section 33 "Related Party Transactions" not to disclose transactions with other wholly owned group companies.

Key management personnel is considered to be the directors.

26. Controlling party

The company is exempt from the obligation to prepare and deliver group accounts. The company is a subsidiary undertaking of Kinetic Plc which is the ultimate parent company, incorporated in England and Wales.

The largest group in which the results of the company are consolidated is that headed by Kinetic Plc. The consolidated financial statements of this group are available to the public and may be obtained from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ. No other group accounts include the results of the company.