

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023
FOR
QUANTEM SERVICES LIMITED

QUANTEM SERVICES LIMITED (REGISTERED NUMBER: 06404786)

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FOR THE YEAR ENDED 31 AUGUST 2023

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QUANTEM SERVICES LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 AUGUST 2023

DIRECTORS:

J Barbour
B A Paterson
B G Turner
L Jones

SECRETARY:

K D O'Connor

REGISTERED OFFICE:

73-75 Endell Street
London
WC2H 9AJ

REGISTERED NUMBER:

06404786 (England and Wales)

AUDITORS:

RJP LLP
Chartered Certified Accountants &
Statutory Auditors
Ground Floor
Egerton House
68 Baker Street
Weybridge
Surrey
KT13 8AL

General Overview:-

Quantem Services Limited ("the company"), including previous trading through Quantem Consulting LLP, is now in its 18th year of trading and continues to develop as a sustainable, high achieving consultancy business. Over that period, the business has continued to grow and develop and currently has more than 100 members of staff. The last period has been challenging for all businesses due to various external factors that affected our industry and the overall economy. These include issues such as the after-effects of the pandemic, international conflict, significant interest rate rises experienced in the UK and global supply chain challenges. These issues have not only directly affected Quantem's business but have also impacted our clients' businesses.

Overall, while being extremely careful never to allow any element of complacency, the leadership of the business believe that the company has navigated these challenges and that Quantem is well placed to continue to meet its longer-term vision and continue its growth trajectory.

Strategic Business Plan:-

The business has developed a Strategic Business Plan ("SBP") that lays out management's vision over the longer term. The business will continue to grow, and management are targeting healthy growth of the business over the initial SBP period. This will require the business to build on its existing client relationships and to develop new opportunities. Management is focused on continuing to build a business which has a balanced sector and client portfolio in order to manage risk. The business will continue to look for new opportunities both geographically and through service line development. The management team are aware of the opportunities/challenges posed by the retention of key personnel as well as ongoing succession planning. The SBP has covered the maintenance and development of a sustainable management team, which is covered below. Management have also been keen to ensure that the business is well funded and maintains a strong balance sheet so that they are in a position to look at opportunities as they arise.

Staff Retention, Development and Future Recruitment:-

Quantem has continued to recruit high calibre team members throughout the year and has ensured that its graduate and apprentice programmes have not been cut-back/affected by the market challenges. Management recognizes the need to have strong retention rates and to have a structure that is inclusive, cohesive and rewarding for its employees. As a result, the business took the significant step in 2021 to place ownership of the company into employee hands through the establishment of the Quantem Employee Ownership Trust. With the involvement of external and employee trustees, management have ensured that the company remains forward looking and has been able to deliver returns. The business will remain focused on its inclusive strategy and will continue to look at opportunities to involve and reward staff.

In addition to the establishment of the trust, the company granted share options to key management personnel as part of its longer-term vision of having a dynamic business that is able to provide individual opportunity as well as balancing this with overall benefit for the whole staff base.

Services, Sector & Geographic Development:-

Quantem continue to look to strengthen its framework capability on a range of both national and regional authorities. The sector coverage of the business continues to diversify from its commercial office roots with a push over recent years into the residential, logistics, life sciences and education sectors. Management remains open, and alert, to other opportunities and is exploring development of the business in a couple of key areas.

Systems & Support Development:-

The business continues to develop its IT capability, to ensure that we are up to date and resilient.

The business has continued its development of its climate emergency response which includes targeting net zero carbon by 2030 and management remain very aware to its obligations to be a responsible and sustainable employer/business with a deliverable plan to reduce its carbon footprint.

Employee Ownership Trust (EOT):-

Quantem has wanted to maintain its position as an independent practice which is able to offer clients and employees a steady business model to either work with or for. It is for this reason that the EOT structure was key to the business's plans moving forward.

As identified elsewhere, management see staff retention as key to delivering consistent, high quality client outputs. The formation of the Quantem EOT in the summer of 2021 played a crucial role in establishing an inclusive, cohesive and rewarding work environment for the entire Quantem team. The company is delighted to have successfully delivered EOT rewards for all staff members during FY23. The company believes that it has created a dynamic structure to encourage staff participation and provide the best chance of having a consistent, motivated and well remunerated team. The EOT structure is proving to be particularly well suited to the Quantem business model and its culture, making it an integral part of shaping the business and supporting the SBP succession plans.

REVIEW OF BUSINESS

The company's turnover has remained stable and achieved expectations over the period by securing sustainable turnover based on its market reputation for delivering value, quality and reliability. Our Financial KPIs were achieved or exceeded and were as follows:

- Net profit targets have been met;
- Balance sheet strength is well within the SBP parameters and the company are satisfied with the longer-term strategy of maintaining balance sheet strength;
- Revenue targets were met and the company remains on track to achieve the revenue targets set out in the SBP;
- Secured turnover for next 12 months is strong and the business is continuing to grow its secure order book;
- Debt receivables continue to be well managed to enable cashflow; and
- Payment terms to supply chain are being maintained at less than 30 days.

Given the impact of Covid and external economic factors, the company is pleased with the FY23 financial performance however, as noted elsewhere, the business is ensuring that no element of complacency creeps in given the volatile operating environment through which we continue to navigate.

Business Plan - 31st August 2024:-

The company has prepared a detailed Budget for FY24 which shows good growth from FY23 and continues the post-Covid recovery. Management will regularly update its fee and cost forecasts to continually monitor the progress in achieving the budgeted profit. Monthly management accounts in the early part of FY24 have shown a reasonable year with consistent fee levels being maintained and expected growth in the second half of the year. Management is confident in achieving the Budget. The FY24 Budget aligns with the overall SBP.

PRINCIPAL RISKS AND UNCERTAINTIES

Financial Risk Management:-

The company is involved in construction projects which span more than one accounting period. There is risk that given the increased lending rates that projects are either put on hold or stopped until more favorable times return. We are taking this into account in our projections and when considering hiring new staff to ensure that a balanced approach is maintained.

The company monitors cash flow continuously to maintain a good level of liquidity and strict credit control policies are in place. It is our policy to pay all suppliers on time or before, wherever possible. Financial performance is closely monitored through monthly reporting.

Other Risks:-

We are constantly addressing the risk of cyber-attacks and increasing security of all our IT systems both in house and external.

The focus of our cyber security and IT security strategy starts with the physical items such as buildings, hardware, software and also includes our supply chain and other parties who deal with the company. We have implemented monitoring systems and enhanced processes to ensure external threats are detected or foreseen and are swiftly acted upon.

In order to effectively manage the risk of potential insolvency from key suppliers, we have strengthened our credit checking procedures. As part of our risk management strategy, we have introduced a regular review of who our subcontractors are working for and whether this poses any potential risk to the company.

Economic and Workload Uncertainties:-

We recognise the main uncertainties and risks to our forward workload and profit margins is dictated by the general economic environment as described above. These will continue as a result of the geopolitical and macroeconomic environment through which we are trading but we have through careful planning, implemented processes to help the business manage these risks and continue to increase our market position.

Finally, we as a board have built and maintain both a strong balance sheet and cash position, therefore positioning ourselves to deal with the current trading conditions.

The board of directors remain confident that the company is well placed to maintain a sustainable organic expansion whilst maintaining excellent service to our clients.

Further Information:-

Website - www.Quantem.co.uk
LinkedIn - [LinkedIn.com/company/Quantem](https://www.linkedin.com/company/Quantem)

ON BEHALF OF THE BOARD:

B G Turner - Director

16 May 2024

QUANTEM SERVICES LIMITED (REGISTERED NUMBER: 06404786)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 AUGUST 2023**

The directors present their report with the financial statements of the company for the year ended 31 August 2023.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the provision of construction advice and services.

DIVIDENDS

No dividends have been distributed for the year ended 31 August 2023.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 September 2022 to the date of this report.

J Barbour
B A Paterson
B G Turner
L Jones

FINANCIAL INSTRUMENTS

The directors continually monitor the business risks that the company is exposed to and where necessary introduce relevant systems to manage those risks. The company also have insurance cover where deemed appropriate to minimise operational risk.

The company's principal financial instruments comprise of bank balances, bank loans, trade creditors, trade debtors and loans to related companies. The main purpose of these instruments is to raise funds to finance the company's operations. The main risks arising from the financial instruments are interest rate risk and liquidity risk.

Due to the nature of the financial instruments used by the company, there is no exposure to price risk. The company's approach to managing other risks applicable to the financial statements is shown below.

In respect of bank balances the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of the company's bank balances.

In respect of loans, these are comprised of a bank loan and an interest free loan to a related company. The company manages the credit and cash flow risk via the regular monitoring of amounts outstanding and the active participation in the management of the company by the directors.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

The directors review and agree policies for managing each of the above risks. These policies remain unchanged from previous years.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

QUANTEM SERVICES LIMITED (REGISTERED NUMBER: 06404786)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 AUGUST 2023**

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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 auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

B G Turner - Director

16 May 2024

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF QUANTEM SERVICES LIMITED

Opinion

We have audited the financial statements of Quantem Services Limited (the 'company') for the year ended 31 August 2023 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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 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 August 2023 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 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF QUANTEM SERVICES LIMITED

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 Report of the Directors.

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, 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 Statement of Directors' Responsibilities set out on pages five and six, 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 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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Based on our understanding and accumulated knowledge of the company and the sector in which it operates we considered the risk of acts by the company which were contrary to applicable laws and regulations, including fraud and whether such actions or non-compliance might have a material effect on the financial statements. These included but were not limited to those that relate to the form and content of the financial statements, such as the company accounting policies, UK accounting standards and UK Companies Act 2006. All team members were briefed to ensure they were aware of any relevant regulations in relation to their work.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls, and determined that the principal risks were related to posting inappropriate journal entries, management bias in accounting estimates and improper revenue recognition associated with period-end cut-off. Our audit procedures included, but were not limited to:

- Agreement of the financial statements to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates;
- Revenue period-end cut-off procedures;
- Identifying and testing journal entries;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud; and
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
QUANTEM SERVICES LIMITED**

Auditors' responsibilities for the audit of the financial statements - continued

There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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 Report of the Auditors.

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 a Report of the Auditors 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.

Simon Paterson (Senior Statutory Auditor)
for and on behalf of RJP LLP
Chartered Certified Accountants &
Statutory Auditors
Ground Floor
Egerton House
68 Baker Street
Weybridge
Surrey
KT13 8AL

20 May 2024

QUANTEM SERVICES LIMITED (REGISTERED NUMBER: 06404786)**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2023**

	Notes	31.8.23 £	31.8.22 £
TURNOVER	3	13,058,041	12,296,706
Cost of sales		<u>7,729,804</u>	<u>7,067,598</u>
GROSS PROFIT		5,328,237	5,229,108
Administrative expenses		<u>1,891,221</u>	<u>1,470,148</u>
		3,437,016	3,758,960
Other operating income		<u>3,000</u>	<u>36,437</u>
OPERATING PROFIT	5	3,440,016	3,795,397
Interest receivable and similar income		<u>6,912</u>	<u>67</u>
		3,446,928	3,795,464
Interest payable and similar expenses	6	<u>56,716</u>	<u>42,813</u>
PROFIT BEFORE TAXATION		3,390,212	3,752,651
Tax on profit	7	<u>755,644</u>	<u>733,397</u>
PROFIT FOR THE FINANCIAL YEAR		2,634,568	3,019,254
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>2,634,568</u>	<u>3,019,254</u>

The notes form part of these financial statements

QUANTEM SERVICES LIMITED (REGISTERED NUMBER: 06404786)**BALANCE SHEET
31 AUGUST 2023**

	Notes	31.8.23 £	£	31.8.22 £	£
FIXED ASSETS					
Tangible assets	9		68,548		54,204
Investments	10		<u>1</u>		<u>1</u>
			68,549		54,205
CURRENT ASSETS					
Debtors	11	3,172,934		3,714,300	
Cash at bank and in hand		<u>1,259,714</u>		<u>2,124,087</u>	
		4,432,648		5,838,387	
CREDITORS					
Amounts falling due within one year	12	<u>2,263,809</u>		<u>3,807,250</u>	
NET CURRENT ASSETS			<u>2,168,839</u>		<u>2,031,137</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,237,388		2,085,342
CREDITORS					
Amounts falling due after more than one year	13		(168,627)		(783,333)
PROVISIONS FOR LIABILITIES	17		<u>(14,617)</u>		<u>(6,933)</u>
NET ASSETS			<u>2,054,144</u>		<u>1,295,076</u>
CAPITAL AND RESERVES					
Called up share capital	18		654		654
Share premium	19		25,037		25,037
Retained earnings	19		<u>2,028,453</u>		<u>1,269,385</u>
SHAREHOLDERS' FUNDS			<u>2,054,144</u>		<u>1,295,076</u>

The financial statements were approved by the Board of Directors and authorised for issue on 16 May 2024 and were signed on its behalf by:

B G Turner - Director

QUANTEM SERVICES LIMITED (REGISTERED NUMBER: 06404786)**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2023**

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 September 2021	444	40,131	-	40,575
Changes in equity				
Issue of share capital	210	-	25,037	25,247
Contributions to employee ownership trust	-	(1,790,000)	-	(1,790,000)
Total comprehensive income	-	3,019,254	-	3,019,254
Balance at 31 August 2022	<u>654</u>	<u>1,269,385</u>	<u>25,037</u>	<u>1,295,076</u>
Changes in equity				
Contributions to employee ownership trust	-	(1,875,500)	-	(1,875,500)
Total comprehensive income	-	2,634,568	-	2,634,568
Balance at 31 August 2023	<u>654</u>	<u>2,028,453</u>	<u>25,037</u>	<u>2,054,144</u>

The notes form part of these financial statements

QUANTEM SERVICES LIMITED (REGISTERED NUMBER: 06404786)**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2023**

		31.8.23	31.8.22
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	1	3,981,424	3,641,066
Interest paid		(56,716)	(42,813)
Tax paid		<u>(1,130,281)</u>	<u>(60,000)</u>
Net cash from operating activities		<u>2,794,427</u>	<u>3,538,253</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(58,095)	(42,700)
Interest received		<u>6,912</u>	<u>67</u>
Net cash from investing activities		<u>(51,183)</u>	<u>(42,633)</u>
Cash flows from financing activities			
Loan repayments in year		(614,706)	(16,667)
Amount withdrawn by directors		(1,117,411)	(742,728)
Share issue		-	25,247
Payments to employee ownership trust		<u>(1,875,500)</u>	<u>(1,790,000)</u>
Net cash from financing activities		<u>(3,607,617)</u>	<u>(2,524,148)</u>
(Decrease)/increase in cash and cash equivalents		<u>(864,373)</u>	<u>971,472</u>
Cash and cash equivalents at beginning of year	2	2,124,087	1,152,615
Cash and cash equivalents at end of year	2	<u>1,259,714</u>	<u>2,124,087</u>

The notes form part of these financial statements

QUANTEM SERVICES LIMITED (REGISTERED NUMBER: 06404786)**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2023****1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	31.8.23	31.8.22
	£	£
Profit before taxation	3,390,212	3,752,651
Depreciation charges	43,751	36,735
Finance costs	56,716	42,813
Finance income	<u>(6,912)</u>	<u>(67)</u>
	3,483,767	3,832,132
Decrease/(increase) in trade and other debtors	536,050	(234,022)
(Decrease)/increase in trade and other creditors	<u>(38,393)</u>	<u>42,956</u>
Cash generated from operations	<u><u>3,981,424</u></u>	<u><u>3,641,066</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 August 2023

	31.8.23	1.9.22
	£	£
Cash and cash equivalents	<u>1,259,714</u>	<u>2,124,087</u>

Year ended 31 August 2022

	31.8.22	1.9.21
	£	£
Cash and cash equivalents	<u>2,124,087</u>	<u>1,152,615</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.9.22	Cash flow	At 31.8.23
	£	£	£
Net cash			
Cash at bank and in hand	<u>2,124,087</u>	<u>(864,373)</u>	<u>1,259,714</u>
	<u>2,124,087</u>	<u>(864,373)</u>	<u>1,259,714</u>
Debt			
Debts falling due within 1 year	(200,000)	-	(200,000)
Debts falling due after 1 year	<u>(783,333)</u>	<u>614,706</u>	<u>(168,627)</u>
	<u>(983,333)</u>	<u>614,706</u>	<u>(368,627)</u>
Total	<u><u>1,140,754</u></u>	<u><u>(249,667)</u></u>	<u><u>891,087</u></u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

1. **STATUTORY INFORMATION**

Quantem Services Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements are presented in Sterling, which is also the company's functional currency.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of these financial statements requires estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and expectations of future events believed to be reasonable.

The company considers that the following estimate and judgement is likely to have the most significant effect on the amounts recognised in the financial statements:

Estimation of useful life

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives of all assets are determined at the time the assets are acquired and reviewed at least annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

Turnover

Turnover represents net invoiced sales of construction related services, excluding Value Added Tax.

Revenue is recognised in the period in which services are provided when all of the following conditions are met:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits will flow to the seller;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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.

The estimated useful life range is as follows:

Improvements to property	- 20% on cost
Plant and machinery	- 33.33% on cost
Fixtures and fittings	- 20% on cost
Computer equipment	- 50% on cost

Government grants

Government grants are recognised in the profit and loss over the period the related costs are recognised, for which the grant is intended to compensate.

2. **ACCOUNTING POLICIES - continued**

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by 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.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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 profit or loss in the period to which they relate.

Leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Debtors

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.

Cash

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

Creditors

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

2. ACCOUNTING POLICIES - continued**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 loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other debtors and creditors, are initially measured at the 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 creditors and debtors, 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 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 costs 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 profit and loss account.

For financial assets measured at amortised costs, 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, 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.

3. TURNOVER

The whole of the turnover is attributable to the principal activities of the company.

All turnover arose within the United Kingdom.

4. EMPLOYEES AND DIRECTORS

	31.8.23	31.8.22
	£	£
Wages and salaries	6,670,297	5,974,615
Social security costs	785,826	715,129
Other pension costs	205,925	185,949
	<u>7,662,048</u>	<u>6,875,693</u>

The average number of employees during the year was as follows:

	31.8.23	31.8.22
Partners	23	22
Associates	21	18
Surveyors	40	38
Trainees	11	11
Administration	4	5
	<u>99</u>	<u>94</u>

QUANTEM SERVICES LIMITED (REGISTERED NUMBER: 06404786)**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2023****4. EMPLOYEES AND DIRECTORS - continued**

	31.8.23	31.8.22
	£	£
Directors' remuneration	584,227	567,733
Directors' pension contributions to money purchase schemes	<u>24,366</u>	<u>20,542</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>4</u>	<u>3</u>
------------------------	----------	----------

No directors exercised share options during the year (2022 - two directors).

Information regarding the highest paid director is as follows:

	31.8.23	31.8.22
	£	£
Emoluments etc	153,324	146,100
Pension contributions to money purchase schemes	<u>7,000</u>	<u>7,125</u>

5. OPERATING PROFIT

The operating profit is stated after charging:

	31.8.23	31.8.22
	£	£
Depreciation - owned assets	43,751	36,735
Auditors' remuneration	7,250	7,000
Auditors' remuneration for non audit work	<u>3,750</u>	<u>7,875</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.8.23	31.8.22
	£	£
Bank loan interest	55,823	42,813
Other interest paid	893	-
	<u>56,716</u>	<u>42,813</u>

7. TAXATION**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	31.8.23	31.8.22
	£	£
Current tax:		
UK corporation tax	747,960	726,800
Deferred tax	7,684	6,597
Tax on profit	<u>755,644</u>	<u>733,397</u>

QUANTEM SERVICES LIMITED (REGISTERED NUMBER: 06404786)**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2023****7. TAXATION - continued****Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	31.8.23	31.8.22
	£	£
Profit before tax	<u>3,390,212</u>	<u>3,752,651</u>
Profit multiplied by the standard rate of corporation tax in the UK of 25% (2022 - 19%)	847,553	713,004
Effects of:		
Expenses not deductible for tax purposes	26,654	17,849
Capital allowances and other timing differences	399	2,544
Change in corporation tax rate during the year	<u>(118,962)</u>	<u>-</u>
Total tax charge	<u>755,644</u>	<u>733,397</u>

8. CONTRIBUTIONS TO EMPLOYEE OWNERSHIP TRUST

	31.8.23	31.8.22
	£	£
Recognised as distributions to equity holders:		
Contributions paid to employee ownership trust	<u>1,875,500</u>	<u>1,790,000</u>
	<u>1,875,500</u>	<u>1,790,000</u>

9. TANGIBLE FIXED ASSETS

	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST					
At 1 September 2022	18,800	28,318	2,770	49,270	99,158
Additions	<u>-</u>	<u>10,113</u>	<u>5,340</u>	<u>42,642</u>	<u>58,095</u>
At 31 August 2023	<u>18,800</u>	<u>38,431</u>	<u>8,110</u>	<u>91,912</u>	<u>157,253</u>
DEPRECIATION					
At 1 September 2022	5,875	15,371	866	22,842	44,954
Charge for year	<u>4,700</u>	<u>10,340</u>	<u>1,080</u>	<u>27,631</u>	<u>43,751</u>
At 31 August 2023	<u>10,575</u>	<u>25,711</u>	<u>1,946</u>	<u>50,473</u>	<u>88,705</u>
NET BOOK VALUE					
At 31 August 2023	<u>8,225</u>	<u>12,720</u>	<u>6,164</u>	<u>41,439</u>	<u>68,548</u>
At 31 August 2022	<u>12,925</u>	<u>12,947</u>	<u>1,904</u>	<u>26,428</u>	<u>54,204</u>

QUANTEM SERVICES LIMITED (REGISTERED NUMBER: 06404786)**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2023****10. FIXED ASSET INVESTMENTS**

This investment relates to Quantem EOT Limited, company number 13366945. The company is registered in England and Wales and has the same registered office as that of Quantem Services Limited.

This is a dormant company held as nominee by Quantem Services Limited. This company acts as a trustee under section 138 Companies Act 2006. Quantem Services Limited will not exercise any rights attached to its nominal shareholding in the trustee company without the consent of the trustee directors.

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.23	31.8.22
	£	£
Trade debtors	2,793,594	3,082,997
Other debtors	80,936	261,218
Directors' loan accounts	-	5,316
Prepayments and accrued income	298,404	364,769
	<u>3,172,934</u>	<u>3,714,300</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.23	31.8.22
	£	£
Bank loans and overdrafts (see note 14)	200,000	200,000
Trade creditors	321,420	244,696
Tax	344,454	726,775
Social security and other taxes	296,795	275,687
VAT	526,892	640,505
Other creditors	40,344	38,581
Directors' loan accounts	523,904	1,646,631
Accruals and deferred income	10,000	34,375
	<u>2,263,809</u>	<u>3,807,250</u>

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

	31.8.23	31.8.22
	£	£
Bank loans (see note 14)	<u>168,627</u>	<u>783,333</u>

14. LOANS

An analysis of the maturity of loans is given below:

	31.8.23	31.8.22
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>200,000</u>	<u>200,000</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>168,627</u>	<u>200,000</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>-</u>	<u>583,333</u>

During the year interest on the loan paid by the UK government in the form of a grant amounted to £Nil (2022 - £36,437).

QUANTEM SERVICES LIMITED (REGISTERED NUMBER: 06404786)**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2023****15. LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.8.23	31.8.22
	£	£
Within one year	31,669	37,916
Between one and five years	-	31,669
	<u>31,669</u>	<u>69,585</u>

16. SECURED DEBTS

The following secured debts are included within creditors:

	31.8.23	31.8.22
	£	£
Bank loans	<u>368,627</u>	<u>983,333</u>

HSBC UK Bank Plc hold a charge, dated 3 June 2021, over all assets of the company.

17. PROVISIONS FOR LIABILITIES

	31.8.23	31.8.22
	£	£
Deferred tax	<u>14,617</u>	<u>6,933</u>
		Deferred tax
		£
Balance at 1 September 2022		6,933
Provided during year		<u>7,684</u>
Balance at 31 August 2023		<u>14,617</u>

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.8.23	31.8.22
			£	£
444,000	Ordinary	£0.001	444	444
210,392	A Ordinary	£0.001	<u>210</u>	<u>210</u>
			<u>654</u>	<u>654</u>

19. RESERVES

	Retained earnings	Share premium	Totals
	£	£	£
At 1 September 2022	1,269,385	25,037	1,294,422
Profit for the year	2,634,568		2,634,568
Contributions to employee ownership trust	<u>(1,875,500)</u>		<u>(1,875,500)</u>
At 31 August 2023	<u>2,028,453</u>	<u>25,037</u>	<u>2,053,490</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2023****20. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

The following advances and credits to directors subsisted during the years ended 31 August 2023 and 31 August 2022:

	31.8.23 £	31.8.22 £
Director		
Balance outstanding at start of year	(713,990)	(1,030,477)
Amounts advanced	476,873	316,487
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>(237,117)</u>	<u>(713,990)</u>
Director		
Balance outstanding at start of year	(225,445)	(316,184)
Amounts advanced	165,850	90,739
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>(59,595)</u>	<u>(225,445)</u>
Director		
Balance outstanding at start of year	(707,196)	(987,382)
Amounts advanced	495,952	280,186
Amounts repaid	(15,948)	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>(227,192)</u>	<u>(707,196)</u>
Director		
Balance outstanding at start of year	5,316	(50,000)
Amounts advanced	-	55,316
Amounts repaid	(5,316)	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>-</u>	<u>5,316</u>

The loans are interest free.

21. RELATED PARTY DISCLOSURES**Other related parties**

	31.8.23 £	31.8.22 £
Purchases	19,334	84,000
Amount due from related party	53,287	247,376
Amount due to related party	<u>-</u>	<u>8,400</u>

22. SHARE-BASED PAYMENT TRANSACTIONS

In the prior year the company established an Enterprise Management Incentive Share Option Scheme and granted share options to certain employees to subscribe for £0.001 A Ordinary shares in the company.

309,942 share options were granted and are exercisable at £0.12 per share, being the restricted market value at the date of the grant.

The options are settled in equity once exercised. For Bad Leavers options will lapse on the date of cessation of employment. For Good Leavers options may be exercised to the extent vested up to a certain number of days following the date of cessation of employment based on the circumstances for ceasing employment.

Options become exercisable to the extent vested and provided that certain individual performance targets have been met, or immediately prior to an exit event.

No options vested during the year (2022 - 210,392 options vested and were exercised), with the remaining 99,550 share options potentially becoming exercisable over the years to 31 August 2027.

23. CONTROLLING PARTY

The immediate controlling party is Quantem Employee Ownership Trust, of which its sole trustee is Quantem EOT Limited, a company registered in England and Wales.

There is no one ultimate controlling party.

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