

REGISTERED NUMBER: 06931626 (England and Wales)

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
FOR
GEM PARTNERSHIP LIMITED**

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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GEM PARTNERSHIP LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2018**

DIRECTORS:	R A Dunbar L J Rankin I Miller Mrs M L Miller
REGISTERED OFFICE:	Fernwood House Fernwood Road Jesmond Newcastle upon Tyne NE2 1TJ
BUSINESS ADDRESS:	Generator Studios Trafalgar Street Newcastle upon Tyne NE1 2LA
REGISTERED NUMBER:	06931626 (England and Wales)
SENIOR STATUTORY AUDITOR:	Peter Charles BSc FCA
AUDITORS:	Robson Laidler Accountants Limited Statutory Auditor Fernwood House Fernwood Road Jesmond Newcastle upon Tyne Tyne and Wear NE2 1TJ
BANKERS:	Barclays Bank Plc PO Box 378 71 Grey Street Newcastle upon Tyne Tyne and Wear NE99 1JP

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their strategic report for the year ended 31 December 2018.

REVIEW OF BUSINESS

As a recruitment business we have operated within the temporary and permanent sectors within our core markets since 2009. Our detailed results for the financial year to 31 December 2018 can be found in our Income Statement on page 7. The directors consider the top line results this year to be in line with general market and sector conditions.

The recruitment industry in general has experienced growth throughout all of 2018. The company's top line sales have continued to grow in 2018 but gross margins have suffered due to a change in the company's main customer profile and the mix of sales. Administrative expenses have increased from the previous year resulting in an overall decrease in operating profit. The business has strengthened its overall service offering by the creation of a training business that commenced trading on 1 January 2018. This was a significant focus for the directors in 2018 and as such the directors consider the annual results to be satisfactory considering the market and regulatory conditions and are optimistic for future growth.

For reference the headline performance for the 2018 period is outlined below:-

	2018	2017
	£	£
Turnover	15,548,129	14,888,045
Cost of sales	13,597,595	12,754,813
Gross profit	1,950,534	2,133,232
Administrative expenses	1,556,042	1,505,711
Operating profit	404,140	627,521

The directors expect the business to be profitable in 2019.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks to the business are potential changes to the UK employment legislation and generally external via competition and the general state of the UK and regional economy, in particular the state of the employment market.

ON BEHALF OF THE BOARD:

R A Dunbar - Director

30 September 2019

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their report with the financial statements of the company for the year ended 31 December 2018.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of a recruitment business.

DIVIDENDS

Interim dividends per share were paid as follows:

£232	- 19 January 2018
£200	- 20 April 2018
£200	- 25 July 2018
£200	- 12 October 2018
<u>£832</u>	

The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 December 2018 will be £ 458,432 .

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2018 to the date of this report.

R A Dunbar
L J Rankin
I Miller
Mrs M L Miller

FINANCIAL INSTRUMENTS

The company has a bank loan which is interest bearing and which is secured via a debenture on the company's assets. The applicable loan interest rate is linked to movements in the bank base rates. Interest rate risk with regard to unfavourable interest rate movements is not considered to be material to the financial statements due to the arrangements in place.

The company also has an invoice discounting facility in place to mitigate the company's exposure to liquidity and cash flow risks.

EMPLOYEES

The company is an equal opportunities employer. It is the company's policy to develop and apply procedures and practices which are designed to ensure that equal opportunities are provided to employees, or those who seek employment.

All employees are treated fairly and equally. Selection for employment, promotion, training or other matters affecting their employment is on the basis of aptitude and ability.

It is the company's policy to give full and fair consideration to the employment needs of disabled persons (and persons who become disabled whilst employed by the company) and to comply with any current legislation with regard to disabled persons.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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), 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 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.

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 or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Robson Laidler Accountants Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

R A Dunbar - Director

30 September 2019

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF GEM PARTNERSHIP LIMITED

Opinion

We have audited the financial statements of Gem Partnership Limited (the 'company') for the year ended 31 December 2018 which comprise the Income Statement, Other 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 December 2018 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

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 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the 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 GEM PARTNERSHIP 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 page four, 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.

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.

Peter Charles BSc FCA (Senior Statutory Auditor)
for and on behalf of Robson Laidler Accountants Limited
Statutory Auditor
Fernwood House
Fernwood Road
Jesmond
Newcastle upon Tyne
Tyne and Wear
NE2 1TJ

30 September 2019

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 £	2017 £
TURNOVER	4	15,548,129	14,888,045
Cost of sales		13,597,595	12,754,813
GROSS PROFIT		1,950,534	2,133,232
Administrative expenses		1,556,042	1,505,711
		394,492	627,521
Other operating income		9,648	-
OPERATING PROFIT	6	404,140	627,521
Interest payable and similar expenses	7	749	6,205
PROFIT BEFORE TAXATION		403,391	621,316
Tax on profit	8	83,921	125,339
PROFIT FOR THE FINANCIAL YEAR		319,470	495,977

GEM PARTNERSHIP LIMITED (REGISTERED NUMBER: 06931626)

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 £	2017 £
PROFIT FOR THE YEAR		319,470	495,977
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>319,470</u>	<u>495,977</u>

The notes form part of these financial statements

BALANCE SHEET
31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
FIXED ASSETS					
Tangible assets	10		53,708		46,376
Investments	11		<u>100</u>		<u>100</u>
			53,808		46,476
CURRENT ASSETS					
Stocks	12	6,055		2,006	
Debtors	13	1,521,480		2,327,253	
Cash at bank and in hand		<u>596,611</u>		<u>663,481</u>	
		2,124,146		2,992,740	
CREDITORS					
Amounts falling due within one year	14	<u>1,725,785</u>		<u>2,450,272</u>	
NET CURRENT ASSETS			398,361		542,468
TOTAL ASSETS LESS CURRENT LIABILITIES			452,169		588,944
PROVISIONS FOR LIABILITIES	18		<u>10,710</u>		<u>8,523</u>
NET ASSETS			441,459		580,421
CAPITAL AND RESERVES					
Called up share capital	19		551		551
Capital redemption reserve	20		552		552
Retained earnings	20		<u>440,356</u>		<u>579,318</u>
SHAREHOLDERS' FUNDS			441,459		580,421

The financial statements were approved by the Board of Directors on 30 September 2019 and were signed on its behalf by:

R A Dunbar - Director

L J Rankin - Director

I Miller - Director

Mrs M L Miller - Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
Balance at 1 January 2017	551	441,133	552	442,236
Changes in equity				
Dividends	-	(357,792)	-	(357,792)
Total comprehensive income	-	495,977	-	495,977
Balance at 31 December 2017	<u>551</u>	<u>579,318</u>	<u>552</u>	<u>580,421</u>
Changes in equity				
Dividends	-	(458,432)	-	(458,432)
Total comprehensive income	-	319,470	-	319,470
Balance at 31 December 2018	<u>551</u>	<u>440,356</u>	<u>552</u>	<u>441,459</u>

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 £	2017 £
Cash flows from operating activities			
Cash generated from operations	1	1,817,949	(47,863)
Interest paid		(749)	(6,205)
Tax paid		(128,262)	(111,640)
Net cash from operating activities		<u>1,688,938</u>	<u>(165,708)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		<u>(19,987)</u>	<u>(5,557)</u>
Net cash from investing activities		<u>(19,987)</u>	<u>(5,557)</u>
Cash flows from financing activities			
New loans in year		-	58,000
Loan repayments in year		(58,795)	(131,149)
Movement in debt factoring liability		(329)	(512,205)
Movement in invoice discounting facility		(1,218,265)	1,218,265
Equity dividends paid		(458,432)	(357,792)
Net cash from financing activities		<u>(1,735,821)</u>	<u>275,119</u>
(Decrease)/increase in cash and cash equivalents		<u>(66,870)</u>	<u>103,854</u>
Cash and cash equivalents at beginning of year	2	663,481	559,627
Cash and cash equivalents at end of year	2	<u>596,611</u>	<u>663,481</u>

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2018	2017
	£	£
Profit before taxation	403,391	621,316
Depreciation charges	8,847	18,320
Loss on disposal of fixed assets	3,808	-
Finance costs	749	6,205
	<u>416,795</u>	<u>645,841</u>
Increase in stocks	(4,049)	(998)
Decrease/(increase) in trade and other debtors	805,673	(109,442)
Increase/(decrease) in trade and other creditors	599,530	(583,264)
Cash generated from operations	<u><u>1,817,949</u></u>	<u><u>(47,863)</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 December 2018

	31.12.18	1.1.18
	£	£
Cash and cash equivalents	<u>596,611</u>	<u>663,481</u>

Year ended 31 December 2017

	31.12.17	1.1.17
	£	£
Cash and cash equivalents	<u>663,481</u>	<u>559,627</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. STATUTORY INFORMATION

Gem Partnership 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.

The presentation currency of the financial statements is the Pound Sterling (£).

The financial statements are rounded to the nearest £1.

The company's place of business is Generator Studios, Trafalgar Street, Newcastle upon Tyne, NE1 2LA.

2. STATEMENT OF COMPLIANCE

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.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Significant judgements and estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements. If, in the future, such estimates and assumptions, which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and judgements will be modified as appropriate in the year in which the circumstances change.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

Estimated useful economic lives of tangible fixed assets

Turnover

Turnover is measured at fair value of the consideration receivable net of value added tax. The policies adopted for the recognition of turnover are as follows:

Rendering of services

When the outcome of a transaction can be estimated reliably, turnover from the provision of services is recognised by reference to the stage of completion at the balance sheet date.

The services provided are those of processing payroll, providing agency workers to various companies and recruitment fees

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018**

3. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Leasehold alterations	- Term of lease
Fixtures and fittings	- 15% on reducing balance

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, 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 taxation

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.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss 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 profit or loss in the period to which they relate.

Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

3. ACCOUNTING POLICIES - continued

Impairment of assets

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

Provisions

Provisions are recognised when the company has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

4. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

Rendering of services £15,548,129 (2017: £14,888,045)

5. EMPLOYEES AND DIRECTORS

	2018 £	2017 £
Wages and salaries	10,684,075	9,094,381
Social security costs	693,373	545,715
Other pension costs	118,027	74,951
	<u>11,495,475</u>	<u>9,715,047</u>

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

	2018	2017
Directors	4	4
Head office	29	26
Commercial/industrial /professional	<u>712</u>	<u>671</u>
	<u>745</u>	<u>701</u>

	2018 £	2017 £
Directors' remuneration	42,597	40,403
Directors' pension contributions to money purchase schemes	<u>38,400</u>	<u>38,400</u>

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

Money purchase schemes	<u>4</u>	<u>4</u>
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NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

6. OPERATING PROFIT

The operating profit is stated after charging:

	2018	2017
	£	£
Other operating leases	72,013	64,824
Depreciation - owned assets	8,847	18,320
Loss on disposal of fixed assets	3,808	-
Auditors' remuneration	<u>3,950</u>	<u>3,432</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018	2017
	£	£
Bank loan interest	<u>749</u>	<u>6,205</u>

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

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

	2018	2017
	£	£
Current tax:		
UK corporation tax	81,734	128,262
Deferred tax	<u>2,187</u>	<u>(2,923)</u>
Tax on profit	<u>83,921</u>	<u>125,339</u>

Reconciliation of total tax charge included in profit and loss

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

	2018	2017
	£	£
Profit before tax	<u>403,391</u>	<u>621,316</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 20%)	76,644	124,263
Effects of:		
Expenses not deductible for tax purposes	6,594	6,467
Capital allowances in excess of depreciation	(1,393)	-
Depreciation in excess of capital allowances	-	2,553
Change in rate of taxation	-	(5,021)
Group loss relief	(111)	-
Deferred tax charge	<u>2,187</u>	<u>(2,923)</u>
Total tax charge	<u>83,921</u>	<u>125,339</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

9. DIVIDENDS

	2018 £	2017 £
Ordinary shares of £1 each		
Interim	<u>458,432</u>	<u>357,792</u>

10. TANGIBLE FIXED ASSETS

	Leasehold alterations £	Fixtures and fittings £	Totals £
COST			
At 1 January 2018	2,861	110,640	113,501
Additions	-	19,987	19,987
Disposals	-	(17,565)	(17,565)
At 31 December 2018	<u>2,861</u>	<u>113,062</u>	<u>115,923</u>
DEPRECIATION			
At 1 January 2018	1,335	65,790	67,125
Charge for year	381	8,466	8,847
Eliminated on disposal	-	(13,757)	(13,757)
At 31 December 2018	<u>1,716</u>	<u>60,499</u>	<u>62,215</u>
NET BOOK VALUE			
At 31 December 2018	<u>1,145</u>	<u>52,563</u>	<u>53,708</u>
At 31 December 2017	<u>1,526</u>	<u>44,850</u>	<u>46,376</u>

11. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2018 and 31 December 2018	<u>100</u>
NET BOOK VALUE	
At 31 December 2018	<u>100</u>
At 31 December 2017	<u>100</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

11. FIXED ASSET INVESTMENTS - continued

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Gem Training Limited

Registered office: England and Wales

Nature of business: Training services

Class of shares:	%
Ordinary	holding 100.00

	2018	2017
	£	£
Aggregate capital and reserves	(484)	100
Loss for the year	(584)	-

12. STOCKS

	2018	2017
	£	£
Consumables	6,055	2,006

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade debtors	1,410,184	2,242,683
Amounts owed by group undertakings	25,430	-
Other debtors	20,758	19,773
Directors' current accounts	20,000	20,000
Corporation tax recoverable	5,000	5,000
Prepayments and accrued income	40,108	39,797
	<u>1,521,480</u>	<u>2,327,253</u>

Included within trade debtors are balances totalling £1,364,059 (2017: £2,174,109) that are subject to an invoice discounting facility. The trade debtors balances have been transferred to the counterparty although the transaction does not qualify for de-recognition on the basis the credit risk is retained by the company. The associated liability recognised in creditors is £Nil (2017: £1,218,265).

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Bank loans and overdrafts (see note 15)	-	58,795
Other loans (see note 15)	-	1,218,594
Trade creditors	30,217	41,296
Amounts owed to group undertakings	-	100
Corporation tax	81,734	128,262
Social security and other taxes	1,150,864	686,681
Other creditors	270,467	132,836
Accruals and deferred income	192,503	183,708
	<u>1,725,785</u>	<u>2,450,272</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018
15. LOANS

An analysis of the maturity of loans is given below:

	2018	2017
	£	£
Amounts falling due within one year or on demand:		
Bank loans	-	58,795
Debt factoring facility	-	329
Invoice discounting facility	-	1,218,265
	<u>-</u>	<u>1,277,389</u>

16. LEASING AGREEMENTS

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

	2018	2017
	£	£
Within one year	57,798	57,798
Between one and five years	176,000	176,000
In more than five years	51,333	95,333
	<u>285,131</u>	<u>329,131</u>

17. SECURED DEBTS

The following secured debts are included within creditors:

	2018	2017
	£	£
Bank loans	-	58,795
Debt factoring facility	-	329
Invoice discounting facility	-	1,218,265
	<u>-</u>	<u>1,277,389</u>

18. PROVISIONS FOR LIABILITIES

	2018	2017
	£	£
Deferred tax		
Accelerated capital allowances	<u>10,710</u>	<u>8,523</u>

	Deferred tax
	£
Balance at 1 January 2018	8,523
Charge to Income Statement during year	2,187
Balance at 31 December 2018	<u>10,710</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value: £1	2018 £	2017 £
551	Ordinary		<u>551</u>	<u>551</u>

20. RESERVES

	Retained earnings £	Capital redemption reserve £	Totals £
At 1 January 2018	579,318	552	579,870
Profit for the year	319,470	-	319,470
Dividends	(458,432)	-	(458,432)
At 31 December 2018	<u>440,356</u>	<u>552</u>	<u>440,908</u>

21. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to directors subsisted during the years ended 31 December 2018 and 31 December 2017:

	2018 £	2017 £
Mrs M L Miller		
Balance outstanding at start of year	5,000	5,000
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>5,000</u>	<u>5,000</u>
I Miller		
Balance outstanding at start of year	5,000	5,000
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>5,000</u>	<u>5,000</u>
L J Rankin		
Balance outstanding at start of year	5,000	5,000
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>5,000</u>	<u>5,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

21. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES - continued

R A Dunbar

Balance outstanding at start of year	5,000	5,000
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>5,000</u>	<u>5,000</u>

No interest is charged on the above loans.

22. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Key management personnel of the entity or its parent (in the aggregate)

	2018	2017
	£	£
Dividends paid	<u>335,296</u>	<u>222,727</u>

Other related parties

	2018	2017
	£	£
Dividends paid	<u>123,136</u>	<u>135,065</u>

23. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party.

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