

REGISTERED NUMBER: 06931626 (England and Wales)

**GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019  
FOR  
GEM PARTNERSHIP LIMITED**



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FOR THE YEAR ENDED 31 DECEMBER 2019**

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**GEM PARTNERSHIP LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2019**

<b>DIRECTORS:</b>	R A Dunbar L J Rankin I Miller Mrs M L Miller
<b>REGISTERED OFFICE:</b>	Fernwood House Fernwood Road Jesmond Newcastle upon Tyne NE2 1TJ
<b>REGISTERED NUMBER:</b>	06931626 (England and Wales)
<b>SENIOR STATUTORY AUDITOR:</b>	Michael Moran BA FCA
<b>AUDITORS:</b>	Robson Laidler Accountants Limited Statutory Auditor Fernwood House Fernwood Road Jesmond Newcastle upon Tyne Tyne and Wear NE2 1TJ
<b>BANKERS:</b>	Barclays Bank Plc PO Box 378 71 Grey Street Newcastle upon Tyne Tyne and Wear NE99 1JP

## GEM PARTNERSHIP LIMITED

### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their strategic report of the company and the group for the year ended 31 December 2019.

#### REVIEW OF BUSINESS

As a recruitment business we have operated within the temporary and permanent sectors within our core markets since 2009. As a training business we have operated within apprenticeship training delivery via the apprenticeship levy fund, other government funded training, and commercial training since 2018.

Our detailed results for the financial year to 31 December 2019 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.

Top line sales fell marginally and gross margins were eroded due to changes in business mix, but administrative costs have been kept well in control providing a solid platform for 2020.

Covid 19 has presented the business with operational challenges in 2020 in line with the UK wide impact, but profitability is forecasted to grow and we expect to end 2020 with a good result for the year.

For reference the headline performance for the 2019 period is outlined below:-

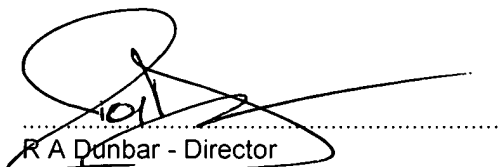
	2019	2018
	£	£
Turnover	14,100,772	15,724,284
Cost of sales	12,345,115	13,664,562
Gross profit	1,755,657	2,059,722
Administrative expenses	1,391,252	1,667,869
Operating profit	367,845	403,557

The directors expect the business to be profitable in 2020..

#### 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

Date: 16/12/2020

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2019.

**DIVIDENDS**

Interim dividends per share were paid as follows:

£129	- 23 January 2019
£116	- 26 April 2019
£146	- 16 July 2019
£129	- 18 October 2019
<hr/>	
£520	
<hr/>	

The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 December 2019 will be £286,751.

**EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

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

**FINANCIAL INSTRUMENTS**

The company 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 2019**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Group 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 the group and of the profit or loss of the group 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

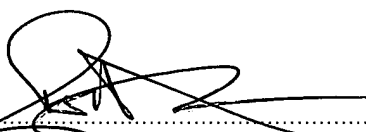
**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

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 group'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 group'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

Date: 16/12/2020 .....

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

### **Opinion**

We have audited the financial statements of Gem Partnership Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated 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 group's and of the parent company affairs as at 31 December 2019 and of the group's 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 group 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 group'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 Group 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 Group 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 Group 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### 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 group's and the parent 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 group or the parent 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](http://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.



Michael Moran BA 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

Date: 16/12/2020



**GEM PARTNERSHIP LIMITED (REGISTERED NUMBER: 06931626)**

**CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 £	2018 £
<b>TURNOVER</b>	4	<b>14,100,772</b>	15,724,284
Cost of sales		<u>12,345,115</u>	<u>13,664,562</u>
<b>GROSS PROFIT</b>		<b>1,755,657</b>	2,059,722
Administrative expenses		<u>1,391,252</u>	<u>1,667,869</u>
		<b>364,405</b>	391,853
Other operating income		<u>3,440</u>	<u>11,704</u>
<b>OPERATING PROFIT</b>	6	<b>367,845</b>	403,557
Interest payable and similar expenses	7	<u>-</u>	<u>749</u>
<b>PROFIT BEFORE TAXATION</b>		<b>367,845</b>	402,808
Tax on profit	8	<u>71,306</u>	<u>83,921</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u><b>296,539</b></u>	<u>318,887</u>
Profit attributable to: Owners of the parent		<u><b>296,539</b></u>	<u>318,887</u>

The notes form part of these financial statements

**GEM PARTNERSHIP LIMITED (REGISTERED NUMBER: 06931626)**

**CONSOLIDATED OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 £	2018 £
<b>PROFIT FOR THE YEAR</b>		<b>296,539</b>	318,887
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><b>296,539</b></u>	<u>318,887</u>
Total comprehensive income attributable to: Owners of the parent		<u><b>296,539</b></u>	<u>318,887</u>


The notes form part of these financial statements

**GEM PARTNERSHIP LIMITED (REGISTERED NUMBER: 06931626)**

**COMPANY BALANCE SHEET**  
**31 DECEMBER 2019**

	Notes	2019 £	2018 £
<b>FIXED ASSETS</b>			
Tangible assets	11	46,141	53,708
Investments	12	100	100
		<u>46,241</u>	<u>53,808</u>
<b>CURRENT ASSETS</b>			
Stocks	13	3,100	6,055
Debtors	14	1,759,070	1,521,480
Cash at bank and in hand		377,600	596,611
		<u>2,139,770</u>	<u>2,124,146</u>
<b>CREDITORS</b>			
Amounts falling due within one year	15	1,734,966	1,725,785
<b>NET CURRENT ASSETS</b>		<u>404,804</u>	<u>398,361</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>451,045</u>	<u>452,169</u>
<b>PROVISIONS FOR LIABILITIES</b>	19	8,604	10,710
<b>NET ASSETS</b>		<u>442,441</u>	<u>441,459</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	551	551
Capital redemption reserve	21	552	552
Retained earnings	21	441,338	440,356
<b>SHAREHOLDERS' FUNDS</b>		<u>442,441</u>	<u>441,459</u>
Company's profit for the financial year		<u>287,733</u>	<u>319,470</u>

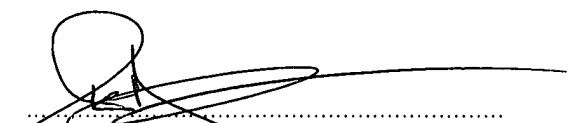
The financial statements were approved by the Board of Directors and authorised for issue on 16/12/2020 and were signed on its behalf by:

  
R.A. Dunbar - Director

**CONSOLIDATED BALANCE SHEET**  
**31 DECEMBER 2019**

		2019		2018	
	Notes	£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	11		<b>53,656</b>		53,708
Investments	12		-		-
			<b>53,656</b>		<b>53,708</b>
<b>CURRENT ASSETS</b>					
Stocks	13	<b>3,100</b>		6,055	
Debtors	14	<b>1,741,492</b>		1,510,862	
Cash at bank and in hand		<b>437,774</b>		626,984	
		<b>2,182,366</b>		<b>2,143,901</b>	
<b>CREDITORS</b>					
Amounts falling due within one year	15	<b>1,775,326</b>		<b>1,746,023</b>	
<b>NET CURRENT ASSETS</b>			<b>407,040</b>		<b>397,878</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>460,696</b>		<b>451,586</b>
<b>PROVISIONS FOR LIABILITIES</b>	19		<b>10,032</b>		<b>10,710</b>
<b>NET ASSETS</b>			<b>450,664</b>		<b>440,876</b>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	20		<b>551</b>		551
Capital redemption reserve	21		<b>552</b>		552
Retained earnings	21		<b>449,561</b>		439,773
<b>SHAREHOLDERS' FUNDS</b>			<b>450,664</b>		<b>440,876</b>

The financial statements were approved by the Board of Directors and authorised for issue on 16/12/2020 and were signed on its behalf by:

  
 R A Dunbar - Director

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Capital redemption reserve £</b>	<b>Total equity £</b>
<b>Balance at 1 January 2018</b>	551	579,318	552	580,421
<b>Changes in equity</b>				
Dividends	-	(458,432)	-	(458,432)
Total comprehensive income	-	318,887	-	318,887
<b>Balance at 31 December 2018</b>	<u>551</u>	<u>439,773</u>	<u>552</u>	<u>440,876</u>
<b>Changes in equity</b>				
Dividends	-	(286,751)	-	(286,751)
Total comprehensive income	-	296,539	-	296,539
<b>Balance at 31 December 2019</b>	<u>551</u>	<u>449,561</u>	<u>552</u>	<u>450,664</u>

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Capital redemption reserve £</b>	<b>Total equity £</b>
<b>Balance at 1 January 2018</b>	551	579,318	552	580,421
<b>Changes in equity</b>				
Dividends	-	(458,432)	-	(458,432)
Total comprehensive income	-	319,470	-	319,470
<b>Balance at 31 December 2018</b>	<u>551</u>	<u>440,356</u>	<u>552</u>	<u>441,459</u>
<b>Changes in equity</b>				
Dividends	-	(286,751)	-	(286,751)
Total comprehensive income	-	287,733	-	287,733
<b>Balance at 31 December 2019</b>	<u><u>551</u></u>	<u><u>441,338</u></u>	<u><u>552</u></u>	<u><u>442,441</u></u>

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 £	2018 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	(464,722)	1,848,322
Interest paid		-	(749)
Tax paid		(81,735)	(128,262)
Net cash from operating activities		<u>(546,457)</u>	<u>1,719,311</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(19,548)	(19,987)
Net cash from investing activities		<u>(19,548)</u>	<u>(19,987)</u>
<b>Cash flows from financing activities</b>			
Loan repayments in year		-	(58,795)
Movement in debt factoring liability		-	(329)
Movement in invoice discounting facility		-	(1,218,265)
Equity dividends paid		(286,751)	(458,432)
Net cash from financing activities		<u>(286,751)</u>	<u>(1,735,821)</u>
<b>Decrease in cash and cash equivalents</b>		<u>(852,756)</u>	<u>(36,497)</u>
<b>Cash and cash equivalents at beginning of year</b>	2	626,984	663,481
<b>Cash and cash equivalents at end of year</b>	2	<u><u>(225,772)</u></u>	<u><u>626,984</u></u>

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2019**
**1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2019 £	2018 £
Profit before taxation	367,845	402,808
Depreciation charges	19,600	8,847
Loss on disposal of fixed assets	-	3,808
Finance costs	-	749
	<u>387,445</u>	<u>416,212</u>
Decrease/(increase) in stocks	2,955	(4,049)
(Increase)/decrease in trade and other debtors	(230,630)	816,391
(Decrease)/increase in trade and other creditors	(624,492)	619,768
	<u>(464,722)</u>	<u>1,848,322</u>
<b>Cash generated from operations</b>	<u><b>(464,722)</b></u>	<u><b>1,848,322</b></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 2019**

	31.12.19 £	1.1.19 £
Cash and cash equivalents	437,774	626,984
Bank overdrafts	(663,546)	-
	<u>(225,772)</u>	<u>626,984</u>

**Year ended 31 December 2018**

	31.12.18 £	1.1.18 £
Cash and cash equivalents	626,984	663,481

**3. ANALYSIS OF CHANGES IN NET FUNDS/(DEBT)**

	At 1.1.19 £	Cash flow £	At 31.12.19 £
<b>Net cash</b>			
Cash at bank and in hand	626,984	(189,210)	437,774
Bank overdrafts	-	(663,546)	(663,546)
	<u>626,984</u>	<u>(852,756)</u>	<u>(225,772)</u>
<b>Total</b>	<u><b>626,984</b></u>	<u><b>(852,756)</b></u>	<u><b>(225,772)</b></u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**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 General 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.

**Basis of consolidation**

The results of all subsidiaries are included in the group profit and loss account from the date of acquisition.

**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 and the provision of training services.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**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
Computer equipment	- 33% 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.

**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 Consolidated 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 group operates a defined contribution pension scheme. Contributions payable to the group'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 CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**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 principal activities of the group.

An analysis of turnover by class of business is given below:

	2019 £	2018 £
Recruitment agency	13,824,305	15,547,629
Training provider	276,467	176,655
	<u>14,100,772</u>	<u>15,724,284</u>

Rendering of services £14,100,772 (2018: £15,724,284).

**5. EMPLOYEES AND DIRECTORS**

	2019 £	2018 £
Wages and salaries	10,976,479	10,789,983
Social security costs	685,292	703,205
Other pension costs	160,154	119,229
	<u>11,821,925</u>	<u>11,612,417</u>

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

	2019	2018
Directors	4	4
Head office	23	30
Commercial/ industrial/ professional	590	715
	<u>617</u>	<u>749</u>

	2019 £	2018 £
Directors' remuneration	45,518	42,597
Directors' pension contributions to money purchase schemes	38,400	38,400

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2019

## 5. EMPLOYEES AND DIRECTORS - continued

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

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

## 6. OPERATING PROFIT

The operating profit is stated after charging:

	2019 £	2018 £
Other operating leases	66,972	72,013
Depreciation - owned assets	19,600	8,847
Loss on disposal of fixed assets	-	3,808
Auditors' remuneration	9,300	3,950
	<u>99,872</u>	<u>88,620</u>

## 7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019 £	2018 £
Bank loan interest	-	749
	<u>-</u>	<u>749</u>

## 8. TAXATION

**Analysis of the tax charge**

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

	2019 £	2018 £
Current tax:		
UK corporation tax	71,984	81,734
Deferred tax	(678)	2,187
Tax on profit	<u>71,306</u>	<u>83,921</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:

	2019 £	2018 £
Profit before tax	367,845	402,808
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	69,891	76,534
Effects of:		
Expenses not deductible for tax purposes	2,083	6,594
Capital allowances in excess of depreciation	-	(1,394)
Depreciation in excess of capital allowances	10	-
Deferred tax charge	(678)	2,187
Total tax charge	<u>71,306</u>	<u>83,921</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2019

9. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

10. DIVIDENDS

	2019 £	2018 £
Ordinary shares of £1 each		
Interim	<u>286,751</u>	<u>458,432</u>

11. TANGIBLE FIXED ASSETS

Group

	Leasehold alterations £	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>				
At 1 January 2019	2,861	113,062	-	115,923
Additions	-	10,548	9,000	19,548
At 31 December 2019	<u>2,861</u>	<u>123,610</u>	<u>9,000</u>	<u>135,471</u>
<b>DEPRECIATION</b>				
At 1 January 2019	1,716	60,499	-	62,215
Charge for year	287	17,828	1,485	19,600
At 31 December 2019	<u>2,003</u>	<u>78,327</u>	<u>1,485</u>	<u>81,815</u>
<b>NET BOOK VALUE</b>				
At 31 December 2019	<u>858</u>	<u>45,283</u>	<u>7,515</u>	<u>53,656</u>
At 31 December 2018	<u>1,145</u>	<u>52,563</u>	<u>-</u>	<u>53,708</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2019

## 11. TANGIBLE FIXED ASSETS - continued

## Company

	Leasehold alterations £	Fixtures and fittings £	Totals £
<b>COST</b>			
At 1 January 2019	2,861	113,062	115,923
Additions	-	10,548	10,548
At 31 December 2019	2,861	123,610	126,471
<b>DEPRECIATION</b>			
At 1 January 2019	1,716	60,499	62,215
Charge for year	287	17,828	18,115
At 31 December 2019	2,003	78,327	80,330
<b>NET BOOK VALUE</b>			
At 31 December 2019	858	45,283	46,141
At 31 December 2018	1,145	52,563	53,708

## 12. FIXED ASSET INVESTMENTS

## Company

	Shares in group undertakings £
<b>COST</b>	
At 1 January 2019 and 31 December 2019	100
<b>NET BOOK VALUE</b>	
At 31 December 2019	100
At 31 December 2018	100

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

## Subsidiary

## Gem Training Limited

Registered office: England and Wales  
Nature of business: Training services

	% holding	2019 £	2018 £
Class of shares:	100.00		
Ordinary			
Aggregate capital and reserves		8,323	(484)
Profit/(loss) for the year		38,807	(584)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**13. STOCKS**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Consumables	<b>3,100</b>	<b>6,055</b>	<b>3,100</b>	<b>6,055</b>

**14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	<b>1,642,598</b>	<b>1,409,684</b>	<b>1,638,211</b>	<b>1,410,184</b>
Amounts owed by group undertakings	-	-	<b>55,430</b>	<b>25,430</b>
Other debtors	<b>20,721</b>	<b>20,758</b>	<b>20,721</b>	<b>20,758</b>
Directors' current accounts	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>
Corporation tax recoverable	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>
Prepayments and accrued income	<b>53,173</b>	<b>55,420</b>	<b>19,708</b>	<b>40,108</b>
	<b>1,741,492</b>	<b>1,510,862</b>	<b>1,759,070</b>	<b>1,521,480</b>

Included within trade debtors are balances totalling £1,493,492 (2018: £1,364,059) 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 £663,546 (2018: £Nil).

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts (see note 16)	<b>663,546</b>	-	<b>663,546</b>	-
Trade creditors	<b>61,009</b>	<b>32,296</b>	<b>56,550</b>	<b>30,217</b>
Corporation tax	<b>71,983</b>	<b>81,734</b>	<b>64,308</b>	<b>81,734</b>
Social security and other taxes	<b>661,349</b>	<b>1,153,773</b>	<b>655,344</b>	<b>1,150,864</b>
Other creditors	<b>220,683</b>	<b>270,467</b>	<b>220,683</b>	<b>270,467</b>
Accrued expenses	<b>96,756</b>	<b>207,753</b>	<b>74,535</b>	<b>192,503</b>
	<b>1,775,326</b>	<b>1,746,023</b>	<b>1,734,966</b>	<b>1,725,785</b>

**16. LOANS**

An analysis of the maturity of loans is given below:

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Amounts falling due within one year or on demand:				
Bank overdrafts	<b>663,546</b>	-	<b>663,546</b>	-

**17. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2019

## 17. LEASING AGREEMENTS - continued

## Company

	Non-cancellable operating leases	
	2019	2018
	£	£
Within one year	35,538	57,798
Between one and five years	43,480	176,000
In more than five years	-	51,333
	<u>79,018</u>	<u>285,131</u>

## 18. SECURED DEBTS

The following secured debts are included within creditors:

Company	
2019	2018
£	£
663,546	-
<u>663,546</u>	<u>-</u>

## 19. PROVISIONS FOR LIABILITIES

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Deferred tax				
Accelerated capital allowances	<u>10,032</u>	<u>10,710</u>	<u>8,604</u>	<u>10,710</u>

## Group

	Deferred tax £
Balance at 1 January 2019	10,710
Credit to Income Statement during year	(678)
Balance at 31 December 2019	<u>10,032</u>

## Company

	Deferred tax £
Balance at 1 January 2019	10,710
Credit to Income Statement during year	(2,106)
Balance at 31 December 2019	<u>8,604</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2019

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value: £1	2019 £	2018 £
Number:	Class:			
551	Ordinary		<u>551</u>	<u>551</u>

21. RESERVES

Group

	Retained earnings £	Capital redemption reserve £	Totals £
At 1 January 2019	439,773	552	440,325
Profit for the year	296,539		296,539
Dividends	(286,751)		(286,751)
	<u>449,561</u>	<u>552</u>	<u>450,113</u>
At 31 December 2019			

Company

	Retained earnings £	Capital redemption reserve £	Totals £
At 1 January 2019	440,356	552	440,908
Profit for the year	287,733	-	287,733
Dividends	(286,751)	-	(286,751)
	<u>441,338</u>	<u>552</u>	<u>441,890</u>
At 31 December 2019			

22. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to directors subsisted during the years ended 31 December 2019 and 31 December 2018:

	2019 £	2018 £
<b>Mrs M L Miller</b>		
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>

**GEM PARTNERSHIP LIMITED (REGISTERED NUMBER: 06931626)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**22. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES - continued**

**I Miller**

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

**L J Rankin**

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

**R A Dunbar**

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

**23. RELATED PARTY DISCLOSURES**

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

	<b>2019</b>	2018
	<b>£</b>	£
Dividends paid	<b><u>209,729</u></b>	<u>335,296</u>

**Other related parties**

	<b>2019</b>	2018
	<b>£</b>	£
Dividends paid	<b><u>77,022</u></b>	<u>123,136</u>

**24. POST BALANCE SHEET EVENTS - COVID 19**

Covid 19 has presented the business with operational challenges in 2020 in line with the UK wide impact, but profitability is forecasted to grow and we expect to end 2020 with a good result for the year.

**25. ULTIMATE CONTROLLING PARTY**

There is no ultimate controlling party.