

# Directors' report and financial statements

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## Shorterm Limited

For the year ended: 31 December 2019

Company registration number: 01064271



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**SHORTERM LIMITED**

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**COMPANY INFORMATION**

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**Directors**

S Gallucci  
P Keenan

**Registered number**

01064271

**Registered office**

The Barn  
Philpots Close  
Yiewsley  
Middlesex  
UB7 7RY

**Independent auditors**

MHA MacIntyre Hudson  
Chartered Accountants & Statutory Auditors  
Pennant House  
1-2 Napier Court  
Reading  
RG1 8BW

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**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Business review**

Shorterm's principal activity is as a leading specialist supplier of skilled personnel to the Engineering sector, in both temporary and permanent positions.

Shorterm's strategy is to deliver premium returns for all its stakeholders based on the following pillars:

- Targeting complementary, complex markets backed by strong economic trends;
- Client diversification partnering major blue chip clients;
- Expanding a fast growing business underpinned by high quality of earnings;
- Growth and development of internal staff; and
- A relentless focus on client service delivery.

In 2019 Revenue was £131m generating Net Fee Income of £13.3m. The company experienced an anticipated reduction in trading during the year in its Rail division as Network Rail entered the final year of a five-year cycle where spend is lower. The business continues to focus on debt reduction and in 2019, Net Bank Debt was reduced by 21% to £2.9m. The company monitors these key indicators on a monthly basis in addition to several other KPIs relating to headcount and performance.

**Principal risks and uncertainties**

The continued growth of the business and the execution of the strategy of Shorterm, is subject to a number of risks. Many of these risks are common in other companies. Careful risk management is fundamental to the ability of the business to execute its strategic objectives.

**Macroeconomic Environment**

Recruitment activity is largely driven by economic cycles and levels of business confidence. During economic downturns there tends to be a reduction in the level of permanent recruitment undertaken by clients. Our business is focused on the Engineering sector and, given the project based nature of this sector, there is a significant requirement for a flexible workforce, particularly during times of economic downturn. Over 80% of the business's Net Fee Income is generated from the supply of temporary contractors.

**Competition**

The recruitment market is well developed, fragmented and highly competitive. To mitigate the inherent risks of operating in a highly competitive market, the business has a broad service offering to a wide range of engineering sectors including Automotive, Aviation, Construction, Electronics and the Rail Industry.

**Credit Risk**

Trading on an uninsured basis with customers who have a poor credit rating may give rise to bad debts.

The Company operates rigorous credit control procedures to minimise its exposure to bad debts. In addition, the receivables book is covered by an insurance policy.

**Foreign Currency Risk**

Exposure to foreign currency translation differences may give rise to exchange losses. The Board does not consider that the Company has any material risk arising from foreign currency movement.

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**Post balance sheet events and future developments**

**Coronavirus**

At the date of approval of the annual report and financial statements there remains uncertainty in relation to the future impact that the Coronavirus pandemic will have on the Global economy and the knock on impact this may have on the company. The Board's view is that the principal risks of the Coronavirus crisis is that there may be a reduction in demand for the company's services and customers may delay payments. The Board, therefore, took appropriate measures to conserve cash resources and it continues to monitor the emerging situation closely on an ongoing basis. The Board has a range of significant further mitigating actions that can be taken in order to fully maintain the company's operating capabilities and to enable it to meet its future liabilities as they fall due. The potential impacts of the Coronavirus crisis are set out in more detail in note 26 of the financial statements.

**Future developments**

Despite the Coronavirus pandemic, Shorterm is expecting to enjoy continued growth over the next 3-5 years by continuing to execute its strategic plan and completing a number of selective acquisitions to support its market positioning.

**Directors' statement of compliance with duty to promote the success of the Company**

The Board of Directors always consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the stakeholders and matters set out in s172(1) (a)-(f) of the Companies Act 2006, in the decisions taken during the year ended 31 December 2019.

Our plan is designed to have a long term beneficial impact on the group and to contribute to its success in delivering a high quality of service across all of our business divisions.

Our employees are fundamental to the delivery of our plan. We aim to be a responsible employer in our approach to the pay and benefits our employees receive. The health, safety and well-being of our employees is one of our primary considerations in the way we conduct our business. Engagement with suppliers and customers is also key to our success. We communicate with our business partners regularly throughout the year and take the appropriate action, when necessary, to prevent involvement in modern slavery, corruption, bribery and breaches of competition law.

Our plan considers the impact of the Company's operations on the community and environment and our wider social responsibilities, and in particular how we comply with environmental legislation and pursue waste-saving opportunities and react promptly to local concerns.

As the Board of Directors, our intention is to behave in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours and in doing so, will contribute to the delivery of our plan.

As the Board of Directors, our intention is to behave responsibly towards all stakeholders in our business and treat them fairly, so they too may benefit from the successful delivery of our plan.

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



P Keenan

Director

Date:

18/12/20

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

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

**Directors' responsibilities statement**

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

**Results and dividends**

The profit for the year, after taxation, amounted to £1,992,000 (2018 - £3,169,000).

The directors do not propose a dividend will be distributed for the year ended 31 December 2019.

**Directors**

The directors who served during the year were:

S Gallucci  
P Keenan

**Future developments**

The future developments of the company are included in the Strategic Report on pages 1-3 and appear here by cross reference.

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Post balance sheet events**

At the date of approval of the annual report and financial statements there remains considerable uncertainty in relation to the future impact that the Coronavirus pandemic will have on the Global economy, and on Shorterm Limited in particular. The Board's view is that the principal risk of the Coronavirus crisis to the company is that a significant number of customers stop, or severely delay, payments to the company. The Board has, therefore, taken immediate measures which will conserve cash resources for the Group and it is monitoring the emerging situation closely on a day to day basis. The Board has a range of significant further mitigating actions that can be taken in order to fully maintain the Group's operating capabilities and to enable it to meet its future liabilities as they fall due. The potential impacts of the Coronavirus crisis are set out in more detail in note 27 of the financial statements.

**Auditors**

Under section 487(2) of the Companies Act 2006, MHA MacIntyre Hudson will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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

*P Keenan*

P Keenan  
Director

Date: 19/12/20

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHORTERM LIMITED**

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**Opinion**

We have audited the financial statements of Shorterm Limited (the 'Company') for the year ended 31 December 2019, which comprise the Statement of income and retained earnings, the Balance sheet and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material



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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHORTERM LIMITED (CONTINUED)**

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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.

**Opinion on other matters prescribed by the Companies Act 2006**

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

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

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHORTERM LIMITED (CONTINUED)**

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**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' report.

**Use of our report**

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

*MHA MacIntyre Hudson*

Jason Mitchell MBA FSc FCA (Senior statutory auditor)

for and on behalf of

**MHA MacIntyre Hudson**

Chartered Accountants  
Statutory Auditors

Pennant House  
1-2 Napier Court  
Reading  
RG1 8BW

Date:

*18 December 2020*

**STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £000	2018 £000
Turnover	4	130,652	137,629
Cost of sales		(117,263)	(122,226)
<b>Gross profit</b>		<b>13,389</b>	<b>15,403</b>
Administrative expenses		(10,600)	(11,065)
<b>Operating profit</b>	5	<b>2,789</b>	<b>4,338</b>
Interest receivable and similar income	8	15	3
Interest payable and expenses	9	(351)	(490)
<b>Profit before tax</b>		<b>2,453</b>	<b>3,851</b>
Tax on profit	10	(461)	(682)
<b>Profit after tax</b>		<b>1,992</b>	<b>3,169</b>
Retained earnings at the beginning of the year		18,210	15,041
Profit for the year		1,992	3,169
<b>Retained earnings at the end of the year</b>		<b>20,202</b>	<b>18,210</b>

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

The notes on pages 10 to 28 form part of these financial statements.

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £000	2018 £000
<b>Fixed assets</b>			
Intangible assets	11	116	163
Tangible assets	12	326	383
Investments	13	70	70
		<u>512</u>	<u>616</u>
<b>Current assets</b>			
Stocks	14	84	76
Debtors: amounts falling due after more than one year	15	2,300	-
Debtors: amounts falling due within one year	15	31,091	30,691
Cash at bank and in hand	16	2,768	2,793
		<u>36,243</u>	<u>33,560</u>
Creditors: amounts falling due within one year	17	(16,548)	(14,379)
<b>Net current assets</b>		<u>19,695</u>	<u>19,181</u>
<b>Total assets less current liabilities</b>		<u>20,207</u>	<u>19,797</u>
Creditors: amounts falling due after more than one year	18	-	(1,582)
<b>Net assets</b>		<u><u>20,207</u></u>	<u><u>18,215</u></u>
<b>Capital and reserves</b>			
Called up share capital	22	5	5
Profit and loss account		20,202	18,210
		<u><u>20,207</u></u>	<u><u>18,215</u></u>

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

*P Keenan*

**P Keenan**  
Director

Date: 18/12/20

The notes on pages 10 to 28 form part of these financial statements.

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

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**1. General information**

Shorterm Limited is a private company limited by shares incorporated in England and Wales under the Companies Act 2006. The company number and address of the registered office is given on the Company Information page. The nature of the group's operations and its principle activities are set out in the Strategic Report on pages 1-3.

**2. Accounting policies****2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006, and are rounded to the nearest thousand..

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

**2.2 Financial reporting standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Grouse Topco Limited as at 31 December 2019 and these financial statements may be obtained from the registered office.

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

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**2. Accounting policies (continued)****2.3 Going concern**

The Directors consider it applicable to prepare the Financial Statements on a going concern basis. In reaching this conclusion, the Directors have considered the financial projections of the company for the foreseeable future, which covers a period of at least 12 months from the date of signing the Financial Statements.

The Coronavirus crisis is likely to have an impact on the company's operations over the next 12 months, therefore the Directors have reviewed forecasts which model a worst-case scenario. This model demonstrates that the company will continue to be able to repay its liabilities as they fall due for the foreseeable future.

The potential impacts of the Coronavirus crisis are set out in more detail in note 26 (post balance sheet events) of the financial statements.

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the company, its cash flows, liquidity position and borrowing facilities are also described within the financial statements.

At the year-end the company had net current assets of £19,696,000 at 31 December 2019 (31 December 2018: £19,181,000) including cash and cash equivalents of £2,768,000 (31 December 2018: £2,793,000).

Despite the potential impact of the Coronavirus, the company expects to continue to grow its recurring revenue streams. As a consequence, and having reviewed the worst case forecasts for the coming year, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis of accounting in preparing the Financial Statements.

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

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**2. Accounting policies (continued)****2.4 Foreign currency translation****Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of income and retained earnings except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of income and retained earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of income and retained earnings within 'other operating income'.

**2.5 Revenue**

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

**Rendering of services**

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

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

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

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**2. Accounting policies (continued)****2.6 Operating leases**

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2018 to continue to be charged over the period to the first market rent review rather than the term of the lease.

**2.7 Leased assets**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of income and retained earnings so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**2.8 Interest income**

Interest income is recognised in the Statement of income and retained earnings using the effective interest method.

**2.9 Finance costs**

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

**2.10 Borrowing costs**

All borrowing costs are recognised in the Statement of income and retained earnings in the year in which they are incurred.



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

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**2. Accounting policies (continued)****2.11 Pensions****Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

**2.12 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of income and retained earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

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

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**2. Accounting policies (continued)****2.13 Intangible assets****Business combinations**

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation. In accordance with Section 35 of FRS102, Section 19 of FRS102 has not been applied in these financial statements in respect of business combinations effected prior to the date of transition.

**Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of income and retained earnings over its useful economic life.

**Other intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

**2.14 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.

Depreciation is provided on the following basis:

Long-term leasehold property	- Over the period of the lease
Motor vehicles	- 25% per annum
Fixtures and fittings	- 25% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of income and retained earnings.

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

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**2. Accounting policies (continued)****2.15 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.16 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**2.17 Debtors**

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

**2.18 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.19 Creditors and other financial liabilities**

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

**2.20 Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance sheet date.

**2.21 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of income and retained earnings.

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

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

In applying the Company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgments, estimates and assumptions are based on the best and most reliable evidence available at the times when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

**Critical judgements in applying the Company's accounting policies**

The critical judgements that the directors have made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

**(i) Assessing indicators of impairment**

In assessing whether there have been any indicators of impaired assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

**Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

**(ii) Recoverability of receivables**

The company establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the directors consider factors such as the ageing of receivables, past experience of recoverability, and the credit profile of individuals or groups of customers.

**(iii) Determining residual values and useful economic lives of property, plant and equipment**

The company depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of the asset is based on historic performance as well as expectations of future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Judgement is applied by management when determining the residual values for plant, machinery and equipment. When determining the residual value management aim to assess the amount that the company would currently obtain for the disposal of the asset, if it were already in the condition expected at the end of its useful economic life. Where possible this is done with reference to external market prices.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019****4. Turnover**

The whole of the turnover is attributable to the provision of services.

Analysis of turnover by country of destination:

	2019 £000	2018 £000
United Kingdom	127,782	132,488
Rest of the world	2,870	5,141
	<u>130,652</u>	<u>137,629</u>

**5. Operating profit**

The operating profit is stated after charging:

	2019 £000	2018 £000
Depreciation of tangible fixed assets	206	207
Amortisation of intangible assets, including goodwill	47	46
Exchange differences	9	6
Other operating lease rentals	<u>710</u>	<u>788</u>

**6. Auditors' remuneration**

	2019 £000	2018 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>15</u>	<u>14</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019****7. Employees**

Staff costs were as follows:

	2019 £000	2018 £000
Wages and salaries	5,856	5,511
Social security costs	617	679
Cost of defined contribution scheme	144	107
	<u>6,617</u>	<u>6,297</u>

The directors were remunerated through other group companies.

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

	2019 No.	2018 No.
Employees	<u>115</u>	<u>139</u>

**8. Interest receivable**

	2019 £000	2018 £000
Other interest receivable	<u>15</u>	<u>3</u>

**9. Interest payable and similar expenses**

	2019 £000	2018 £000
Other loan interest payable	256	397
Reverse factoring interest payable	95	93
	<u>351</u>	<u>490</u>

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

**10. Taxation**

	<b>2019 £000</b>	<b>2018 £000</b>
<b>Corporation tax</b>		
Current tax on profits for the year	<u>458</u>	<u>698</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>3</u>	<u>(16)</u>
<b>Taxation on profit on ordinary activities</b>	<u><u>461</u></u>	<u><u>682</u></u>

**Factors affecting tax charge for the year**

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

	<b>2019 £000</b>	<b>2018 £000</b>
Profit on ordinary activities before tax	<u>2,453</u>	<u>3,851</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	<u>466</u>	<u>732</u>
<b>Effects of:</b>		
Expenses not deductible for tax purposes	<u>25</u>	<u>12</u>
Group relief	<u>(30)</u>	<u>(62)</u>
<b>Total tax charge for the year</b>	<u><u>461</u></u>	<u><u>682</u></u>

**Factors that may affect future tax charges**

A reduction to the UK corporation tax rate down from 19% to 17% was announced in the 2016 Budget and enacted on 15 September 2016 (to be effective from 1 April 2020). However, it was announced in the 2020 Budget (and substantively enacted on 17 March 2020) that this reduction in rate would be reversed with 19% being maintained from 1 April 2020.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019****11. Intangible assets**

	<b>Goodwill £000</b>
<b>Cost</b>	
At 1 January 2019	919
At 31 December 2019	<u>919</u>
<b>Amortisation</b>	
At 1 January 2019	756
Charge for the year	47
At 31 December 2019	<u>803</u>
<b>Net book value</b>	
At 31 December 2019	<u><u>116</u></u>
At 31 December 2018	<u><u>163</u></u>



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

**12. Tangible fixed assets**

	Long-term leasehold property £000	Motor vehicles £000	Fixtures and fittings £000	Total £000
<b>Cost or valuation</b>				
At 1 January 2019	134	57	1,343	1,534
Additions	86	16	58	160
Disposals	-	(47)	-	(47)
At 31 December 2019	220	26	1,401	1,647
<b>Depreciation</b>				
At 1 January 2019	131	54	966	1,151
Charge for the year	20	8	178	206
Disposals	-	(36)	-	(36)
At 31 December 2019	151	26	1,144	1,321
<b>Net book value</b>				
At 31 December 2019	69	-	257	326
At 31 December 2018	3	3	377	383

The net book value of land and buildings may be further analysed as follows:

	2019 £000	2018 £000
Long leasehold	69	3

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

**13. Fixed asset investments**

	Investments in subsidiary companies £000
<b>Cost or valuation</b>	
At 1 January 2019	70
At 31 December 2019	70

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Shorterm AG	Aviation recruitment agent	Ordinary	100%
Trainspeople Limited	Training agent	Ordinary	100%
Shorterm Resources Limited	Engineering employment agent	Ordinary	100%
Catalyse Training Limited*	Dormant	Ordinary	100%
Merit Skills Limited*	Training agent	Ordinary	100%

Name	Address
Shorterm AG	Rathausstrasse 7, 6340 Bear, Switzerland
Trainspeople Limited	Abbots House, Abbey Street, Reading, Berkshire RG1 3BD
Shorterm Resources Limited	Abbots House, Abbey Street, Reading, Berkshire RG1 3BD
Catalyse Training Limited*	Abbots House, Abbey Street, Reading, Berkshire RG1 3BD
Merit Skills Limited*	The Barn, Philpots Close, Yiewsley, Middlesex, UB7 7RY

\*Catalyse Training Limited and Merit Skills Limited are subsidiaries of Trainspeople Limited.

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

**14. Stocks**

	2019 £000	2018 £000
Finished goods and goods for resale	84	76

**15. Debtors**

	2019 £000	2018 £000
<b>Due after more than one year</b>		
Amounts owed by group undertakings	800	-
Prepayments	1,500	-
	<u>2,300</u>	<u>-</u>

	2019 £000	2018 £000
<b>Due within one year</b>		
Trade debtors	10,154	10,373
Amounts owed by group undertakings	17,944	17,850
Other debtors	59	54
Prepayments and accrued income	2,932	2,409
Deferred taxation	2	5
	<u>31,091</u>	<u>30,691</u>

**16. Cash and cash equivalents**

	2019 £000	2018 £000
Cash at bank and in hand	2,768	2,793
	<u>2,768</u>	<u>2,793</u>

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

**17. Creditors: Amounts falling due within one year**

	<b>2019 £000</b>	<b>2018 £000</b>
Debenture loans	<b>4,469</b>	4,379
Bank loans	<b>1,585</b>	1,000
Trade creditors	<b>2,279</b>	2,342
Amounts owed to group undertakings	<b>132</b>	164
Corporation tax	<b>244</b>	310
Other taxation and social security	<b>3,344</b>	3,152
Other creditors	<b>32</b>	61
Accruals and deferred income	<b>4,463</b>	2,971
	<b>16,548</b>	14,379

**18. Creditors: Amounts falling due after more than one year**

	<b>2019 £000</b>	<b>2018 £000</b>
Bank loans	-	1,582
	-	1,582

**19. Loans**

Analysis of the maturity of loans is given below:

	<b>2019 £000</b>	<b>2018 £000</b>
<b>Amounts falling due within one year</b>		
Bank loans	<b>1,585</b>	1,000
Debenture loans	<b>4,469</b>	4,379
	<b>6,054</b>	5,379
<b>Amounts falling due 1-2 years</b>		
Bank loans	-	1,582
	<b>6,054</b>	6,961

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019****23. Pension commitments**

The company operates defined pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £144,000 (2018 - £107,000).

Contributions totalling £95,000 (2018 - £47,000) were payable to the fund at the balance sheet date.

**24. Commitments under operating leases**

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

	2019 £000	2018 £000
<b>Land and buildings</b>		
Not later than 1 year	171	227
Later than 1 year and not later than 5 years	30	108
	<u>201</u>	<u>335</u>
	2019 £000	2018 £000
<b>Other commitments</b>		
Not later than 1 year	308	470
Later than 1 year and not later than 5 years	70	398
	<u>378</u>	<u>868</u>

**25. Related party transactions**

No transactions with related parties were undertaken such as are required to be disclosed under FRIS 102.

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

**20. Financial instruments**

	2019 £000	2018 £000
<b>Financial assets</b>		
Financial assets measured at face value through profit or loss	<u>2,768</u>	<u>2,793</u>

Financial assets measured at fair value through profit or loss comprise cash at bank.

**21. Deferred taxation**

	2019 £000
At beginning of year	5
Charged to profit or loss	(3)
<b>At end of year</b>	<u><u>2</u></u>

The deferred tax asset is made up as follows:

	2019 £000	2018 £000
Accelerated capital allowances	(27)	(30)
Short term timings differences	29	35
	<u>2</u>	<u>5</u>

**22. Share capital**

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
5,050 (2018 - 5,050) Ordinary shares of £1.000 each	<u>5,050</u>	<u>5,050</u>

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

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**26. Post balance sheet events**

On 11 March 2020, the World Health Organisation declared the Coronavirus outbreak (COVID-19) a pandemic. Following this, many countries that the Group operates in entered into varying degrees of government-imposed lockdowns to help contain COVID-19 and to prevent fatalities.

The Directors expect that the most significant impact of this pandemic on the company will be on customers delaying or not paying for products and services provided by the company. It is also expected that demand for services could reduce. It is not possible to quantify precisely the potential impacts of this, as disruption to the global economy on this scale has not been seen in recent history.

In order to protect the business, the Directors have taken a number of mitigating actions to ensure that the company can continue in operation for the foreseeable future. These mitigating actions include the freezing of recruitment and a proportional reduction in staff costs, assisted where possible by government business support schemes. These proactive measures have been implemented so that the Group continues to have sufficient liquidity to meet its obligations as they fall due. The Directors continue to closely monitor the situation and have at their disposal a significant number of further mitigating actions that the Group could take if required to do so.

In view of the current COVID-19 crises, the Directors have also considered the carrying values of the companies assets due to the potential impact on the future cash flows. They have concluded that the long-term impacts of the COVID-19 do not result in a permanent diminution of value of the assets.

**27. Controlling party**

The immediate parent company of the Company is Shorterm Group Limited and the parent of the smallest group for which consolidated accounts are prepared is Grouse Topco Limited. Both Shorterm Group Limited and Grouse Topco Limited are incorporated in England and Wales and have the registered office of The Barn, Philpots Close, Yiewsley, Middlesex, UB7 7RY.

The ultimate parent undertaking of the group is Growth Capital Partners Fund IV LP, a fund registered in the United Kingdom. There is no single ultimate controlling party.

The Company is exempt from producing consolidated accounts under section 400 of the Companies Act 2006 on the basis that it is a wholly owned subsidiary of a company established under the law of an EEA State and it is included in the audited consolidated accounts for a larger group prepared by Grouse Topco Limited.