Director's report and financial statements

Shorterm Limited

For the year ended: 31 December 2017

Company registration number: 01064271

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SHORTERM LIMITED

COMPANY INFORMATION

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

SHORTERM LIMITED

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

Business review

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

On 16 November 2016 the ultimate parent company of the group was acquired by Growth Capital Partners Fund IV LP, a fund registered in the UK.

The company continued to execute its Strategic Plan designed to deliver premium returns for all its stakeholders. In 2016 the business's achievements served to illustrate that progress.

2017 represented the first full year of operation with new investors, GCP, and the company continues to execute its strategic plan designed 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 from long term contract and temporary recruitment;
- Growth and development of internal staff; and
- A relentless focus on client service delivery.

Shorterm is maintaining an unrivalled level of organic growth compared to its peer group achieving a compound annual growth rate of over 25% in Net Fee Income (NFI) over the last 5 years. In 2017 Revenue grew to £124m generating Net Fee Income of £15m and operating profit of £4.6m. Shorterm 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 Company's strategy are 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.

RISKS	MITIGATION
People The resignation of key team members could adversely impact the Company's results.	This risk is mitigated through a combination of staff training, competitive remuneration packages and succession planning.
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 90% 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 on engineering sectors including Construction, Automotive, Electronics, Aviation 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 entire 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 2017

Future developments

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

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

Patrick P Keenan

P Keenan
Director

Date: 25th SEPT 2018

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

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 judgments 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 £3,555,000 (2016 - £2,806,000).

Directors

The directors who served during the year were:

S Gallucci
P Keenan

Future developments

Details of future developments can be found in the Strategic Report on page 3 and form part of this report by cross reference.

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

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

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.

Patrick N Keenan

P Keenan
Director

Date: 25th Sept 2018

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SHORTERM LIMITED

Opinion

We have audited the financial statements of Shorterm Limited (the 'Company') for the year ended 31 December 2017, 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 2017 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 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.

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

MHA MacIntyre Hudson.

Jason Mitchell (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: 26 September 2018

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £000	As restated 2016 £000
Turnover	4	**124,108**	105,969
Cost of sales		**(109,202)**	(92,622)
GROSS PROFIT		**14,906**	13,347
Administrative expenses		**(10,293)**	(9,547)
OPERATING PROFIT	5	**4,613**	3,800
Interest receivable and similar income	9	**3**	3
Interest payable and expenses	10	**(369)**	(330)
PROFIT BEFORE TAX		**4,247**	3,473
Tax on profit	11	**(692)**	(667)
PROFIT AFTER TAX		**3,555**	2,806
Retained earnings at the beginning of the year		**11,486**	8,680
Profit for the year		**3,555**	2,806
RETAINED EARNINGS AT THE END OF THE YEAR		**15,041**	11,486

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of income and retained earnings.

The notes on pages 11 to 28 form part of these financial statements.

SHORTERM LIMITED
REGISTERED NUMBER: 01064271

BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note		2017 £000		2016 £000
FIXED ASSETS					
Intangible assets	12		**220**		-
Tangible assets	13		**313**		318
Investments	14		**70**		70
			603		388
CURRENT ASSETS					
Stocks	15	**72**		60	
Debtors: amounts falling due within one year	16	**31,447**		21,070	
Cash at bank and in hand		**3,145**		2,252	
		34,664		23,382	
Creditors: amounts falling due within one year	17	**(17,656)**		(12,266)	
NET CURRENT ASSETS			**17,008**		11,116
TOTAL ASSETS LESS CURRENT LIABILITIES			**17,611**		11,504
Creditors: amounts falling due after more than one year			**(2,554)**		-
PROVISIONS FOR LIABILITIES					
Deferred tax	20	**(11)**		(13)	
			(11)		(13)
NET ASSETS			**15,046**		11,491
CAPITAL AND RESERVES					
Called up share capital	21		**5**		5
Profit and loss account			**15,041**		11,486
			15,046		11,491

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

Patrick P Keenan ....

P Keenan
Director

Date: 25th September 2018.

The notes on pages 11 to 28 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1. GENERAL INFORMATION

Shorterm Limited is a private company limited by shares incorporated in England and Wales in the United Kingdom 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 principal 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 and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006. The functional and presentational currency is pound sterling and amounts are rounded to the nearest thousand pounds.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment 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 11.41(b), 11.41(c), 11.41(e), 11.41(f), 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 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Grouse TopCo Limited as at 31 December 2017 and these financial statements may be obtained from the Registered office.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Revenue

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

Rendering of services

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

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

2.4 Intangible assets

Goodwill and 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 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 Profit and loss account 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.

The estimated useful lives range as follows:

Goodwill	-	2-20 years

2. ACCOUNTING POLICIES (CONTINUED)

2.5 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:

Longterm 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.

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 2016 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 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. ACCOUNTING POLICIES (CONTINUED)

2.9 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.

2.10 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.

2.11 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 accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable 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 Income Statement.

2.12 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.

2.13 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 Profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

2. ACCOUNTING POLICIES (CONTINUED)

2.14 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.

2.15 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.

2.16 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.

2.17 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.

2.18 Interest income

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

2.19 Borrowing costs

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

2. ACCOUNTING POLICIES (CONTINUED)

2.20 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.

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the Company's accounting policies, the directors are required to make judgments, 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 judgments, 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 judgments in applying the Company's accounting policies

The critical judgments 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.

Judgment 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.

4. TURNOVER

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

Analysis of turnover by country of destination:

	2017 £000	2016 £000
United Kingdom	**116,295**	99,931
Rest of the world	**7,813**	6,038
	124,108	105,969

5. PROFIT BEFORE TAX

The profit before tax is stated after charging/(crediting):

	2017 £000	2016 £000
Depreciation of tangible fixed assets	**168**	136
Amortisation of intangible assets, including goodwill	**20**	45
Exchange differences	**30**	(54)
Other operating lease rentals	**338**	340
Defined contribution pension cost	**75**	110

6. AUDITORS' REMUNERATION

	2017 £000	2016 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	**13**	12
FEES PAYABLE TO THE COMPANY'S AUDITOR AND ITS ASSOCIATES IN RESPECT OF:		
Other services	**1**	1

7. EMPLOYEES

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

	2017 £000	2016 £000
Wages and salaries	**5,809**	5,579
Social security costs	**646**	692
Cost of defined contribution scheme	**75**	110
	6,530	6,381

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

	2017 No.	2016 No.
	112	105

8. DIRECTORS' REMUNERATION

	2017 £000	2016 £000
Directors' emoluments	**-**	480
Company contributions to defined contribution pension schemes	**-**	20
	-	500

During the year retirement benefits were accruing to no directors (2016 - 1) in respect of defined contribution pension schemes.

During the year the directors were paid through other group companies.

9. INTEREST RECEIVABLE

	2017 £000	As restated 2016 £000
Interest receivable	**3**	3

During the year ended 31 December 2016, Reverse factoring interest was treated as interest receivable. However, in the year ended 31 December 2017 a decision was taken to reclass this as interest payable as it relates to a recharge.

10. INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £000	As restated 2016 £000
Loan interest payable	**311**	263
Reverse factoring interest payable	**58**	67
	369	330

During the year ended 31 December 2016, Reverse Factoring interest was split between interest receivable and interest payable. In the year ended 3 December 2017, a decision was taken to net the interest receivable as it relates to a recharge of the expense.

11. TAXATION

	2017 £000	2016 £000
CORPORATION TAX		
Current tax on profits for the year	**736**	675
Adjustments in respect of previous periods	**(42)**	(16)
TOTAL CURRENT TAX	**694**	659
DEFERRED TAX		
Origination and reversal of timing differences	**(2)**	8
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	**692**	667

11. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2016 - lower than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017	2016
	£000	£000
Profit on ordinary activities before tax	**4,247**	3,473
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	**818**	695
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**18**	12
Capital allowances for year in excess of depreciation	**4**	-
Adjustments to tax charge in respect of prior periods	**(42)**	(16)
Group relief	**(106)**	(24)
TOTAL TAX CHARGE FOR THE YEAR	**692**	667

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The Corporation tax rate will reduce from 19% to 17% on 1 April 2020. The rate reduction to 17% was substantively enacted on 6 September 2016.

12. INTANGIBLE ASSETS

	Goodwill £000
COST	
At 1 January 2017	**690**
Additions	**240**
At 31 December 2017	**930**
AMORTISATION	
At 1 January 2017	**690**
Charge for the year	**20**
At 31 December 2017	**710**
NET BOOK VALUE	
At 31 December 2017	**220**
At 31 December 2016	**-**

13. TANGIBLE FIXED ASSETS

	L/Term Leasehold Property £000	Motor vehicles £000	Fixtures and fittings £000	Total £000
COST OR VALUATION				
At 1 January 2017	134	18	963	1,115
Additions	-	65	99	164
Disposals	-	(1)	-	(1)
At 31 December 2017	134	82	1,062	1,278
DEPRECIATION				
At 1 January 2017	110	8	679	797
Charge for the year on owned assets	16	21	131	168
At 31 December 2017	126	29	810	965
NET BOOK VALUE				
At 31 December 2017	8	53	252	313
At 31 December 2016	24	10	284	318

14. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £000
COST OR VALUATION	
At 1 January 2017 and 31 December 2017	70
NET BOOK VALUE	
At 31 December 2017 and 31 December 2016	70

14. FIXED ASSET INVESTMENTS (CONTINUED)

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Shorterm AG	Ordinary	100 %	Recruitment
Trainspeople Limited	Ordinary	100 %	Training
Shorterm Resources Limited	Ordinary	100 %	Recruitment

Catalyse Training Limited was a 100% subsidiary of Trainspeople Limited during the year.

Name	Registered office
Shorterm AG	Rathausstrasse 7, 6340 Baar, Switzerland
Trainspeople Limited	Fourth Floor Abbots House, Abbey Street, Reading, Berkshire, RG1 3BD
Shorterm Resources Limited	Fourth Floor Abbots House, Abbey Street, Reading, Berkshire, RG1 3BD

15. STOCKS

	2017 £000	2016 £000
Goods for resale	**72**	60

Stock recognised in cost of sales during the year as an expense was £322,000 (*2016: £299,988*).

Stock comprises ancillary items sold as part of other services.

16. DEBTORS

	2017 £000	2016 £000
Trade debtors	**13,136**	9,304
Amounts owed by group undertakings	**15,935**	9,335
Other debtors	**65**	1
Prepayments and accrued income	**2,311**	2,430
	31,447	21,070

17. CREDITORS: Amounts falling due within one year

	2017 £000	2016 £000
Debenture loans	**7,096**	5,028
ABN loans	**1,029**	-
Trade creditors	**2,616**	2,409
Amounts owed to group undertakings	**192**	791
Corporation tax	**407**	331
Taxation and social security	**3,583**	1,476
Accruals and deferred income	**2,733**	2,231
	17,656	12,266

18. CREDITORS: Amounts falling due after more than one year

	2017 £000	2016 £000
ABN loans	**2,554**	-

19. LOANS

Analysis of the maturity of loans is given below:

	2017 £000	2016 £000
AMOUNTS FALLING DUE WITHIN ONE YEAR		
ABN loans	**1,029**	-
Debenture loans	**7,096**	5,028
	8,125	5,028
AMOUNTS FALLING DUE 1-2 YEARS		
Bank loans	**1,029**	-
AMOUNTS FALLING DUE 2-5 YEARS		
Bank loans	**1,526**	-
	10,680	5,028

20. DEFERRED TAXATION

	2017 £000
At beginning of year	**(13)**
Charged to the profit or loss	**2**
AT END OF YEAR	**(11)**

The provision for deferred taxation is made up as follows:

	2017 £000	2016 £000
Accelerated capital allowances	**(29)**	(24)
Short term timing differences	**18**	11
	(11)	(13)

21. SHARE CAPITAL

	2017 £000	2016 £000
Allotted, called up and fully paid		
5,050 Ordinary Shares shares of £1 each	**5**	5

22. PENSION COMMITMENTS

The company operates defined contributions 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 £75,000 (2016 - £110,000).

Contributions totalling £27,000 (2016 - £18,000) were payable to the funds at the balance sheet date.

23. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £000	2016 £000
Land and buildings		
Not later than 1 year	**261**	277
Later than 1 year and not later than 5 years	**352**	676
Later than 5 years	**-**	8
	613	961

	2017 £000	2016 £000
Other commitments		
Not later than 1 year	**470**	253
Later than 1 year and not later than 5 years	**771**	386
	1,241	639

24. RELATED PARTY TRANSACTIONS

During the year management charges of £353,000 (2016: £Nil) were payable to Grouse Topco Limited.

Grouse Bidco Limited is a company held under common control. During the year the company was charged management fees of £195,000 (2016: £Nil) by Grouse Bidco Limited.

During the year management charges of £8,000 (2016: £Nil) were payable to Shorterm Resources Limited, a direct subsidiary of the company.

Other than where disclosed above, no transactions with related parties were undertaken such as are required to be disclosed under FRS 102, section 33.

25. CONTROLLING PARTY

The immediate parent company of the Company was 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 establised 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.