

**Company Number: 02408326**

**Interaction Recruitment PLC**

**Directors' Report and Financial Statements**

**for the Year Ended 31 December 2013**

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# Interaction Recruitment PLC

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# Interaction Recruitment PLC

## Company Information

**Directors**

A Gilchrist  
DM Dickson  
J Vazquez

**Company secretary** G Holder

**Registered office**

Interaction House  
43 High Street  
Huntingdon  
Cambridgeshire  
PE29 3AQ

**Auditors**

Hawsons Chartered Accountants  
Jubilee House  
32 Duncan Close  
Moulton Park  
Northampton  
NN3 6WL

**Interaction Recruitment PLC**  
**Strategic Report for the Year Ended 31 December 2013**

**Business review**

***Fair review of the business***

The directors consider that the results for the year and the financial position at the end of the year to be satisfactory.

The company has continued to control overheads resulting in another year of profitability. All effort is made to avoid taking unnecessary risks, with any risk being quantified and monitored to prevent significant losses being made.

The directors consider that the key financial performance indicators are those that communicate the financial performance and strength of the company as a whole, these being turnover and gross margin.

	Unit	2013	2012
Turnover	£	33,194,874	30,155,060
Turnover growth	%	10	1
Gross profit margin	%	20	21
Profit before tax	£	704,300	1,053,283

***Principal risks and uncertainties***

The company's principal financial instruments comprise bank balances, bank facilities, trade debtors and trade creditors.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of borrowing facilities at floating rates of interest.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of provisions for doubtful debts. The company has no significant concentration of credit risk, with exposure spread over a large number of customers.

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

**Supplier payment policies**

The company agrees terms and conditions for its business transactions when orders for goods and services are placed, ensuring that suppliers are aware of the terms for payment and including the relevant terms in contracts where appropriate. These arrangements are adhered to when making payments, subject to the terms and conditions being met by the supplier. Trade creditors days were 57 (2012: 28) calculated in accordance with requirements as set down in the Companies Act 2006. This represents the ratio, expressed in days, between the amounts invoiced to the company by its suppliers and the amounts due, at the year end, to trade creditors within one year.

**Employment policies**

The company's policy is to give full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities.

Disabled employees receive appropriate training to promote their career development within the company. Employees who become disabled are retained in their existing posts where possible or retrained for suitable alternative posts.

Regular meetings are held between senior management and employee representatives to discuss matters of concern. Employees are kept well-informed about the progress and position of the company by means of the regular departmental meetings, newsletters and journals. An employee share scheme is operated which is open to all full-time employees.

Approved by the Board and signed on its behalf by:



A Gilchrist  
Director

24th JUNE 2014

# Interaction Recruitment PLC

## Directors' Report for the Year Ended 31 December 2013

The directors present their report and the financial statements for the year ended 31 December 2013.

### Principal activity

The principal activity of the company is recruitment consultancy.

### Statement of directors responsibilities

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

- select suitable accounting policies and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

### Directors of the company

The directors who held office during the year were as follows:

A Gilchrist

DM Dickson

J Vazquez

### Disclosure of information to the auditors

The directors of the company who held office at the date of the approval of this Annual Report as set out above each confirm that:

- so far as they are aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the Board and signed on its behalf by:



A Gilchrist  
Director

24TH JUNE 2014

# **Independent Auditor's Report to the Members of Interaction Recruitment PLC**

We have audited the financial statements of Interaction Recruitment PLC for the year ended 31 December 2013, set out on pages 6 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditor's 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.

## **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of directors responsibilities (set out 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 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.

## **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent Auditor's Report to the Members of  
Interaction Recruitment PLC**

*..... continued*

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

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

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

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**Richard Burkimsher  
Senior Statutory Auditor**

For and on behalf of Hawsons Chartered Accountants  
Statutory Auditor  
Jubilee House  
32 Duncan Close  
Moulton Park  
Northampton  
NN3 6WL

*25 June 2014*

**Interaction Recruitment PLC**  
**Profit and Loss Account for the Year Ended 31 December 2013**

	Note	2013 £	2012 £
Turnover	2	33,194,874	30,155,060
Cost of sales		<u>(26,608,431)</u>	<u>(23,879,470)</u>
Gross profit		6,586,443	6,275,590
Administrative expenses		<u>(5,836,468)</u>	<u>(5,235,683)</u>
Operating profit	3	749,975	1,039,907
Other interest receivable and similar income		-	47,671
Interest payable and similar charges	6	<u>(45,675)</u>	<u>(34,295)</u>
Profit on ordinary activities before taxation		704,300	1,053,283
Tax on profit on ordinary activities	7	<u>85</u>	<u>(233,510)</u>
Profit for the financial year	13	<u><u>704,385</u></u>	<u><u>819,773</u></u>

The company has no recognised gains or losses for the year other than the results above.

There is no material difference between the result reported above and the result on an unmodified historical cost basis.

**Interaction Recruitment PLC**  
**(Registration number: 02408326)**  
**Balance Sheet at 31 December 2013**

	Note	2013 £	2012 £
<b>Fixed assets</b>			
Intangible fixed assets	8	-	-
Tangible fixed assets	9	226,437	138,362
		<u>226,437</u>	<u>138,362</u>
<b>Current assets</b>			
Debtors	10	15,167,030	14,366,448
Cash at bank and in hand		15,952	15,322
		<u>15,182,982</u>	<u>14,381,770</u>
Creditors: Amounts falling due within one year	11	(10,557,816)	(6,862,914)
Net current assets		<u>4,625,166</u>	<u>7,518,856</u>
Net assets		<u>4,851,603</u>	<u>7,657,218</u>
<b>Capital and reserves</b>			
Called up share capital	12	63,867	63,867
Capital redemption reserve	13	57,483	57,483
Other reserves	13	3,000	3,000
Profit and loss account	13	4,727,253	7,532,868
Shareholders' funds	14	<u>4,851,603</u>	<u>7,657,218</u>

These financial statements were approved and authorised for issue by the Board and signed on its behalf by:

A Gilchrist  
Director

24th JUNE 2014

## 1 Accounting policies

### Basis of preparation

The financial statements have been prepared in accordance with United Kingdom accounting standards and under the historical cost convention.

The company is exempt from preparing a cash flow statement as 90% or more of the voting rights are held within the group.

### Turnover

Turnover is the amount derived from the provision of services falling within the company's ordinary activities, excluding value added tax.

### Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Short term leasehold improvements	Shorter of 5 years or the period of the lease
Office equipment	15-33 1/3% per annum
Motor vehicles	25% per annum

### Goodwill

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

### Amortisation

Amortisation is provided on intangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life.

### Fixed asset investments

Fixed asset investments are stated at historical cost less provision for any impairment value.

### Deferred tax

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as required by FRS19.

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date.

### Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

### Pensions

The company operates a defined contribution pension scheme. Contributions are recognised in the profit and loss account in the period in which they become payable in accordance with the rules of the scheme.

# Interaction Recruitment PLC

## Notes to the Financial Statements for the Year Ended 31 December 2013

..... continued

### 2 Turnover

The turnover and operating profit attributable to the company's principal activity were carried out wholly in the UK.

### 3 Operating profit

Operating profit is stated after charging:

	2013 £	2012 £
Operating leases - other assets	42,400	60,363
(Profit)/loss on sale of tangible fixed assets	(895)	4,897
Depreciation of owned assets	70,614	60,775
Auditor's remuneration - The audit of the company's annual accounts	<u>10,560</u>	<u>10,250</u>

### 4 Particulars of employees

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2013 No.	2012 No.
Full time administration and sales	173	180
Temporary workers	<u>3,208</u>	<u>3,413</u>
	<u>3,381</u>	<u>3,593</u>

The aggregate payroll costs were as follows:

	2013 £	2012 £
Wages and salaries	28,596,515	25,846,033
Social security costs	1,480,306	1,551,735
Staff pensions	<u>11,296</u>	<u>15,419</u>
	<u>30,088,117</u>	<u>27,413,187</u>

### 5 Directors' remuneration

The directors' remuneration for the year was as follows:

	2013 £	2012 £
Directors' remuneration (including benefits in kind)	<u>298,489</u>	<u>124,870</u>

# Interaction Recruitment PLC

## Notes to the Financial Statements for the Year Ended 31 December 2013

..... continued

### 6 Interest payable and similar charges

	2013 £	2012 £
Other interest payable	<u>45,675</u>	<u>34,295</u>

### 7 Taxation

	2013 £	2012 £
<b>Current tax</b>		
Corporation tax charge	20,000	233,000
Adjustments in respect of previous years	<u>(20,085)</u>	<u>510</u>
UK Corporation tax	<u>(85)</u>	<u>233,510</u>

#### Factors affecting current tax charge for the year

Tax on profit on ordinary activities for the year is lower than (2012 - lower than) the standard rate of corporation tax in the UK of 20% (2012 - 24.5%).

The differences are reconciled below:

	2013 £	2012 £
Profit on ordinary activities before taxation	<u>704,300</u>	<u>1,053,283</u>
Corporation tax at standard rate	140,860	258,054
Capital allowances in excess of depreciation	(5,139)	(464)
Disallowable items	25,528	(2,052)
Adjustment in respect of prior years	(20,085)	510
Group relief	(141,249)	(22,848)
Other timing differences	<u>-</u>	<u>310</u>
Total current tax	<u>(85)</u>	<u>233,510</u>

# Interaction Recruitment PLC

## Notes to the Financial Statements for the Year Ended 31 December 2013

..... continued

### 8 Intangible fixed assets

	Goodwill £
<b>Cost</b>	
At 1 January 2013	90,662
At 31 December 2013	90,662
<b>Amortisation</b>	
At 1 January 2013	90,662
At 31 December 2013	90,662
<b>Net book value</b>	
At 31 December 2013	-
At 31 December 2012	-

### 9 Tangible fixed assets

	Leasehold improvements £	Motor vehicles £	Office equipment £	Total £
<b>Cost</b>				
At 1 January 2013	247,522	32,274	740,036	1,019,832
Additions	86,836	43,287	29,671	159,794
Disposals	-	(5,304)	-	(5,304)
At 31 December 2013	334,358	70,257	769,707	1,174,322
<b>Depreciation</b>				
At 1 January 2013	217,659	4,880	658,931	881,470
Charge for the year	21,235	13,667	35,712	70,614
Eliminated on disposals	-	(4,199)	-	(4,199)
At 31 December 2013	238,894	14,348	694,643	947,885
<b>Net book value</b>				
At 31 December 2013	95,464	55,909	75,064	226,437
At 31 December 2012	29,863	27,394	81,105	138,362

# Interaction Recruitment PLC

## Notes to the Financial Statements for the Year Ended 31 December 2013

..... *continued*

### 10 Debtors

	2013 £	2012 £
Trade debtors	10,936,245	8,432,298
Amounts owed by group undertakings	3,923,971	4,073,228
Other debtors	20,555	346,398
Directors' current accounts	-	1,297,671
Prepayments and accrued income	286,259	216,853
	<u>15,167,030</u>	<u>14,366,448</u>

Debtors includes £3,923,971 (2012 - £4,073,228) receivable after more than one year.

This can be analysed as follows:

	2013 £	2012 £
Amounts owed by group undertakings	<u>3,923,971</u>	<u>4,073,228</u>

### 11 Creditors: Amounts falling due within one year

	2013 £	2012 £
Trade creditors	423,147	181,491
Amounts owed to group undertakings	2,260,478	963,675
Corporation tax	20,000	557,418
Other taxes and social security	2,318,439	2,134,092
Other creditors	3,848,391	1,703,954
Directors' current accounts	115,378	-
Accruals and deferred income	1,571,983	1,322,284
	<u>10,557,816</u>	<u>6,862,914</u>

The bank overdraft facility is secured by a bank debenture over all property, a first fixed charge over all debts and fixed assets and first floating charge over all other assets. Also there is a composite unlimited multilateral cross guarantee and a right of set off between Hexagon Investment Holdings Limited, SRG Holdings Limited, Interaction Recruitment Plc and Interaction Staffing Solutions Limited.

The company has also provided a guarantee over property and asset leases of Interaction Staffing Solutions Limited.

An invoice discounting facility is secured by fixed and floating charges and an unlimited debenture over the net assets of the company. Other creditors includes £3,848,580 (2012: £1,703,954) in relation to the invoice discounting facility.

# Interaction Recruitment PLC

## Notes to the Financial Statements for the Year Ended 31 December 2013

..... continued

### 12 Share capital

#### Allotted, called up and fully paid shares

	2013		2012	
	No.	£	No.	£
Ordinary shares of £1 each	<u>63,867</u>	<u>63,867</u>	<u>63,867</u>	<u>63,867</u>

### 13 Reserves

	Capital redemption reserve £	Other reserves £	Profit and loss account £	Total £
At 1 January 2013	57,483	3,000	7,532,868	7,593,351
Profit for the year	-	-	704,385	704,385
Dividends	<u>-</u>	<u>-</u>	<u>(3,510,000)</u>	<u>(3,510,000)</u>
At 31 December 2013	<u>57,483</u>	<u>3,000</u>	<u>4,727,253</u>	<u>4,787,736</u>

### 14 Reconciliation of movement in shareholders' funds

	2013 £	2012 £
Profit attributable to the members of the company	704,385	819,773
Dividends	<u>(3,510,000)</u>	<u>-</u>
Net (reduction)/addition to shareholders' funds	(2,805,615)	819,773
Shareholders' funds at 1 January 2013	<u>7,657,218</u>	<u>6,837,445</u>
Shareholders' funds at 31 December 2013	<u>4,851,603</u>	<u>7,657,218</u>

..... *continued***15 Commitments****Operating lease commitments**

As at 31 December 2013 the company had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	2013 £	2012 £
<b>Land and buildings</b>		
Within one year	18,563	70,016
Within two and five years	158,853	141,772
Over five years	104,933	81,533
	<u>282,349</u>	<u>293,321</u>
<b>Other</b>		
Within one year	2,233	134,871
Within two and five years	185,384	54,202
	<u>187,617</u>	<u>189,073</u>

**16 Control**

The company is controlled by SRG Holdings Limited, the company's immediate parent company. The company's ultimate controlling parent company is Hexagon Investment Holdings Limited. Both companies are registered in England and Wales. Group accounts are available from Companies House, Crown Way, Cardiff, CF14 3UZ. The ultimate controlling party are the shareholders of Hexagon Investment Holdings Limited.

**17 Related party transactions**

The company has taken advantage of the exemption in FRS8 "Related Party Disclosures" from disclosing transactions with other members of the group.

**Directors loan account**

Included within debtors in 2012 was £1,297,671 due from A Gilchrist, a director. Interest was charged on the loan at a commercial rate. The loan was repaid in full during the year. The amount outstanding at the end of 2012 represented the maximum outstanding balance for both periods.

**18 Pension schemes****Defined contribution pension scheme**

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £11,296 (2012 - £15,419).

Contributions totalling £1,765 (2012 - £2,334) were payable to the scheme at the end of the year and are included in creditors.