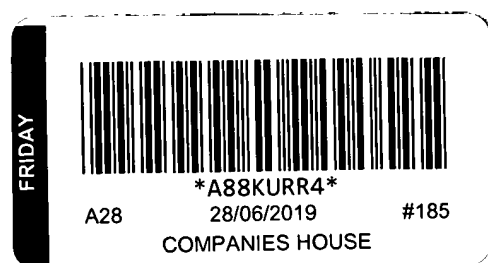


Carlisle Staffing Plc

Annual Report and Financial Statements
for the 53 weeks ended 4 January 2019



Carlisle Staffing Plc

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Carlisle Staffing Plc

Company Information

Directors J Robertson
R J Watson

Company secretary R J Watson

Registered office 800 The Boulevard
Capability Green
Luton
Bedfordshire
LU1 3BA

Auditor KPMG LLP
15 Canada Square
London
E14 5GL

Carlisle Staffing Plc

Strategic Report for the 53 weeks ended 4 January 2019

The directors present their strategic report for the period from 30 December 2017 to 4 January 2019.

Review of the business

	53 weeks 4 January 2019	52 weeks 29 December 2017	Change
	£000s	£000s	%
Turnover	583,540	532,270	9.63
Gross Profit	33,471	32,513	2.95
Administrative expenses	(30,328)	(28,738)	5.53
Operating profit	3,143	3,775	(16.74)
Gross profit percentage (%)	5.74	6.11	
Conversion rate (%) (Operating profit to Gross profit)	9.39	11.61	
Permanent fees as a % of Gross Profit	26.80	23.30	

The company continues to grow both turnover and gross profit, being up by 9.63% and 2.95% respectively compared to last year following a drive for expansion in new and existing clients. To fund this, administration expenses have increased to ensure full service delivery to our enlarging client base. This led to an increase against the prior year of 5.53% or £1.6m. It is expected that this investment will lay the foundations for the capacity required for future growth opportunities and therefore lead to improved operating profit in future years.


The Managed Supply is the key driver in delivering growth with existing clients expanding in scope and service plus new clients being added to the portfolio. The sales pipeline and opportunities for continued growth remains strong, with additional wins already secured for 2019. Our Staffing brands maintained their profitability and conversion rates in an increase challenging market focusing on quality of service to their existing and new client base.

The directors recognise that Brexit has increased the general level of uncertainty and degree of business confidence around permanent and temporary hiring decisions for the company's clients. The company derives a limited amount of its trade from countries within the European Union, and whilst it is currently too early to have a clear view of the consequences for the company's operations, the directors are aware of the potential impact of Brexit and continue to monitor the situation in this regard.

Principal risks and uncertainties

The principal risks and uncertainties of the Group, which include those of the company, are discussed in the Finance Report in the Group's annual report which does not form part of this report. Certain of the Group's business and financial risks are managed at a Group level, rather than at an individual company level. For this reason, the company's directors believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of the company.

Approved by the Board on 27 June 2019 and signed on its behalf by:


.....
R J Watson
Director

800 The Boulevard
Capability Green
Luton
LU1 3BA

Carlisle Staffing Plc

Directors' Report for the 53 weeks ended 4 January 2019

The directors present their report and the financial statements for the period from 30 December 2017 to 4 January 2019.

Directors' of the company

The directors, who held office during the period, were as follows:

J Robertson

R J Watson

A L Wilford (resigned 31 October 2018)

Principal activity

The principal activity of the company is the provision of employment services across a variety of sectors in the UK

Dividends

No dividend is paid or recommended in respect of either the current or the prior period.

Financial instruments

Objectives and policies

The company's principal financial instruments comprise cash, access to funds through the Group revolving credit facility and supplier finance facilities offered by various clients of the Company. The main purpose of these financial instruments is to raise finance for the company's operations. The company has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. The company does not enter into derivative transactions.

Price risk, credit risk, liquidity risk and cash flow risk

The main risks arising from the company's financial instruments are interest rate risk and foreign currency risk. The board reviews and agrees policies for managing each of these risks as summarised below:

Interest rate risk

The company's exposure to interest rate risk is minimal as most borrowings are held at a group level and supplier finance agreements are only accessed at certain times to limit the amount drawn. The company does not currently hedge this risk.

Foreign currency risk

The company is exposed to fluctuations in the exchange rate between sterling and Euro. Wherever possible this risk is managed by ensuring expenses related to the generation of these overseas revenues are in the same currency as the income. The company does not seek to hedge this exposure.

Political donations

The company has made no political donations during the current or prior periods.

Employment of disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Carlisle Staffing Plc

Directors' Report for the 53 weeks ended 4 January 2019 (continued)

Employee involvement

The company recognises that it is essential to maintain a highly skilled workforce. To this end the policy of training and development is incorporated in the company plan. It is the policy to promote from within the organisation wherever the possibility exists.

Health and safety measures are given particular attention by the directors and a written policy exists and is known throughout the company.

The company recognises the need for employees to be informed of the company's activities and performance. A corporate intranet for all employees provides a wide range of information and provides an increasingly important communication tool for policies and procedures as well as the sharing of information, document storage and specific news. Meetings are held between management and employees to allow sharing of information and consultation. Employees participate directly in the performance of the business through the Company's bonus arrangements.

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Directors' liabilities

During the period and to the date of these financial statements, the company had in force an indemnity provision in favour of one or more Directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditor

The auditors KPMG LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 27 June 2019 and signed on its behalf by:


.....
R J Watson
Director

800 The Boulevard
Capability Green
Luton
LU1 3BA

Carlisle Staffing Plc

Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101').

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 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of Carlisle Staffing Plc

Opinion

We have audited the financial statements of Carlisle Staffing Plc ("the company") for the 53 weeks ended 4 January 2019, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet and Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 4 January 2019 and of its profit for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of trade receivables and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

Independent Auditor's Report to the Members of Carlisle Staffing Plc (continued)

Strategic report and directors' report (continued)

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Paul Barron (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accounts

15 Canada Square
London
E14 5GL

28 June 2019

Carlisle Staffing Plc

Profit and Loss Account for the 53 weeks ended 4 January 2019

	Note	53 weeks 4 January 2019 £ 000	52 weeks 29 December 2017 £ 000
Turnover	3	583,540	532,270
Cost of sales		<u>(550,069)</u>	<u>(499,757)</u>
Gross profit		33,471	32,513
Administrative expenses		<u>(30,328)</u>	<u>(28,738)</u>
Operating profit	4	3,143	3,775
Interest payable and similar charges	6	<u>(52)</u>	<u>(33)</u>
Profit before tax		3,091	3,742
Tax on profit on ordinary activities	9	<u>(389)</u>	<u>(250)</u>
Profit for the period		<u>2,702</u>	<u>3,492</u>

The above results were derived from continuing operations.

Carlisle Staffing Plc

Statement of Comprehensive Income for the 53 weeks ended 4 January 2019

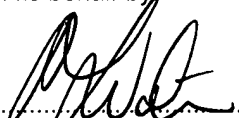
	53 weeks 4 January 2019 £ 000	52 weeks 29 December 2017 £ 000
Profit for the period	<u>2,702</u>	<u>3,492</u>
Total comprehensive income for the period	<u>2,702</u>	<u>3,492</u>

Carlisle Staffing Plc

(Registration number: 02873036)
Balance Sheet as at 4 January 2019

	Note	4 January 2019 £ 000	29 December 2017 £ 000
Fixed assets			
Intangible assets	10	1,531	3,693
Tangible assets	11	316	345
		<u>1,847</u>	<u>4,038</u>
Current assets			
Debtors	12	100,778	162,467
Deferred tax asset	9	266	301
Cash at bank and in hand	13	4,475	3,164
		<u>105,519</u>	<u>165,932</u>
Creditors: Amounts falling due within one year	14	<u>(92,679)</u>	<u>(157,983)</u>
Net current assets		<u>12,840</u>	<u>7,949</u>
Total assets less current liabilities		<u>14,687</u>	<u>11,987</u>
Provisions for liabilities	15	<u>(135)</u>	<u>(137)</u>
Net assets		<u>14,552</u>	<u>11,850</u>
Capital and reserves			
Called up share capital	16	2,000	2,000
Profit and loss account		<u>12,552</u>	<u>9,850</u>
Shareholders' funds		<u>14,552</u>	<u>11,850</u>

These financial statements were approved by the Board of directors on 27 June 2019 and were signed on its behalf by:


.....
R J Watson
Director

Carlisle Staffing Plc

Statement of Changes in Equity for the 53 weeks ended 4 January 2019

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 31 December 2016	2,000	6,358	8,358
Profit for the period	-	3,492	3,492
Total comprehensive income	-	3,492	3,492
At 29 December 2017	2,000	9,850	11,850

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 30 December 2017	2,000	9,850	11,850
Profit for the period	-	2,702	2,702
Total comprehensive income	-	2,702	2,702
At 4 January 2019	2,000	12,552	14,552

Carlisle Staffing Plc

Notes to the Financial Statements for the 53 weeks ended 4 January 2019

1 General information

The company is a private company limited by share capital incorporated in England and Wales and domiciled in the United Kingdom.

The address of its registered office is:

800 The Boulevard
Capability Green
Luton
Bedfordshire
LU1 3BA

These financial statements were authorised for issue by the Board of directors on 27 June 2019 and the balance sheet was signed on behalf of the Board by R J Watson.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Summary of disclosure exemptions

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries ;
- Cash flow statement and related notes;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Impellam Group plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments
- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Disclosures required by IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in respect of the cash flows of discontinued operations; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Carlisle Staffing Plc

Notes to the Financial Statements for the 53 weeks ended 4 January 2019 (continued)

2 Accounting policies (continued)

Going concern

The directors have set out their business review for the company in the Strategic Report on page 2.

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Revenue recognition

Turnover, which is stated exclusive of value added tax, comprises amounts receivable for employment services, net of rebates and discounts provided. The nature of the company's activities is such that revenue is recognised when a written agreement, terms and conditions or an approved customer order is in place and the services have been fully rendered. Revenue is recognised and accrued by reference to hours worked in accordance with approved and submitted weekly timesheets and agreed charge rates. The company's procedures require review of a customer's ability to pay prior to a service provision, at the time of such provision, and at the time of billing, such that collectability is reasonably assured.

The company recognises the income derived from permanent placements when the employment of the individual commences with provision made for potential refunds which can be payable if the placement is terminated within a short period.

Foreign currency transactions and balances

Profit and loss transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the closing rates at the balance sheet date and the exchange differences are included in the profit and loss account.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Carlisle Staffing Plc

Notes to the Financial Statements for the 53 weeks ended 4 January 2019 (continued)

2 Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation less accumulated depreciation and accumulated impairment losses. Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

Asset class	Depreciation method and rate
Land and buildings	Over the term of the lease
Furniture, fittings and equipment	15% to 25% straight line basis

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Amortisation

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

Asset class	Amortisation method and rate
Licences	5 years straight line
Software	Up to 5 years straight line

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as Fixed assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Provisions for liabilities

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Operating lease payments

Rentals payable under operating leases, where substantially all the benefits and risks of ownership remain with the lessor, are charged in the profit and loss account on a straight line basis over the lease term.

Carlisle Staffing Plc

Notes to the Financial Statements for the 53 weeks ended 4 January 2019 (continued)

2 Accounting policies (continued)

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

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.

Financial assets and liabilities

Classification

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Financial assets and financial liabilities are recorded at fair value on the transaction date, on the company's balance sheet when the company has become a party to the contractual provisions of the instrument and derecognised when this is no longer the case.

3 Turnover

The analysis of the company's turnover for the period from continuing operations is as follows:

	53 weeks 4 January 2019 £ 000	52 weeks 29 December 2017 £ 000
UK	576,126	525,295
Europe	7,414	6,958
Rest of world	-	17
	583,540	532,270

4 Operating profit

Arrived at after charging/(crediting)

	53 weeks 4 January 2019 £ 000	52 weeks 29 December 2017 £ 000
Depreciation expense	182	193
Amortisation expense	2,714	2,648
Foreign exchange	2	(41)
Operating lease expense - property	633	749
Operating lease expense - plant and machinery	212	200

5 Auditor's remuneration

	53 weeks 4 January 2019 £ 000	52 weeks 29 December 2017 £ 000
Audit of the financial statements	48	45

Carlisle Staffing Plc

Notes to the Financial Statements for the 53 weeks ended 4 January 2019 (continued)

6 Interest payable and similar expenses

	53 weeks 4 January 2019 £ 000	52 weeks 29 December 2017 £ 000
Interest on bank overdrafts and borrowings	36	22
Other finance costs	16	11
	<u>52</u>	<u>33</u>

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	53 weeks 4 January 2019 £ 000	52 weeks 29 December 2017 £ 000
Wages and salaries	16,166	16,551
Social security costs	1,615	1,728
Pension costs, defined contribution scheme	374	341
Other employee expense	108	54
	<u>18,263</u>	<u>18,674</u>

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

	53 weeks 4 January 2019 No.	52 weeks 29 December 2017 No.
Administration and support	3	3
Sales	380	433
	<u>383</u>	<u>436</u>

In addition to the above, the company employs some of the staff who are supplied to clients and whose costs are part of the company's cost of sales. The average number of full-time equivalents of these for 4 January 2019 was 857 (29 December 2017: 1,052) and the aggregate staffing costs for these was £21,060,000 (29 December 2017: £22,696,000).

8 Directors' remuneration

The emoluments of the directors are paid by the ultimate parent company, Impellam Group Plc. The emoluments attributable to the services in relation to this company are £79,000 (29 December 2017 - £57,000).

Carlisle Staffing Plc

Notes to the Financial Statements for the 53 weeks ended 4 January 2019 (continued)

9 Income tax

Tax charged/(credited) in the profit and loss account

	53 weeks 4 January 2019 £ 000	52 weeks 29 December 2017 £ 000
Current taxation		
UK corporation tax	380	559
UK corporation tax adjustment to prior periods	(26)	(282)
	<u>354</u>	<u>277</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	18	16
Deferred tax adjustment relating to previous years	17	(43)
Total deferred taxation	<u>35</u>	<u>(27)</u>
Tax expense in the profit and loss account	<u>389</u>	<u>250</u>

The standard rate of Corporation Tax in the UK reduced to 19% on 1 April 2017 (previously 20%). Accordingly the tax on profit before tax for the period is taxed at an effective rate of 19% (2017 - 19.25%).

The differences are reconciled below:

	53 weeks 4 January 2019 £ 000	52 weeks 29 December 2017 £ 000
Profit before tax	<u>3,091</u>	<u>3,742</u>
Corporation tax at standard rate	587	720
Adjustment in current tax for prior periods	(26)	(282)
Adjustment for expenses not deductible in determining taxable profit	17	12
Adjustment for transfer pricing	(206)	(155)
Deferred tax for temporary difference from a prior period	17	(43)
Deferred tax relating to changes in tax rates or laws	-	(2)
Total tax charge	<u>389</u>	<u>250</u>

UK legislation requires, in broad terms, that most transactions between connected parties be at an arm's length price for tax purposes (commonly known as 'transfer pricing'). As a result, this company must make an adjustment for deemed net interest on intercompany balances that has not been recognised in the financial statements.

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax balances have been calculated based on this rate.

Carlisle Staffing Plc

Notes to the Financial Statements for the 53 weeks ended 4 January 2019 (continued)

9 Income tax (continued)

Deferred tax

Deferred tax asset

	Asset £ 000
4 January 2019	
Accelerated tax depreciation	170
Provisions	96
	<u>266</u>

	Asset £ 000
29 December 2017	
Accelerated tax depreciation	191
Provisions	110
	<u>301</u>

Deferred tax movement during the period:

	At 30 December 2017 £ 000	Recognised in income £ 000	At 4 January 2019 £ 000
Accelerated tax depreciation	191	(21)	170
Provisions	110	(14)	96
Net tax assets	<u>301</u>	<u>(35)</u>	<u>266</u>

Deferred tax movement during the prior period:

	At 31 December 2016 £ 000	Recognised in income £ 000	At 29 December 2017 £ 000
Accelerated tax depreciation	196	(5)	191
Provisions	78	32	110
Net tax assets	<u>274</u>	<u>27</u>	<u>301</u>

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Notes to the Financial Statements for the 53 weeks ended 4 January 2019 (continued)

10 Intangible assets

	Licenses £ 000	Software £ 000	Total £ 000
Cost or valuation			
At 30 December 2017	12,100	530	12,630
Additions	-	554	554
Disposals	-	(128)	(128)
At 4 January 2019	12,100	956	13,056
Amortisation			
At 30 December 2017	8,674	263	8,937
Amortisation charge	2,418	296	2,714
Amortisation eliminated on disposals	-	(126)	(126)
At 4 January 2019	11,092	433	11,525
Carrying amount			
At 4 January 2019	1,008	523	1,531
At 29 December 2017	3,426	267	3,693

Licences relate to the purchase of the right to use a trading name from a fellow Group company.

11 Tangible assets

	Land and buildings £ 000	Furniture, fittings and equipment £ 000	Total £ 000
Cost or valuation			
At 30 December 2017	171	645	816
Additions	-	153	153
Disposals	-	(96)	(96)
At 4 January 2019	171	702	873
Depreciation			
At 30 December 2017	91	380	471
Charge for the period	27	155	182
Eliminated on disposal	-	(96)	(96)
At 4 January 2019	118	439	557
Carrying amount			
At 4 January 2019	53	263	316
At 29 December 2017	80	265	345

There is no material difference between the market value and net book value of the fixed assets.

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Notes to the Financial Statements for the 53 weeks ended 4 January 2019 (continued)

12 Trade and other receivables

	4 January 2019 £ 000	29 December 2017 £ 000
Trade receivables	70,317	72,005
Receivables from related parties	14,453	84,426
Accrued income	15,464	36
Prepayments	544	6,000
	<u>100,778</u>	<u>162,467</u>

Amounts owed by related parties are interest free, unsecured and repayable on demand.

13 Cash and cash equivalents

	4 January 2019 £ 000	29 December 2017 £ 000
Cash at bank	<u>4,475</u>	<u>3,164</u>

14 Trade and other payables

	4 January 2019 £ 000	29 December 2017 £ 000
Trade payables	20,115	26,938
Accrued expenses	15,756	13,736
Amounts owed to related parties	35,028	107,223
Social security and other taxes	19,338	9,963
Outstanding defined contribution pension costs	272	32
Other payables	<u>2,170</u>	<u>91</u>
	<u>92,679</u>	<u>157,983</u>

Amounts owed to related parties are interest free, unsecured and repayable on demand.

15 Provisions for liabilities

	Property provisions £ 000
At 30 December 2017	137
Provisions used	<u>(2)</u>
At 4 January 2019	<u>135</u>
Non-current liabilities	<u>135</u>

When a property ceases to be used for the purposes of the business, provision is made to the extent that the recoverable amount of the interest in the property is expected to be insufficient to cover the future obligations relating to the lease. A provision is made in respect of the expected holding costs to the estimated disposal dates on vacant properties under leases with a weighted average period until settlement of 3 years (January 2015: 3 years). Provision is also made for expected dilapidations and provisions are accrued evenly over the last 5 years of the lease.

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Notes to the Financial Statements for the 53 weeks ended 4 January 2019 (continued)

16 Share capital

Allotted, called up and fully paid shares

	4 January 2019		29 December 2017	
	No. 000	£ 000	No. 000	£ 000
Ordinary of £1 each	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>

17 Obligations under leases and hire purchase contracts

Operating leases

The total future value of minimum lease payments is as follows:

	4 January 2019 £ 000	29 December 2017 £ 000
Within one year	848	845
In two to five years	1,352	2,034
In over five years	<u>117</u>	<u>235</u>
	<u>2,317</u>	<u>3,114</u>

The amount of non-cancellable operating lease payments recognised as an expense during the period was £845,000 (29 December 2017 - £949,000)

18 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £374,000 (29 December 2017 - £341,000).

Contributions totalling £272,000 (29 December 2017 - £32,000) were payable to the scheme at the end of the period and are included in creditors.

19 Contingent liabilities

The company has given cross guarantees as part of the Group's revolving credit facility of which the company is a member; the aggregate amount outstanding against this facility at 4 January 2019 was £186,265,000 (29 December 2017: £212,152,000).

20 Related party transactions

The company has taken advantage of the exemptions in FRS 101 Section 8 from disclosing transactions with other members of the Group.

Carlisle Staffing Plc

Notes to the Financial Statements for the 53 weeks ended 4 January 2019 (continued)

21 Parent of group in whose consolidated financial statements the company is consolidated

The name of the parent of the group in whose consolidated financial statements the company's financial statements are consolidated is Impellam Group Plc.

These financial statements are available upon request from Registrar of Companies, Companies Registration Office, Crown Way, Maindy, Cardiff, CF14 3UZ.

22 Parent and ultimate parent undertaking

The company's immediate parent is Carlisle Staffing Services Limited.

The ultimate parent is Impellam Group Plc.