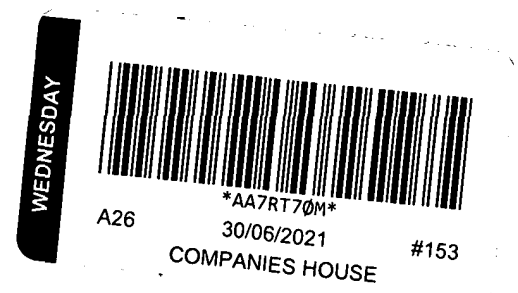


# Carlisle Staffing Plc

Annual Report

for the 52 weeks ended 1 January 2021



# **Carlisle Staffing Plc**

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**Carlisle Staffing Plc**  
**Company Information**

<b>Directors</b>	T Briant J Robertson R J Watson
<b>Company secretary</b>	R J Watson
<b>Registered office</b>	800 The Boulevard Capability Green Luton Bedfordshire LU1 3BA
<b>Auditors</b>	BDO LLP 55 Baker Street London W1U 7EU

## Carlisle Staffing Plc

### Strategic Report for the 52 weeks ended 1 January 2021

The directors present their strategic report for the 52 weeks ended 1 January 2021.

#### Fair review of the business

The company's key financial and other performance indicators during the period were as follows:

	52 weeks 1 January 2021 £000	52 weeks 3 January 2020 £000	Change %
Turnover	560,565	617,808	(9.3)
Gross Profit	14,933	33,523	(55.5)
Gross Profit including Furlough receipt	23,265	33,523	(30.6)
Administrative expenses	(24,128)	(30,511)	(20.9)
Operating profit	714	3,012	(76.3)
Gross profit including Furlough receipt percentage (%)	4.2	5.4	
Conversion rate (%) (Operating profit to Gross profit including Furlough receipt)	3.1	9.0	
Permanent fees as a % of Gross profit including Furlough receipt	14.9	25.9	

*\* Gross profit including furlough income (note 5) is shown as a better representation of the performance of the company.*

After a positive start to the year, the company has seen a negative impact on trading due to the impact of COVID-19 with turnover in decline by 9.2% against 2019. The primary driver for the decline was from our aerospace and manufacturing sector clients which temporarily halted activity at the start of the pandemic. This was partially offset by additional demand seen across our other client sectors, predominantly those operating in the essential retail and pharmaceutical sectors.

The overall strategy of winning, maintaining and expanding our Managed Clients strategy has also helped mitigate revenue decline. We had seven new clients going live in 2020, despite the challenges of COVID-19. Our specialist brands had another challenging year due to the general uncertainty caused by the pandemic.

By taking advantage of support from the UK Government and reducing costs where we were able to, we reduced administrative expenses to offset most of the decline in gross profit whilst additionally ensuring we have the right cost base and structure going into 2021 such that we can drive profitable growth going forward.

To combat some of the risks we have seen arise from COVID-19, our focus will be on new client wins which diversify our portfolio and in turn reduce risk going forward whilst maintaining and growing our existing client base. We note that the start of 2021 has seen a steady recovery in some client sectors however demand in the aerospace industry is still impacted by COVID-19.

On 31 January 2020 the UK left the European Union, and the transition period ended on 31 December 2020. There is continued uncertainty as to the future trading relationship that will exist between the UK and the European Union and to some extent the rest of the UK's global trading partners. The company derives only a limited amount of its trade from countries within the European Union, and so far there has only been a limited impact from Brexit. However, the directors continue to monitor the situation in this regard as they recognise the pandemic may have delayed decision making.

## **Carlisle Staffing Plc**

### **Strategic Report for the 52 weeks ended 1 January 2021 (continued)**

#### **Principal risks and uncertainties**

##### **Attracting and retaining talent**

Any constraints on the company's ability to attract and retain key talent in an increasingly competitive market could result in loss or weakening of client relationships, lack of appropriate leadership and/or erosion of the company's talent base, impacting achievement of both financial and other objectives.

Planned business transformation initiatives will create a need for new skill-sets in the company in the medium term. Factors such as Brexit and changes to the UK immigration rules may impact on the availability of talent more generally.

The company's high-retention business model ensures that brands and central functions are focused on talent management and development, performance review and succession planning. Leadership development programmes are in place and the Impellam Group's Virtuoso-based approach encourages talent development and progression.

##### **Customer concentration**

General decline in a particular industry sector, loss of a key customer or a significant reduction in business volume on a key account could result in reduced revenue and/or increased pressure on gross profit. This exposure is known to have impacted on some of the company's competitors.

Management discuss and review market conditions and sales and account management pipelines on an ongoing basis. Management also hold regular meetings with key customers to discuss sales pipelines, current service performance and opportunities to add new services lines or extend existing services.

##### **Technology Systems**

The Company is reliant on many different technology systems that may have limited useful life in a fast-changing business environment. The legacy nature of some systems may hinder optimisation of end-to-end business processes. Systems may also be vulnerable to factors beyond the Company's control e.g. power failures or internet connectivity outages.

The Company has a stable systems infrastructure and an ongoing IT investment programme. In 2020 an analysis of opportunities for development and standardisation of key systems was completed with subsequent approval gained to undertake a Digital Core Systems transformation beginning in 2021, aimed at replacing and consolidating legacy systems.

##### **Cyber and Information security**

The risk of external cyber attacks continues to increase. A successful attack could result in loss of sensitive data, business disruption and/or damage to the Company's reputation. A programme to enhance security of the Company's systems against cyber attack has been implemented and the business achieved Cyber Essentials Plus certification in 2021.

##### **Regulatory environment**

Regulatory changes can lead to increased costs and workload, particularly where they relate to candidates' rights, eligibility to work or corporate reporting e.g. payment practices, diversity.

Appropriate policies and codes of conduct are in place across the company and regular training is provided to employees. Process and system changes required to ensure effective management of IR35 changes have been identified and are being implemented. External professional advice is sought where insufficient knowledge exists within the company.

## **Carlisle Staffing Plc**

### **Strategic Report for the 52 weeks ended 1 January 2021 (continued)**

#### **Section 172(1) statement**

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders and other matters in their decision-making. We believe we have a history of collaborative, informative stakeholder engagement and decision-making based on long-term success, and we maintain governance structures and processes that support good decision-making.

This section articulates how the Directors have acted to promote the success of the Company for the benefit of its stakeholders. In meeting this responsibility, the Directors have had regard, amongst other matters, to:

- a) the likely consequences of any decisions in the long term;
- b) the interests of the Company's colleagues;
- c) the need to foster the Company's business relationships with suppliers, customers and others;
- d) the impact of the Company's operations on the community and environment;
- e) the Company's reputation for high standards of business conduct; and
- f) the need to act fairly as between members of the Company.

#### **Engagement with employees**

The Company's stakeholders are clients, candidates, suppliers, colleagues, investors and lenders and the Board recognises the need to regularly engage with its stakeholders as it makes decisions. We develop and encourage long-term relationships with our stakeholders based upon main Impellam Group's vision 'to be the world's most trusted staffing company – trusted by our people, our clients and our investors in equal measure'.

As part of this vision, our stakeholders' interests have been forefront when the Board of Directors set the strategic priorities of the Company. The strategic priorities of: Enabling our Virtuosos; Transforming our Portfolio; and Improving Resilience include consideration of the key stakeholder groups and how we engage with them.

In addition to regular stakeholder engagement, as the Board of Directors, our intention is to take into account our operational impacts on the community and environment, and our wider societal responsibilities, and in particular, how we impact the regions we serve. We support our communities by finding them good work, supporting local corporate social responsibility initiatives and ensuring our impact on the environment is minimal, as demonstrated by our ISO 14001 accreditation.

#### **Key decisions**

##### ***Government support for COVID-19***

As the pandemic continued the UK Government offered support for affected companies which comprised of the Job Retention Scheme ('JRS'), Retail Grants and deferral of tax payments in the UK (see notes 8 and 18). As a Company we evaluated the options available and the benefit we and our stakeholders would gain from the various schemes. We took this action after the Board and leaders across the business had taken salary reductions.

##### **Stakeholder considerations:**

###### *Colleagues*

As demand from our clients fell drastically from the end of March due to the impact on some of our key industries – catering and hospitality, and retail – we had to consider work we had available for our colleagues. As a result, we used the JRS for colleagues from April 2020 until November 2020. This enabled us to protect jobs for as long as possible as we re-organised strategically and agreed our long-term structure.

###### *Clients and candidates*

We worked closely with our clients to understand their requirements during the pandemic, and in particular their requirements for our workers. Where applicable, we have administered the JRS for candidates.

###### *Outcome*

We have used the Government support schemes to protect jobs, manage cash flow and offset costs incurred when offices remain closed.

## Carlisle Staffing Plc

### Strategic Report for the 52 weeks ended 1 January 2021 (continued)

#### ***Reopening our offices in line with COVID-19 secure guidance***

As local lockdown measures were introduced, we maintained operational capacity throughout long periods of remote working before reopening our offices safely.

#### **Stakeholder considerations:**

##### *Colleagues*

There have undoubtedly been operational, financial and environmental benefits from enabling our workforce to work remotely over this time. However, our people also thrive on face-to-face interaction, building collaboration and rapport. In addition, some individuals have struggled from a wellbeing perspective throughout this time.

We undertook a number of colleague surveys, assessing how people were coping as well as equipment and infrastructure requirements to understand how we could support our colleagues. We have also trained mental health first aiders across the wider Impellam Group who are able to offer confidential support to any colleague.

We committed to supporting our colleagues where they need either access to an office environment to work from, or the ability to safely interact in person with colleagues. As guidance was released regarding opening of offices, we reviewed this in detail and assessed each office against these requirements and undertook the necessary steps to make them 'Covid safe'. We then prioritised which offices could reopen and identified the colleagues who could use them. Whenever the guidance changed, immediate action was taken to ensure we were operating within the updated rules. We offered continued support to our colleagues who remained working remotely.

##### *Suppliers*

Our property team worked with our landlords where necessary to ensure each property was Covid safe prior to reopening.

##### *Clients, candidates, investors and lenders*

By keeping our people safe in their working environment, we are able to continue to meet client requirements, support our candidates and deliver effective business results throughout the pandemic.

##### *Outcome*

Our offices have opened safely where possible, enabling suitable working environments for those struggling to work remotely. We continue to review our property requirements and are actively reducing the number of properties in our portfolio.

Approved by the Board on 28 June 2021 and signed on its behalf by:



T Briant  
Director

## **Carlisle Staffing Plc**

### **Directors' Report for the 52 weeks ended 1 January 2021**

The directors present their report and the financial statements for the 52 weeks ended 1 January 2021.

#### **Directors of the company**

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

T Briant (appointed 20 February 2020)

J Robertson

R J Watson

#### **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 for either the current or 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.

##### ***Financial instrument risks***

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.

##### ***Liquidity risk***

The company relies on the group to manage liquidity risk. The Group has a central Treasury function in place with regular forecasting, reporting and review procedures.

#### **Political donations**

The company made no political donations during either 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 52 weeks ended 1 January 2021 (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.

#### **Environmental matters**

An Energy and Carbon report has not been included within the report as it is included within the group report of Impellam Group Plc.

#### **Social and community issues**

As part of the company's mission to find people fulfilling work, we strongly oppose modern slavery in all its forms and will try to prevent it by any means that we can. We expect anyone who has any suspicions of modern slavery in our business or our supply chain to raise their concerns without delay. In light of the Modern Slavery Act 2015 we annually review internal and external measures to ensure we are doing what we can to prevent slavery and human trafficking in our businesses and in our supply chains. Our policy is available on the website of Impellam Group Plc, our ultimate parent company, at [www.impellam.com](http://www.impellam.com).

We have a commitment to carrying out business fairly, honestly and openly. We also have zero tolerance towards bribery. Our Bribery Policy is in place to provide relevant guidance and information to all our people in compliance with the law relating to bribery and corruption, in particular the Bribery Act 2010 ('the Act'). We are determined to maintain our reputation as a business that will not tolerate fraudulent or corrupt dealings – whether they are attempted against us from outside, from within our own workforce, or towards our clients or suppliers.

#### **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.

This assessment has been carried out on the cash flows of the wider Impellam Group, which the company is a member of, as cash is managed by a centralised treasury function who ensure all parts of the Group have sufficient cash to meet their immediate needs. The company has also issued a guarantee over the Group revolving credit facility so the cash flows implicit in the company on a stand-alone basis are not the most appropriate when reviewing the going concern basis of the company. As part of the arrangement, the Group has issued a letter of support for a period of twelve months from the date of approval of these financial statements to the company which includes both making funds available if required and not to seek repayment of amounts due at the balance sheet date if this would be detrimental to the company.

#### **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 auditors**

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.

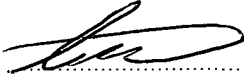
## **Carlisle Staffing Plc**

### **Directors' Report for the 52 weeks ended 1 January 2021 (continued)**

#### **Reappointment of auditors**

In accordance with Section 489 of the Companies Act 2006, a resolution for the reappointment of BDO LLP as auditor of the Company is expected to be proposed at the Annual General Meeting.

Approved by the Board on 28 June 2021 and signed on its behalf by:



T Briant  
Director

## **Carlisle Staffing Plc**

### **Statement of Directors' Responsibilities**

The directors acknowledge their responsibilities for preparing the Strategic 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 Accounting Standards (United Kingdom 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 accounting estimates that are reasonable and prudent;
- state whether FRS 101 has 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.

Financial statements are published on the ultimate parent company's website at [www.impellam.com](http://www.impellam.com) in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the ultimate parent company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

## **Carlisle Staffing Plc**

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

#### **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 1 January 2021 and of its profit for the period 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.

We have audited the financial statements of Carlisle Staffing Plc (the 'company') for the 52 weeks ended 1 January 2021, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

#### **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 Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We remain independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### **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 auditor's 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

#### **Other Companies Act 2006 reporting**

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

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

## **Carlisle Staffing Plc**

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

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 and the Directors' Report.

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

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

#### **Responsibilities of Directors**

As explained more fully in the Statement of Directors' Responsibilities, 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.

#### **Auditor's 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 auditor's 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.

#### *Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks that are applicable to Carlisle Staffing Plc. We determined that the most significant laws and regulations which are directly relevant to specific assertions in the financial statements are those related to the reporting framework (UK GAAP and the Companies Act 2006), labour regulations and UK tax.

Audit procedures to address these risks are listed below:

- We understood how the company is complying with those legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes, legal correspondence or confirmations (where relevant) and specific audit testing within significant component and full scope entities.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by meeting with management to understand where it is considered there was a susceptibility of fraud. Our considerations included enquiries with management and group management.

## Carlisle Staffing Plc

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

- We also considered potential fraud drivers, including: financial or other pressures, opportunity, and personal or corporate motivations. We considered the programmes and controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and key areas of estimation uncertainty or judgement, for example: cut off of revenue, revenue rebate accruals, expected credit loss provisions, provisions in relation to ongoing legal cases and certain key assumptions underpinning the IFRS 16 right-of-use asset and lease liability calculations.
- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

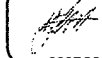
Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's 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 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.

DocuSigned by:



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Mark Cardiff (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London, UK

28 June 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Carlisle Staffing Plc

## Profit and Loss Account for the 52 weeks ended 1 January 2021

	Note	52 weeks 1 January 2021 £ 000	52 weeks 3 January 2020 £ 000
Turnover	4	560,565	617,808
Cost of sales		<u>(545,632)</u>	<u>(584,285)</u>
Gross profit		14,933	33,523
Administrative expenses		(24,128)	(30,511)
Other operating income	5	<u>9,909</u>	<u>-</u>
Operating profit	6	714	3,012
Interest receivable and similar income	7	57	18
Interest payable and similar expenses	8	<u>(210)</u>	<u>(176)</u>
Profit before tax		561	2,854
Tax on profit	12	<u>54</u>	<u>(433)</u>
Profit for the period		<u>615</u>	<u>2,421</u>

The above results were derived from continuing operations.

## Carlisle Staffing Plc

### Statement of Comprehensive Income for the 52 weeks ended 1 January 2021

	52 weeks 1 January 2021 £ 000	52 weeks 3 January 2020 £ 000
Profit for the period	<u>615</u>	<u>2,421</u>
Total comprehensive income for the period	<u><u>615</u></u>	<u><u>2,421</u></u>



# Carlisle Staffing Plc

(Registration number: 02873036)  
Balance Sheet as at 1 January 2021

	Note	1 January 2021 £ 000	3 January 2020 £ 000
<b>Fixed assets</b>			
Intangible assets	15	35	54
Tangible assets	13	221	406
Right of use assets	14	2,015	1,977
Deferred tax assets	12	213	253
Contract assets	4	281	270
Lease debtor due after more than one year	16	93	98
		<u>2,858</u>	<u>3,058</u>
<b>Current assets</b>			
Debtors	16	97,542	92,163
Cash at bank and in hand	17	7,345	5,247
Contract assets	4	201	519
Corporation tax debtor		-	212
		<u>105,088</u>	<u>98,141</u>
<b>Creditors: Amounts falling due within one year</b>	18	<u>(89,117)</u>	<u>(83,398)</u>
<b>Net current assets</b>		<u>15,971</u>	<u>14,743</u>
<b>Total assets less current liabilities</b>		18,829	17,801
<b>Creditors: Amounts falling due after more than one year</b>	19	(1,888)	(1,471)
<b>Provisions for liabilities</b>	20	<u>(260)</u>	<u>(264)</u>
<b>Net assets</b>		<u>16,681</u>	<u>16,066</u>
<b>Capital and reserves</b>			
Called up share capital	22	2,000	2,000
Profit and loss account		<u>14,681</u>	<u>14,066</u>
<b>Shareholders' funds</b>		<u>16,681</u>	<u>16,066</u>

These financial statements were approved by the Board on 28 June 2021 and signed on its behalf by:



T Briant  
Director

# Carlisle Staffing Plc

## Statement of Changes in Equity for the 52 weeks ended 1 January 2021

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 5 January 2019	2,000	11,645	13,645
Profit for the period	-	2,421	2,421
Total comprehensive income	-	2,421	2,421
At 3 January 2020	2,000	14,066	16,066

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 4 January 2020	2,000	14,066	16,066
Profit for the period	-	615	615
Total comprehensive income	-	615	615
At 1 January 2021	2,000	14,681	16,681

## **Carlisle Staffing Plc**

### **Notes to the Financial Statements for the 52 weeks ended 1 January 2021**

#### **1 General information**

The company is a private company limited by share capital, incorporated and domiciled in 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 on 28 June 2021.

#### **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 the years presented, unless otherwise stated.

##### **Basis of preparation**

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards ('IFRS') in conformity with the requirements of the 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:

- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets; 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.

##### **Changes in accounting policy**

None of the standards, interpretations and amendments effective for the first time from 4 January 2020 have had a material effect on the financial statements.

## Carlisle Staffing Plc

### Notes to the Financial Statements for the 52 weeks ended 1 January 2021 (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.

This assessment has been carried out on the cash flows of the wider Impellam Group, which the company is a member of, as cash is managed by a centralised treasury function who ensure all parts of the Group have sufficient cash to meet their immediate needs. The company has also issued a guarantee over the Group revolving credit facility so the cash flows implicit in the company on a stand-alone basis are not the most appropriate when reviewing the going concern basis of the company. As part of the arrangement, the Group has issued a letter of support for a period of twelve months from the date of approval of these financial statements to the company which includes both making funds available if required and not to seek repayment of amounts due at the balance sheet date if this would be detrimental to the company.

##### Revenue recognition

###### *Recognition*

The company earns revenue from the provision of services relating to provision of staff. This revenue is recognised in the accounting period when the services are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

The principles in IFRS are applied to revenue recognition criteria using the following 5 step model:

1. Identify the contracts with the customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations in the contract.
5. Recognise revenue when or as the entity satisfies its performance obligations.

###### *Fee arrangements*

Below are details of fee arrangements and how these are measured and recognised, for revenue from the provision of services:

- Revenue derived from temporary staffing services is recognised and accrued by reference to hours worked (representing the service provided) in accordance with submitted authorised timesheets and pre-agreed charge rates (which include an element of salary and related costs) which are together used to determine the transaction price. This applies both when there is a direct supply as well as when there is supply of a Managed Service to the client, as the timing of performance obligations and the raising of invoices can vary. Timesheets are submitted mainly on a weekly basis, with a limited number being submitted either daily or monthly so any variable aspect of contract assets is limited due to the financial period finishing at the end of a week.
- Revenue derived from permanent placements is recognised and accrued when the employment of the individual commences with provision made for potential refunds which can be payable if the placement is terminated within a set period ranging from 14 to 100 days. Revenue recognised from a permanent placement uses a transaction price typically based on a percentage of the candidate's remuneration package and is recognised when the candidate commences work with the client which is the only performance obligation and point at which control was transferred involved in the supply.
- For revenue derived from both temporary staffing and permanent placements payment is due following the completion of the performance obligations and an agreed period of credit dependent on the agreed contract with the client.

## Carlisle Staffing Plc

### Notes to the Financial Statements for the 52 weeks ended 1 January 2021 (continued)

#### 2 Accounting policies (continued)

##### *Principal versus agent*

The company assesses whether it is acting as agent or principal depending on whether the client has a direct relationship with the company, whether the company has the primary responsibility for providing the services and whether the company has control of or holds the inventory risk over the worker placed.

Where the company acts as a principal in the supply, revenue is recognised as the gross amount due, net of value-added tax, rebates and discounts and after eliminating sales made within the company. Where the company provides a service in which it acts as agent for the client, the amount of revenue recognised is limited to the management fee receivable for that service after making provision for any losses foreseen, volume rebates and any other amounts payable rather than the full amount invoiced. Trade receivables and payables related to these sales are recorded at full invoice value. The company conducts business purely on a principal basis.

##### *Contract assets and receivables*

Where goods or services are transferred to the customer before the customer pays consideration, or before payment is due, contract assets are recognised. Contract assets are included in the statement of financial position and represent the right to consideration for products delivered.

Contract receivables (loans and advances) are recognised in the statement of financial position when the company's right to consideration becomes unconditional.

Contract assets & receivables (loans and advances) are classified as current or non-current based on the company's normal operating cycle and are assessed for impairment at each reporting date.

##### *Capitalisation of costs to obtain or fulfil a contract*

Costs directly attributable to the implementation of a contract and which can be separately identified and measured reliably are capitalised when income from that contract is virtually certain and where they relate directly to the specific contract and are directly incremental to the implementation. These costs are included within trade and other receivables on the balance sheet so long as the estimated future cash flows from the contract are not less than the capitalised amount. These capitalised costs are amortised over the life of the contract on a straight-line basis. If the contract becomes loss-making, any unamortised costs are written off immediately.

##### *Impairment of contract related balances*

At each reporting date, the company determines whether or not such assets are impaired by comparing the carrying amount of the asset to the remaining amount of consideration that the company expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the company uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant contracts or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific KPIs that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, these judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

##### **Government grants**

Government grants are recognised against expenses in the period in which they are intended to compensate. Grants are only recognised when there is reasonable assurance that any conditions attached to grant will be complied with and that the grant will be received.

## Carlisle Staffing Plc

### Notes to the Financial Statements for the 52 weeks ended 1 January 2021 (continued)

#### 2 Accounting policies (continued)

##### Finance income and costs policy

Interest income receivable on deposits with financial institutions is recognised on an accrued basis.

##### 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.

##### Tax

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.

##### Tangible assets

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

##### Depreciation

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 within administrative expenses 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

Leasehold improvements  
Furniture, fittings and equipment

##### Depreciation method and rate

Over the term of the lease  
15% to 25% straight line basis

## Carlisle Staffing Plc

### Notes to the Financial Statements for the 52 weeks ended 1 January 2021 (continued)

#### 2 Accounting policies (continued)

##### Intangible assets

Licences and software are recognised at fair value at the acquisition date. These have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

##### Amortisation

Amortisation is provided on intangible assets, and is charged to the profit and loss account within administrative expenses, 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, which have various terms, are non-interest-bearing and are recognised and carried at fair value and subsequently measured at amortised cost, being the original invoice amount less an allowance for uncollectible amounts, credit notes and expected credit losses.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and ageing. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The expected loss provision is based on the Company's expectation of future credit losses over the current receivables balance. These expectations are based upon known issues affecting specific debtors as well as general forward-looking information on factors affecting the Company's customers as a whole as well as an awareness of the economic conditions in the countries where the Company operates. These risk factors are considered both on initial recognition of the receivable and as part of the ongoing assessment. If there has been a significant increase in the credit risk since the initial recognition then an increased loss provision is recognised.

## Carlisle Staffing Plc

### Notes to the Financial Statements for the 52 weeks ended 1 January 2021 (continued)

#### 2 Accounting policies (continued)

##### Amounts owed by related parties

Amounts owed by related parties are assessed for impairment based upon the current financial position and expected future performance of the party to which they relate. Amounts due from related parties are interest free demand loans.

The Company applies the IFRS 9 general approach to measuring expected credit losses. This approach requires an assessment at the initiation of the loan as to the risk of default, and a further assessment when the credit risk profile of the loans change. IFRS 9 applies a 3 stage model that is applied when calculating the expected credit losses:

- Stage 1 is defined as having no Significant Increase In Credit Risk ('SICR') – a 12 month expected credit loss is recognised at this point.
- Stage 2 is defined as having a SICR – a lifetime expected credit loss is recognised at this point.
- Stage 3 is defined as being credit impaired – a lifetime expected credit loss is recognised at this point.

There is no impact to any interest due to the Group company loans being interest free.

The Company defines the following:

Definition of a default - A loan is considered to be in default when there is evidence that the borrower is in significant financial difficulty such that it will have insufficient assets to repay the loan on demand.

SICR assessment – The risk that the borrower will default on a demand loan depends on whether the party has sufficient cash or other assets to repay the loan immediately (meaning that the risk of default is very low and the loan is in Stage 1); or does not have sufficient cash or other assets to repay the loan immediately (meaning that the risk of default is higher, and the loan could be in Stage 2 or Stage 3).

The Company performs this assessment qualitatively by reference to the borrower's immediate cash flow and asset position. Credit impaired indicators - A loan is considered to be credit impaired if it meets the definition of a defaulted loan.

##### 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

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.

##### Leases

###### Definition

All leases are accounted for by recognising a right-of-use asset and a lease liability except for leases of low-value assets and leases with an expected full term of 12 months or less.

Lease liabilities are measured at the present value of the unpaid contractual payments over the expected lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used.



## Carlisle Staffing Plc

### Notes to the Financial Statements for the 52 weeks ended 1 January 2021 (continued)

#### 2 Accounting policies (continued)

##### *Initial recognition and measurement*

On initial recognition, the carrying value of the lease liability also includes amounts expected to be payable under any residual value guarantee; the exercise price of any purchase option granted in favour of the Company if it is reasonably certain to exercise that option; and any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of the termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for lease payments made at or before commencement of the lease and initial direct costs incurred.

##### *Subsequent measurement*

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term.

##### *Lease modifications*

When the Company revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at a revised discount rate that is implicit in the lease for the remainder of the lease term. The carrying value of lease liabilities is similarly revised if any variable element of future lease payments dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining lease term.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification. If the renegotiation results in one or more additional assets being leased for an amount similar to the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy. In all other cases where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount. If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure the carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

Right-of-use assets are reviewed regularly to ensure that the useful economic life of the asset is still appropriate based on the usage of the asset. Where the asset has reduced in value the Company considers the situation on an asset-by-asset basis and either treats the reduction as an acceleration of depreciation or as an impairment under IAS 36 Impairment of Assets. An acceleration of depreciation occurs in those cases where there is no opportunity or intention to utilise the asset before the end of the lease. An impairment is recognised in those few cases where the current value-in-use of the asset is significantly less than the carrying amount and there is no intention or opportunity known of that mitigates this impairment.

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease.

## Carlisle Staffing Plc

### Notes to the Financial Statements for the 52 weeks ended 1 January 2021 (continued)

#### 2 Accounting policies (continued)

##### *Short term and low value leases*

The company has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e., short-term leases).

The company has made an accounting policy election on a lease-by-lease basis, not to recognise lease assets on leases for which the underlying asset is of low value.

Lease payments on short term and low value leases are accounted for on a straight line bases over the term of the lease or other systematic basis if considered more appropriate. Short term and low value lease payments are included in operating expenses in the income statements.

##### *Sub leases*

Where the Company acts as a lessor by sub-letting specific leases, each such lease is classed either as a finance lease, if the sub-let transfers substantially all the risks and rewards of the underlying asset to the lessee, or an operating lease, if not. The Company endeavours to ensure that any sub-lease covers the full remaining term of the lease.

##### **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 instruments**

###### **Initial recognition**

Financial assets and financial liabilities comprise all assets and liabilities reflected in the balance sheet, although excluding Tangible assets, intangible assets, deferred tax assets and prepayments.

###### **Classification and measurement**

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:

Financial assets are classified into one of the following three categories:

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVTOCI); or
- financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:

- financial liabilities at amortised cost; or
- financial liabilities at fair value through the profit or loss (FVTPL).

The company's accounting policy for each category is as follows:

## **Carlisle Staffing Plc**

### **Notes to the Financial Statements for the 52 weeks ended 1 January 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Financial assets at amortised cost**

These assets arise principally from the provision of services to customers (for example trade debtors), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade debtors are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade debtors is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade debtors. For trade debtors, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the statement of comprehensive income. On confirmation that the trade debtor will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised. From time to time, the company elects to renegotiate the terms of trade debtors due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the statement of comprehensive income (operating profit).

##### **Financial assets at fair value through other comprehensive income (FVTOCI)**

A financial asset is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The company does not have any such assets nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

##### **Financial assets at fair value through the profit or loss (FVTPL)**

The company does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

##### **Financial liabilities at amortised cost**

The company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The company does not have any liabilities held for trading nor does it voluntarily classify any financial liabilities as being at fair value through profit or loss. The company's accounting policy for each category is as follows:

- Trade creditors and other short-term monetary liabilities, which are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.

## Carlisle Staffing Plc

### Notes to the Financial Statements for the 52 weeks ended 1 January 2021 (continued)

#### 2 Accounting policies (continued)

##### Financial liabilities at fair value through the profit or loss

The company does not have any liabilities held for trading nor does it voluntarily classify any financial liabilities as being at fair value through profit or loss.

##### Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

#### 3 Critical accounting judgements and key sources of estimation uncertainty

##### Agent versus principal

The company assesses whether it is acting as agent or principal depending on whether the client has a direct relationship with the company, whether the company has the primary responsibility for providing the services and whether the company contracts directly with either the worker placed or any other recruitment agency. This judgement has been reviewed in relation to IFRS 15 'Revenue from Contracts with Customers'. Account is also made of the degree of latitude the company has in establishing the charging rates with all parties.

Where the company provides a Managed Service, in which it acts as agent for the client (which is mainly Managed Services contracts), the amount of revenue recognised is limited to the management fee receivable for that service after making provision for any losses foreseen, volume rebates and amounts payable under gain-share arrangements rather than the full amount invoiced. Trade receivables and payables related to these sales are recorded at full invoice value.

##### Lease end dates

Under IFRS 16 'Leases' a right-of-use asset and lease liability need to be recognised in line with the expected lease term, which may not be the same as the term of the lease. This has led to a level of judgement over the leases in our portfolio on the expected lease termination date. Depending on the circumstances on the individual lease, the company has taken either the break date (for those circumstances where the break is expected to be exercised), the actual lease end date or an estimate of the how long we will stay in a property for those leases which are held-over.

##### Lease interest rates

The company has estimated the interest rates implicit in the lease when calculating the lease liability and related right-of-use asset under IFRS 16 'Leases'. Unless stipulated clearly when taking on the liability the company uses an incremental borrowing rate calculation to determine the relevant rate. Consideration is taken over the term of the lease, the credit risk of the acquirer and any specific risks relating to the assets acquired by an individual lease.

#### 4 Turnover

The analysis of the company's turnover for the period by market is as follows:

	52 weeks 1 January 2021 £ 000	52 weeks 3 January 2020 £ 000
UK	549,302	607,568
Europe	11,263	10,070
Rest of world	-	170
	<u>560,565</u>	<u>617,808</u>

# Carlisle Staffing Plc

## Notes to the Financial Statements for the 52 weeks ended 1 January 2021 (continued)

### 4 Turnover (continued)

Contract assets arise where goods or services are transferred to the customer before the customer pays consideration, or before payment is due. Contract receivables (loans and advances) represent our unconditional right to consideration for the goods or services supplied and performance obligations delivered. Contract liabilities (deposits from customers) relate to consideration received when we still have an obligation to deliver goods or services for that consideration.

#### Non-current assets and liabilities

	1 January 2021 £ 000	3 January 2020 £ 000
Contract assets	<u>281</u>	<u>270</u>

#### Current assets and liabilities

	1 January 2021 £ 000	3 January 2020 £ 000
Contract assets	<u>201</u>	<u>519</u>

#### Assets recognised from costs to fulfil a contract with customers

	1 January 2021 £ 000	3 January 2020 £ 000
Implementation costs	<u>482</u>	<u>789</u>

In the period to 1 January 2021, the following amounts were charged to the above assets:

- Amortisation of Implementation costs of £308,000 (3 January 2020 - £232,000)

### 5 Other operating income

The analysis of the company's other operating income for the period is as follows:

	52 weeks 1 January 2021 £ 000	52 weeks 3 January 2020 £ 000
Government grants	<u>9,909</u>	<u>-</u>

Government grant income represents amounts received under the Job Retention Scheme for 652 full time equivalent staff included in cost of sales amounting to £8,332,000 and 86 full time equivalent staff included in administrative expenses totalling £1,577,000.

# Carlisle Staffing Plc

## Notes to the Financial Statements for the 52 weeks ended 1 January 2021 (continued)

### 6 Operating profit

Arrived at after charging/(crediting)

	52 weeks 1 January 2021 £ 000	52 weeks 3 January 2020 £ 000
Depreciation expense	227	211
Depreciation on right of use assets	592	520
Amortisation expense	37	1,156
Foreign exchange (losses)/gains	(40)	55
Operating lease expense - property	-	209
Operating lease expense - plant and machinery	98	63
Loss on disposal of property, plant and equipment	42	14

Operating lease expenses above relate to payments in respect of short term leases of £nil (3 January 2020: £209,000) and leases of low value items of £98,000 (3 January 2020: £63,000).

### 7 Interest receivable and similar income

	52 weeks 1 January 2021 £ 000	52 weeks 3 January 2020 £ 000
Interest income on leases	57	18

### 8 Interest payable and similar expenses

	52 weeks 1 January 2021 £ 000	52 weeks 3 January 2020 £ 000
Interest on bank overdrafts and borrowings	52	62
Other finance costs	23	21
Interest expense on leases	135	93
	210	176

### 9 Staff costs

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

	52 weeks 1 January 2021 £ 000	(As restated) 52 weeks 3 January 2020 £ 000
Wages and salaries	14,061	16,588
Social security costs	1,434	1,716
Pension costs, defined contribution scheme	577	507
Other employee expense	40	48
	16,112	18,859

# Carlisle Staffing Plc

## Notes to the Financial Statements for the 52 weeks ended 1 January 2021 (continued)

### 9 Staff costs (continued)

The prior year has been restated to include £34,000 of costs incorrectly excluded from staff costs as well as the reallocation of costs between the headings. These costs have been correctly disclosed in the current year.

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

	52 weeks 1 January 2021 No.	52 weeks 3 January 2020 No.
Administration and support	3	2
Sales	341	398
	<u>344</u>	<u>400</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 1 January 2021 was 835 (3 January 2020: 880) and the aggregate staffing costs for these was £20,163,000 (3 January 2020: £20,092,000).

### 10 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 £102,000 (3 January 2020: £65,000).

### 11 Auditors' remuneration

	52 weeks 1 January 2021 £ 000	52 weeks 3 January 2020 £ 000
Audit of the financial statements	<u>54</u>	<u>49</u>

### 12 Income tax

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

	52 weeks 1 January 2021 £ 000	52 weeks 3 January 2020 £ 000
<b>Current taxation</b>		
UK corporation tax	14	396
UK corporation tax adjustment to prior periods	<u>(108)</u>	<u>24</u>
	<u>(94)</u>	<u>420</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	(14)	13
Deferred tax adjustment relating to previous years	<u>54</u>	<u>-</u>
Total deferred taxation	<u>40</u>	<u>13</u>
Tax (receipt)/expense in the profit and loss account	<u>(54)</u>	<u>433</u>

# Carlisle Staffing Plc

## Notes to the Financial Statements for the 52 weeks ended 1 January 2021 (continued)

### 12 Income tax (continued)

The tax on profit before tax for the period is lower than the standard rate of corporation tax in the UK (3 January 2020 - lower than the standard rate of corporation tax in the UK) of 19% (3 January 2020 - 19%).

The differences are reconciled below:

	52 weeks 1 January 2021 £ 000	52 weeks 3 January 2020 £ 000
Profit before tax	561	2,854
Corporation tax at standard rate	107	542
(Decrease)/increase in current tax from adjustment for prior periods	(108)	24
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	39	21
(Decrease)/increase arising from group relief tax reconciliation	(7)	3
Decrease from transfer pricing adjustments	(115)	(157)
Deferred tax expense from unrecognised temporary difference from a prior period	54	-
Deferred tax credit relating to changes in tax rates or laws	(24)	-
Total tax (credit)/charge	(54)	433

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 change to the main UK corporation tax rate was substantively enacted on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%. The UK deferred tax balances at 1 January 2021 have been calculated at 19%, as the relevant rate enacted at the balance sheet date.

On 3 March 2021 it was announced that the UK corporate tax rate would increase to 25% from 1 April 2023. This is likely to result in an increase in the Group's UK tax charge from that date. UK deferred tax balances will also be calculated at the increased rate from that date.

### Deferred tax

Deferred tax assets and liabilities

1 January 2021	Asset £ 000
Accelerated tax depreciation	168
Provisions	45
	<u>213</u>
3 January 2020	Asset £ 000
Accelerated tax depreciation	157
Provisions	96
	<u>253</u>



# Carlisle Staffing Plc

## Notes to the Financial Statements for the 52 weeks ended 1 January 2021 (continued)

### 12 Income tax (continued)

Deferred tax movement during the period:

	At 4 January 2020 £ 000	Recognised in income £ 000	At 1 January 2021 £ 000
Accelerated tax depreciation	157	11	168
Provisions	96	(51)	45
Net tax assets	<u>253</u>	<u>(40)</u>	<u>213</u>

Deferred tax movement during the prior period:

	At 5 January 2019 £ 000	Recognised in income £ 000	At 3 January 2020 £ 000
Accelerated tax depreciation	170	(13)	157
Provisions	96	-	96
Net tax assets	<u>266</u>	<u>(13)</u>	<u>253</u>

The directors believe that the deferred tax assets are recoverable against future profits of the company.

### 13 Tangible assets

	Leasehold improvements £ 000	Furniture, fittings and equipment £ 000	Total £ 000
<b>Cost or valuation</b>			
At 4 January 2020	137	830	967
Additions	-	42	42
Disposals	<u>(137)</u>	<u>(442)</u>	<u>(579)</u>
At 1 January 2021	<u>-</u>	<u>430</u>	<u>430</u>
<b>Depreciation</b>			
At 4 January 2020	112	449	561
Charge for the period	25	202	227
Eliminated on disposal	<u>(137)</u>	<u>(442)</u>	<u>(579)</u>
At 1 January 2021	<u>-</u>	<u>209</u>	<u>209</u>
<b>Carrying amount</b>			
At 1 January 2021	<u>-</u>	<u>221</u>	<u>221</u>
At 3 January 2020	<u>25</u>	<u>381</u>	<u>406</u>

# Carlisle Staffing Plc

## Notes to the Financial Statements for the 52 weeks ended 1 January 2021 (continued)

### 14 Right of use assets

	Property £ 000	Vehicles £ 000	Total £ 000
<b>Cost or valuation</b>			
At 4 January 2020	2,241	230	2,471
Additions	1,034	-	1,034
Disposals	(672)	(111)	(783)
At 1 January 2021	2,603	119	2,722
<b>Depreciation</b>			
At 4 January 2020	408	86	494
Charge for the period	497	95	592
Eliminated on disposal	(282)	(97)	(379)
At 1 January 2021	623	84	707
<b>Carrying amount</b>			
At 1 January 2021	1,980	35	2,015
At 3 January 2020	1,833	144	1,977

### 15 Intangible assets

	Licenses £ 000	Software £ 000	Total £ 000
<b>Cost or valuation</b>			
At 4 January 2020	12,100	489	12,589
Additions	-	18	18
Disposals	(12,100)	-	(12,100)
At 1 January 2021	-	507	507
<b>Amortisation</b>			
At 4 January 2020	12,100	435	12,535
Amortisation charge	-	37	37
Amortisation eliminated on disposals	(12,100)	-	(12,100)
At 1 January 2021	-	472	472
<b>Carrying amount</b>			
At 1 January 2021	-	35	35
At 3 January 2020	-	54	54

# Carlisle Staffing Plc

## Notes to the Financial Statements for the 52 weeks ended 1 January 2021 (continued)

### 16 Trade and other receivables

	1 January 2021 £ 000	3 January 2020 £ 000
Trade receivables	64,962	77,247
Receivables from related parties	12,728	582
Accrued income	19,122	13,521
Prepayments	386	399
Lease debtor	258	509
Other receivables	179	3
	<u>97,635</u>	<u>92,261</u>
Less non-current portion	<u>(93)</u>	<u>(98)</u>
	<u>97,542</u>	<u>92,163</u>

Receivables from related parties are interest free, unsecured and repayable on demand. All lease debtors are due from related parties.

### Details of non-current trade and other receivables

£93,000 (3 January 2020: £98,000) of lease debtors is classified as non current. Lease debtors represent the present value of leased property which has been sub-let.

### Lease receivables

	1 January 2021 £ 000
At 4 January 2020	509
Leases granted	58
Interest	57
Receipts	(366)
At 1 January 2021	<u>258</u>

	1 January 2021 £ 000	3 January 2020 £ 000
Due in year 1	171	358
Due in year 2	86	123
Due in year 3	9	86
Due in year 4	-	9
Undiscounted lease payments	<u>266</u>	<u>576</u>
Unearned finance income	<u>(8)</u>	<u>(67)</u>
Total lease receivables	<u>258</u>	<u>509</u>

# Carlisle Staffing Plc

## Notes to the Financial Statements for the 52 weeks ended 1 January 2021 (continued)

### 17 Cash at bank and in hand

	1 January 2021 £ 000	3 January 2020 £ 000
Cash at bank	<u>7,345</u>	<u>5,247</u>

### 18 Trade and other payables

	1 January 2021 £ 000	3 January 2020 £ 000
Trade payables	27,753	25,844
Accrued expenses	18,083	16,559
Amounts owed to related parties	11,847	17,331
Social security and other taxes	26,361	17,498
Outstanding defined contribution pension costs	291	433
Other payables	4,278	4,710
Current portion of long term lease liabilities	<u>504</u>	<u>1,023</u>
	<u>89,117</u>	<u>83,398</u>

Payables to related parties are interest free, unsecured and repayable on demand. Social security and other taxes include £14,433,000 of taxes deferred under government schemes (3 January 2020: £nil).

### 19 Leases

During the period the company accounted for 23 leased properties under IFRS 16 across the jurisdictions in which it operates (3 January 2020: 28). In some jurisdictions it is customary for lease contracts to provide for payments to increase each year by inflation or at a fixed rate and in others to be reset periodically to market rental rates whilst in others the periodic rent is fixed over the lease term. Some leases have provisions for early termination (see lease end dates judgments in note 3). The company also leased 23 vehicles, all which have a fixed lease fee over the term (3 January 2020: 22). The weighted average Incremental Borrowing Rate used to calculate the lease liability was 3.11% (3 January 2020: 2.75%).

Of the property leases accounted for under IFRS 16 during the period, 4.3% recognised future uplifts in rent (3 January 2020: 3.6%). This property is fully sub-let for the remainder of the term so there will be no impact on the right of use asset.

#### Leases included in creditors

	1 January 2021 £ 000	3 January 2020 £ 000
Current portion of long term lease liabilities	504	1,023
Long term lease liabilities	<u>1,888</u>	<u>1,471</u>
	<u>2,392</u>	<u>2,494</u>

Included within lease liabilities are £1,978,000 due to related parties (3 January 2020: £1,359,000).

# Carlisle Staffing Plc

## Notes to the Financial Statements for the 52 weeks ended 1 January 2021 (continued)

### 19 Leases (continued)

#### Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	1 January 2021 £ 000	3 January 2020 £ 000
Less than one year	561	1,037
2 years	364	557
3 years	262	273
4 years	253	250
5 years	253	177
6 years	253	133
7 years	253	133
8 years	253	133
9 years	190	133
10 years	-	133
Total lease liabilities (undiscounted)	<u>2,642</u>	<u>2,959</u>

Within the payments listed above is £250,000 which will be recognised as interest on the lease liability (3 January 2020: £465,000).

#### Total cash outflows related to leases

Total cash outflows related to leases are presented in the table below:

	1 January 2021 £ 000	3 January 2020 £ 000
<b>Payment</b>		
Right of use assets	854	960
Interest	119	93
Low value leases	98	63
Short term leases	-	195
Total cash outflow	<u>1,071</u>	<u>1,311</u>

### 20 Other provisions

	Other provisions £ 000	Total £ 000
At 4 January 2020	264	264
Additional provisions	91	91
Provisions used	(111)	(111)
Increase (decrease) due to passage of time or unwinding of discount	16	16
At 1 January 2021	<u>260</u>	<u>260</u>
Non-current liabilities	<u>260</u>	<u>260</u>

Other provisions relate to property provisions for the full expected cost of dilapidations and have been discounted to a present value using the relevant lease interest rate.

## Carlisle Staffing Plc

### Notes to the Financial Statements for the 52 weeks ended 1 January 2021 (continued)

#### 21 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 £577,000 (3 January 2020 - £507,000).

Contributions totalling £291,000 (3 January 2020 - £433,000) were payable to the scheme at the end of the period and are included in creditors.

#### 22 Share capital

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

	1 January 2021		3 January 2020	
	No.	£	No.	£
Ordinary of £1 each	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>

#### 23 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 3 January 2020 was £118,951,000 (3 January 2020: £170,227,000).

#### 24 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.

The Group has identified Lord Ashcroft as the ultimate controlling party as he has influence over more than 50%, but less than 75%, of both the shares and voting rights of Impellam Group Plc and together with being Chairman of Impellam group Plc has significant influence over the Group.