

COMPANY REGISTRATION NUMBER: 04619009

**Portfolio Payroll Limited**  
**Financial Statements**  
**For the Year Ended**  
**31 March 2021**

# **Portfolio Payroll Limited**

## **Financial Statements**

**Year Ended 31 March 2021**

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# Portfolio Payroll Limited

## Strategic Report

**Year Ended 31 March 2021**

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### **Principal Activity and Business Review**

**Principle activity** The company's principle activity is providing recruitment solutions for payroll and other specialist staff.

**Business review** The Directors are satisfied with the performance of the company during the year ended 31 March 2021, we note the continued commitment, dedication, and hard work of all employees in a further successful year for the company. With the impact of the COVID- 19 causing economic and trading challenges for many businesses throughout the UK and Globally, the Directors believe the results highlight a strong performance. The effects of the global pandemic on the recruitment sector have been widely publicised with significant decline in the number of active permanent vacancies and a significant reduction in the number of temporary and contract workers on assignment. And whilst this trend accounts for the fall in Turnover from £13,626,894 (2020) to £9,526,788 (2021), Profit Before Tax rose significantly from £128,335 (2020) to £668,192 (2021) highlighting a strong performance in difficult circumstances attributed to a robust business model of diverse recruitment operations, combined with effective cost management strategies and utilisation of Government grants and the CJRS scheme. The company's diversification across our range of industry verticals within Payroll, HR, Credit Control and Procurement sector enabled the organisation to provide essential recruitment services to a broad client demographic of both new and existing clients. The welcome Government support of the CJRS scheme increased demand for payroll professionals to administer the scheme, whilst changes to employment law during this period benefited our HR recruitment operations. Furthermore, the necessity for effective debt management, cashflow and cost management was witnessed within our Credit Control and Procurement recruitment operations. Our ability to adapt our process' from a predominately face to face consulting model to a virtual recruitment process enabled the business to provide innovative solutions to our clients and maintain service continuity throughout this period. Our agile approach established client base of long-standing clients, industry knowledge, combined with new client acquisition provided an effective business strategy that saw significant growth in Q3 and Q4 of the year capitalising on increased confidence in talent acquisition. Additionally, Portfolio established a recruitment process outsourcing function providing recruitment services in new areas including Sales & marketing, Operations, IT, legal Services and wellbeing paving the way for future growth, expansion and resilience. Future developments The performance of the company since 1st April 2020 in challenging social and economic conditions year has been extremely positive. We note the underlying increase in PBT, significant growth in new business acquisition, complimented by excellent client retention and a marked increase in new vacancy numbers in Q4. The companies ability to adapt quickly to changing market conditions, pivot to a virtual consulting model alongside the talent and expertise of our loyal staff has laid the foundations for further ambitious growth in the financial year ahead. We have diversified our recruitment services and continue to expand our Geographical reach serving a diverse national client base. The Company plans further investment in headcount, client acquisition and infrastructure to drive further market share.

## **Financial Risk Management Objectives and Policies**

The company's operations expose it to a variety of potential risks, all of which are addressed and managed carefully. Market and economic risk The company is susceptible to UK economic activity. The company provides its services to various sectors and this diversification helps management to mitigate this risk to a certain extent. Competitor risk The provision of recruitment services is very competitive and this can lead to pressures on revenue and operating margins. The directors believe that the company has a reputation for a high quality service, which together with the building of long term relationships and the ability to provide a flexible service in line with customers' wishes mitigates this risk. The expansion to include a Manchester based office in addition to the growth of our further specialist divisions further mitigates risk. Credit risk To mitigate credit risk the directors have policies in place to ensure appropriate credit checks are performed and monitor the debt position carefully. Interest rate risk The company has no borrowings and so this is not considered relevant.

This report was approved by the board of directors on 17 December 2021 and signed on behalf of the board by:

D P Done

Director

Registered office:

Third Floor

1 Finsbury Square

London

EC2A 1AE

# Portfolio Payroll Limited

## Directors' Report

### Year Ended 31 March 2021

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The directors present their report and the financial statements of the company for the year ended 31 March 2021 .

#### Directors

The directors who served the company during the year were as follows:

D P Done

A E J Macey

C Turner

P E Done (Resigned 29 May 2020)

Mr P.E. Done resigned as a director on 29 May 2020.

#### Dividends

The directors do not recommend the payment of a dividend.

#### Disclosure of Information in the Strategic Report

Information with regard to future developments has been included in the Strategic Report.

#### Employment of Disabled Persons

The company does not discriminate between employees or potential employees on the grounds of colour, race, ethnic or national origin, sex, marital status or religious beliefs. It is the company's policy to encourage the employment, training and career development of disabled persons. If individuals become disabled during employment and they are unable to perform their jobs, consideration is given to retraining for alternative jobs.

#### Employee Involvement

The company places considerable value on the involvement of its employees and keeps employees informed on matters relevant to them through regular meetings and internal media. Employee engagement and training are key initiatives throughout the business.

#### Directors' Responsibilities Statement

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 then apply them consistently; - make judgments and accounting estimates that are reasonable and prudent; - 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. Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and - they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 17 December 2021 and signed on behalf of the board by:

D P Done

Director

Registered office:

Third Floor

1 Finsbury Square

London

EC2A 1AE

# **Portfolio Payroll Limited**

## **Independent Auditor's Report to the Members of Portfolio Payroll Limited**

**Year Ended 31 March 2021**

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### **Opinion**

We have audited the financial statements of Portfolio Payroll Limited (the 'company') for the year ended 31 March 2021 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice). In our opinion the financial statements: - give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended; - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; - have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions Relating to Going Concern**

In auditing the financial statements, we have concluded that the directors' 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 financial statements are 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Opinions on Other Matters Prescribed by the Companies Act 2006**

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

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

**Matters on Which We are Required to Report by Exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: - adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or - the financial statements are not in agreement with the accounting records and returns; or - certain disclosures of directors' remuneration specified by law are not made; or - we have not received all the information and explanations we require for our audit.

**Responsibilities of Directors**

As explained more fully in the directors' responsibilities statement, 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. 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:

Ability to Detect Irregularities - Obtained an understanding of the nature and sector of the Company along with reviewing the financial performance and reviewing policies in place. - We communicated the laws and regulations with the audit team to ensure that they were alert of any indications which would highlight any non-compliance during the audit. - Matters were also discussed with management during the planning process and throughout the audit fieldwork in relation to any cases of fraud or non compliance of laws and regulations which may have taken place during the year. - Reviewed a sample of journals posted throughout the year to ensure that management override hadn't taken place. - Discussed the accounting estimates and calculations behind these such as depreciation calculation, accruals and impairment. Because of the inherent limitations of an audit, there is risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. The risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our 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.

Richard Williams BSc FCA

(Senior Statutory Auditor)

For and on behalf of

Beever and Struthers

Chartered accountants & statutory auditor

St. George's House

215 - 219 Chester Road

Manchester

M15 4JE

21 December 2021

# Portfolio Payroll Limited

## Statement of Income and Retained Earnings

Year Ended 31 March 2021

		2021	2020
	Note	£	£
<b>Turnover</b>	<b>4</b>	9,526,788	13,626,894
Cost of sales		5,474,510	8,496,428
		-----	-----
<b>Gross profit</b>		4,052,278	5,130,466
Administrative expenses		3,732,460	5,010,539
Other operating income	<b>5</b>	346,567	6,250
		-----	-----
<b>Operating profit</b>	<b>6</b>	666,385	126,177
Other interest receivable and similar income	<b>10</b>	1,807	2,158
		-----	-----
<b>Profit before taxation</b>		668,192	128,335
Tax on profit	<b>11</b>	123,421	35,406
		-----	-----
<b>Profit for the financial year and total comprehensive income</b>		544,771	92,929
		-----	-----
<b>Retained earnings at the start of the year</b>		1,212,591	1,119,662
		-----	-----
<b>Retained earnings at the end of the year</b>		1,757,362	1,212,591
		-----	-----

All the activities of the company are from continuing operations.

**Portfolio Payroll Limited**  
**Statement of Financial Position**

**31 March 2021**

		2021	2020
	Note	£	£
<b>Fixed assets</b>			
Intangible assets	12	33,775	53,077
Tangible assets	13	251,720	301,631
		-----	-----
		285,495	354,708
<b>Current assets</b>			
Debtors	14	1,303,852	2,319,007
Cash at bank and in hand		3,388,146	1,167,142
		-----	-----
		4,691,998	3,486,149
<b>Creditors: amounts falling due within one year</b>	15	2,382,342	2,622,883
		-----	-----
<b>Net current assets</b>		2,309,656	863,266
		-----	-----
<b>Total assets less current liabilities</b>		2,595,151	1,217,974
<b>Creditors: amounts falling due after more than one year</b>	16	833,338	—
<b>Provisions</b>			
Taxation including deferred tax	17	3,451	4,383
		-----	-----
<b>Net assets</b>		1,758,362	1,213,591
		-----	-----
<b>Capital and reserves</b>			
Called up share capital	21	1,000	1,000
Profit and loss account	22	1,757,362	1,212,591
		-----	-----
<b>Shareholders funds</b>		1,758,362	1,213,591
		-----	-----

These financial statements were approved by the board of directors and authorised for issue on 17 December 2021 , and are signed on behalf of the board by:

A E J Macey

Director

C Turner

Director

Company registration number: 04619009

# Portfolio Payroll Limited

## Statement of Cash Flows

Year Ended 31 March 2021

	2021	2020
	£	£
<b>Cash flows from operating activities</b>		
Profit for the financial year	544,771	92,929
<i>Adjustments for:</i>		
Depreciation of tangible assets	65,477	54,278
Amortisation of intangible assets	19,302	19,302
Other interest receivable and similar income	( 1,807)	( 2,158)
Tax on profit	123,421	35,406
Accrued income	( 243,883)	( 111,770)
<i>Changes in:</i>		
Trade and other debtors	1,015,155	426,668
Trade and other creditors	( 241,715)	270,464
Cash generated from operations	1,280,721	785,119
Interest received	1,807	2,158
Tax paid	( 45,958)	( 65,711)
Net cash from operating activities	1,236,570	721,566
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	( 15,566)	( 3,665)
Net cash used in investing activities	( 15,566)	( 3,665)
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	1,000,000	—
Net cash from financing activities	1,000,000	—
<b>Net increase in cash and cash equivalents</b>	2,221,004	717,901
<b>Cash and cash equivalents at beginning of year</b>	1,167,142	449,241
<b>Cash and cash equivalents at end of year</b>	3,388,146	1,167,142

# **Portfolio Payroll Limited**

## **Notes to the Financial Statements**

**Year Ended 31 March 2021**

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### **1. General Information**

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Third Floor, 1 Finsbury Square, London, EC2A 1AE.

### **2. Statement of Compliance**

These financial statements have been prepared in compliance with FRS 102, The Financial Reporting Standard applicable in the UK and the Republic of Ireland.

### **3. Accounting Policies**

#### **Basis of Preparation**

The financial statements have been prepared on the historical cost basis. The financial statements are prepared in sterling, which is the functional currency of the entity.

#### **Going Concern**

These financial statements have been prepared on a going concern basis. The directors are not aware of any reason why they would not be unable to meet liabilities as they fall due.

#### **Judgements and Key Sources of Estimation Uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Significant judgements The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows: - Determination of whether there are indicators of impairment of the company's intangible fixed assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future fair value of the asset. - Determination of whether leases entered into by the company as lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis. - Determination of recoverability of trade debtors. A specific provision is made against certain debts where in the opinion of the directors the debt is not fully recoverable. A provision of £22,226 (2020: £51,238) has been recognised against trade debtors. Key sources of estimation uncertainty Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows: - Goodwill relates to the acquisition of the business. As at the date of transition there were nine years remaining. The goodwill has not been valued therefore the amortisation is considered to be over a ten year period.

**Revenue Recognition**

The turnover shown in the Statement of Income and Retained Earnings for the placement of candidates represents amounts invoiced during the year exclusive of Value Added Tax. Income from permanent placements is recognised based on the start date of the placement. Agency income shown in the Statement of Income and Retained Earnings for the placement of contract workers is included gross of the direct costs of the agency workers and exclusive of Value Added Tax. Income and costs for contract workers are recognised based on days or hours worked each month.

**Income Tax**

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively. Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

**Foreign Currencies**

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

**Operating Leases**

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

**Goodwill**

Goodwill, being the amount paid in connection with the acquisition of a business in 2003, is being amortised over its estimated useful life of ten years.

**Amortisation**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	10% straight line
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If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

**Tangible Assets**

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

**Depreciation**

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Land & Buildings	-	10% straight line
Fixtures & fittings	-	15% straight line
Computer equipment	-	25% straight line

**Impairment of Fixed Assets**

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.



## Government Grants

Government grants are recognised using the accrual model. Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income on the period in which it becomes receivable.

## Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense. Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

## Financial Instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument. Debtors All debtors are measured at transaction price, less any impairment. Cash and cash equivalents Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. Creditors All creditors are measured at transaction price.

## Defined Contribution Plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund. When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

## 4. Turnover

Turnover arises from:

	2021	2020
	£	£
Rendering of services	9,526,788	13,626,894
	-----	-----

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

## 5. Other Operating Income

	2021	2020
	£	£
Government grant income	345,567	6,250
Other operating income	1,000	—
	-----	-----
	346,567	6,250
	-----	-----

## 6. Operating Profit

Operating profit or loss is stated after charging/crediting:

	2021	2020
	£	£
Amortisation of intangible assets	19,302	19,302
Depreciation of tangible assets	65,477	54,278
Impairment of trade debtors	(7,784)	71,976
Foreign exchange differences	602	—
Property lease charges	490,112	804,119
	-----	-----

## 7. Auditor's Remuneration

	2021	2020
	£	£
Fees payable for the audit of the financial statements	8,600	8,300
	-----	-----
Fees payable to the company's auditor and its associates for other services:		
Taxation compliance services	1,425	1,400
	-----	-----

## 8. Staff Costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2021	2020
	No.	No.
Administrative staff	106	233
Number of office and management staff	46	53
	-----	-----
	152	286
	-----	-----

The aggregate payroll costs incurred during the year, relating to the above, were:

	2021	2020
	£	£
Wages and salaries	7,334,688	10,925,901
Social security costs	585,759	746,540
Other pension costs	210,282	228,226
	-----	-----
	8,130,729	11,900,667
	-----	-----

## 9. Directors' Remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2021	2020
	£	£
Remuneration	411,895	380,965
Company contributions to defined contribution pension plans	38,646	38,645
	-----	-----
	450,541	419,610
	-----	-----

The number of directors who accrued benefits under company pension plans was as follows:

	2021	2020
	No.	No.
Defined contribution plans	3	3
	----	----

Remuneration of the highest paid director in respect of qualifying services:

	2021	2020
	£	£
Aggregate remuneration	173,529	158,572
	-----	-----

The directors are considered to be key personnel.

## 10. Other Interest Receivable and Similar Income

	2021	2020
	£	£
Interest on cash and cash equivalents	1,807	2,158
	-----	-----

## 11. Tax on Profit

### Major components of tax expense

	2021	2020
	£	£
<b>Current tax:</b>		
UK current tax expense	124,353	45,958
Adjustments in respect of prior periods	—	3,990
	-----	-----
Total current tax	124,353	49,948
	-----	-----
<b>Deferred tax:</b>		
Origination and reversal of timing differences	( 932)	( 14,542)
	-----	-----
<b>Tax on profit</b>	123,421	35,406
	-----	-----

### Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2020: higher than) the standard rate of corporation tax in the UK of 19 % (2020: 19 %).

	2021	2020
	£	£
Profit on ordinary activities before taxation	668,192	128,335
	-----	-----
Profit on ordinary activities by rate of tax	126,956	24,384
Adjustment to tax charge in respect of prior periods	—	3,990
Effect of expenses not deductible for tax purposes	131	12,463
Effect of capital allowances and depreciation	5,958	( 14,018)
Other timing differences	( 9,624)	8,587
	-----	-----
Tax on profit	123,421	35,406
	-----	-----

## 12. Intangible Assets

	<b>Goodwill</b>
	<b>£</b>
<b>Cost</b>	
<b>At 1 April 2020 and 31 March 2021</b>	386,032
	-----
<b>Amortisation</b>	
At 1 April 2020	332,955
Charge for the year	19,302
	-----
<b>At 31 March 2021</b>	352,257
	-----
<b>Carrying amount</b>	
<b>At 31 March 2021</b>	33,775
	-----
At 31 March 2020	53,077
	-----

Goodwill relates to the acquisition of the business. As at the date of transition to FRS102 there were nine years remaining. The goodwill was not revalued at this point therefore the amortisation is considered to be over a ten year period.

## 13. Tangible Assets

	Land and buildings £	Fixtures and fittings £	Equipment £	<b>Total</b> <b>£</b>
<b>Cost</b>				
At 1 April 2020	289,813	110,249	56,775	456,837
Additions	—	—	15,566	15,566
	-----	-----	-----	-----
<b>At 31 March 2021</b>	289,813	110,249	72,341	472,403
	-----	-----	-----	-----
<b>Depreciation</b>				
At 1 April 2020	72,453	39,965	42,788	155,206
Charge for the year	29,981	16,537	18,959	65,477
	-----	-----	-----	-----
<b>At 31 March 2021</b>	102,434	56,502	61,747	220,683
	-----	-----	-----	-----
<b>Carrying amount</b>				
<b>At 31 March 2021</b>	187,379	53,747	10,594	251,720
	-----	-----	-----	-----
At 31 March 2020	217,360	70,284	13,987	301,631
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## 14. Debtors

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Trade debtors	1,226,559	1,786,743
Prepayments and accrued income	69,204	499,381
Other debtors	8,089	32,883
	-----	-----
	1,303,852	2,319,007
	-----	-----

**15. Creditors: amounts falling due within one year**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	166,662	—
Trade creditors	54,914	445,614
Accruals and deferred income	336,086	579,969
Corporation tax	124,353	45,958
Social security and other taxes	1,117,673	908,391
Other creditors	582,654	642,951
	<u>2,382,342</u>	<u>2,622,883</u>

The bank loan is secured by a debenture dated 14 September 2020 over all company assets.

**16. Creditors: amounts falling due after more than one year**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	833,338	—
	<u>833,338</u>	<u>—</u>

The bank loan is secured by a debenture dated 14 September 2020 over all company assets.

**17. Provisions**

	<b>Deferred tax (note 18) £</b>
At 1 April 2020	4,383
Charge against provision	( 932)
	<u>3,451</u>
<b>At 31 March 2021</b>	<b>3,451</b>

**18. Deferred Tax**

The deferred tax included in the statement of financial position is as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Included in provisions (note 17)	3,451	4,383
	<u>3,451</u>	<u>4,383</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Accelerated capital allowances	15,945	26,501
Deferred tax - other timing differences	( 12,494)	( 22,118)
	<u>3,451</u>	<u>4,383</u>

**19. Employee Benefits****Defined contribution plans**

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £ 210,282 (2020: £ 228,226 ).

At 31 March 2021 there were outstanding contributions amounting to £21,810 (2020 - £24,496).

## 20. Government Grants

The amounts recognised in the financial statements for government grants are as follows:

	2021	2020
	£	£
Recognised in other operating income:		
Government grants recognised directly in income	345,567	6,250
	-----	-----

## 21. Called Up Share Capital

Issued, called up and fully paid

	2021		2020	
	No.	£	No.	£
Ordinary shares of £ 1 each	1,000	1,000	1,000	1,000
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## 22. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

## 23. Analysis of Changes in Net Debt

	At 1 Apr 2020	Cash flows	At 31 Mar 2021
	£	£	£
Cash at bank and in hand	1,167,142	2,221,004	3,388,146
Debt due within one year	—	(166,662)	(166,662)
Debt due after one year	—	(833,338)	(833,338)
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	1,167,142	1,221,004	2,388,146
	-----	-----	-----

## 24. Operating Leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2021	2020
	£	£
Not later than 1 year	445,389	439,709
Later than 1 year and not later than 5 years	1,766,683	1,758,834
Later than 5 years	751,922	1,240,487
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	2,963,994	3,439,030
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# Portfolio Payroll Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 March 2021

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#### **25. Related Party Transactions**

Peninsula Business Services Limited is a company in which Mr P E Done , a shareholder has a material interest. A management charge of £36,000 (2020: £34,608) is payable to Peninsula Business Services Limited for the year. At 31 March 2021 £Nil (2020: £34,608) which is included within accruals. At 31 March 2021 the company owed £125,634 (2020: £37,139) to Peninsula Business Services Limited which is included within other creditors. During the year the company sold services to Peninsula Business Services Limited totalling £855,005 (2020: £293,839). At 31 March 2021 the company was owed £19,800 (2020: £50,580) by Peninsula Business Services Limited which is included within trade debtors. Peninsula Business Services Limited also act as guarantor of the lease for the company's property. During the year the company sold services to Croner Group Limited, a company in which Mr P E Done , a shareholder has a material interest, totalling £341,583 (2020: £55,950). At 31 March 2021 the company was owed £45,000 (2020: £28,980) by Croner Group Limited which is included within trade debtors. In addition, the company sold services to Croner-i Limited, a company in which Mr P E Done , a shareholder has a material interest, totalling £144,704 (2020 - £6,750). At 31 March 2021 the company was owed £6,750 (2020 - £8,100), which is included in trade debtors.

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