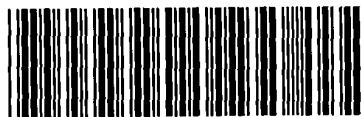


COMPANY REGISTRATION NUMBER: 07022711

**Abaco Recruitment Limited**  
**Financial Statements**  
**31 August 2017**

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COMPANIES HOUSE

# **Abaco Recruitment Limited**

## **Financial Statements**

**Year ended 31 August 2017**

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# **Abaco Recruitment Limited**

## **Officers and Professional Advisers**

### **The board of directors**

T McLennan (Resigned 27 December 2017)  
K Lynch  
M R Kaye  
N Murphy

### **Company secretary**

M R Kaye

### **Registered office**

1st Floor, Castlewood House  
77-91 New Oxford Street  
London  
WC1A 1DG

### **Auditor**

Independent Auditors LLP  
Chartered accountant & statutory auditor  
Emstrey House North  
Shrewsbury Business Park  
Shrewsbury  
SY2 6LG

# **Abaco Recruitment Limited**

## **Strategic Report**

### **Year ended 31 August 2017**

The directors present their strategic report for the year ended 31 August 2017.

#### **Principal activity**

The principal activity of the company is that of a holding company. The principal activities of subsidiaries are recruitment of teachers and support staff to schools.

#### **Business review**

The group had a successful year in 2017. Revenues grew healthily by 9% from £38.43m to £42.03m.

The directors are pleased with the performance of the companies with both achieving substantial profits. It is hoped its subsidiaries will grow over the coming years.

#### **Financial key performance indicators**

At the end of the year, the net assets totalled £2,457,987 (2016: £2,284,639).

The group's key financial and other performance indicators during the year were as follows:

- Turnover for the year was £42,035,627 (2016: £38,427,065).
- Profit before tax was £3,477,950 (2016: £4,570,820)
- Net profit as a percentage of turnover was 8.3% (2016: 11.9%)

#### **Principal risks and uncertainties facing the business**

Management constantly assesses the principal risks facing the organisation and looks to mitigate these risks through rigorous planning and implementing processes to address these uncertainties.

##### **(i) Market and Economic Environment**

The Government is conscious of reducing costs associated with public spending and, ultimately, the Government funds the schools who are clients of ours. While cuts to Education spending remain are a possibility, we are continually looking to increase our market share through bringing on new clients throughout our network of regional locations to mitigate any decrease in spending from our established clients.

##### **(ii) Loss of Key Personnel**

The market for recruitment consultants remains very competitive and it's important that we can attract and retain high performing personnel. We mitigate this risk through offering generous employment packages allied to an extensive array of benefits to ensure that we recruit and retain only the best employees.

##### **(iii) Information Technology Issues**

As we use IT constantly, it's important that we have cutting edge technology supported by a stable environment that ensures continuity. We continually upgrade our software functionality to ensure that we're competitive and outsource our network and security to professionals so that we don't have any downtime.

# **Abaco Recruitment Limited**

## **Strategic Report** *(continued)*

**Year ended 31 August 2017**

### **Financial instruments**

#### *Objectives and policies*

Income received from customers is matched to the performance and outgoings of supplies and employees to reduce the possibility of losses and from each contract or job undertaken. Bank receipts and payments are closely monitored and reconciled regularly.

#### *Financial risk management objectives and policies*

The business' principle financial instruments comprise bank balances, trade debtors, and trade creditors. The main purpose of these instruments is to finance the business operations. In respect of debtors, the liquidity risk is minimised by ensuring policies are implemented concerning the credit offered to customers and a regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors. Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

This report was approved by the board of directors on 25 May 2018 and signed on behalf of the board by:



K Lynch  
Director

# **Abaco Recruitment Limited**

## **Directors' Report**

### **Year ended 31 August 2017**

The directors present their report and the financial statements of the group for the year ended 31 August 2017.

#### **Directors**

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

T McLennan (Resigned 27 December 2017)

K Lynch

M R Kaye

N Murphy

#### **Dividends**

Particulars of recommended dividends are detailed in note 9 to the financial statements.

#### **Future developments**

The group has continued to invest in key areas of infrastructure during the past year, especially its employees and office space. This investment, together with the group's strong financial position should enable to take advantage of the strong market conditions to achieve further growth, including expansion into other areas of the UK.

#### **Employee involvement**

The group recognises the importance of its employees and is committed to effective two-way communication and consultation. It is the policy of the group to encourage and develop all members of staff to realise their maximum potential. In this way, staff will make their best possible contribution to the organisation's success. Feedback is provided to employees with regards to matters which affect them through regular staff consultations and meetings.

The group gives full and fair consideration to applicants for employment from disabled persons. With regard to existing employees who become disabled, the group will examine ways of providing continued employment in their existing position or will seek to retain the individuals for suitable alternative posts where possible. The group treats all employees equally with regards to access to training and career development.

#### **Disclosure of information in the strategic report**

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, the company has chosen to set out information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 in the company's strategic report.

#### **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 group and the company and the profit or loss of the group for that period.

# **Abaco Recruitment Limited**

## **Directors' Report** *(continued)*

**Year ended 31 August 2017**

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 group and 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 group and the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 25 May 2018 and signed on behalf of the board by:



K Lynch  
Director

# **Abaco Recruitment Limited**

## **Independent Auditor's Report to the Members of Abaco Recruitment Limited**

**Year ended 31 August 2017**

### **Opinion**

We have audited the financial statements of Abaco Recruitment Limited for the year ended 31 August 2017 which comprise the consolidated statement of income and retained earnings, company statement of income and retained earnings, consolidated statement of financial position, company statement of financial position, consolidated statement of cash flows 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 the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 August 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



# **Abaco Recruitment Limited**

## **Independent Auditor's Report to the Members of Abaco Recruitment Limited** (continued)

**Year ended 31 August 2017**

### **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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinion on other matter 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 our knowledge and understanding of the group and the parent 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

# **Abaco Recruitment Limited**

## **Independent Auditor's Report to the Members of Abaco Recruitment Limited** (continued)

**Year ended 31 August 2017**

### **Responsibilities of directors**

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

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

<https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>.

This description forms part of our auditor's report.

*Independent Auditors LLP*

Jonathon Dale BA (Hons) FCA (Senior Statutory Auditor)

For and on behalf of Independent Auditors LLP  
Chartered Accountants & Statutory Auditor  
Emstrey House North  
Shrewsbury Business Park  
Shrewsbury  
SY2 6LG

*30 MAY 2018*

**Abaco Recruitment Limited**  
**Consolidated Statement of Income and Retained Earnings**  
**Year ended 31 August 2017**

	Note	2017 £	2016 £
<b>Turnover</b>	<b>4</b>	<b>42,035,627</b>	38,427,065
Cost of sales		<u>29,827,972</u>	<u>26,772,703</u>
<b>Gross profit</b>		<b>12,207,655</b>	11,654,362
Administrative expenses		<u>8,734,608</u>	<u>7,089,756</u>
<b>Operating profit</b>	<b>5</b>	<b>3,473,047</b>	4,564,606
Other interest receivable and similar income		<u>4,903</u>	<u>6,214</u>
<b>Profit before taxation</b>		<b>3,477,950</b>	4,570,820
Tax on profit	<b>8</b>	<u>686,310</u>	<u>902,550</u>
<b>Profit for the financial year and total comprehensive income</b>		<b><u>2,791,640</u></b>	<u>3,668,270</u>
Dividends paid and payable	<b>9</b>	<b>(2,618,292)</b>	(4,050,492)
<b>Retained earnings at the start of the year</b>		<b><u>2,184,639</u></b>	<u>2,566,861</u>
<b>Retained earnings at the end of the year</b>		<b><u>2,357,987</u></b>	<u>2,184,639</u>

All the activities of the group are from continuing operations.

The notes on pages 14 to 23 form part of these financial statements.

**Abaco Recruitment Limited**  
**Company Statement of Income and Retained Earnings**  
**Year ended 31 August 2017**

	Note	2017 £	2016 £
Profit for the financial year and total comprehensive income		<b>2,618,292</b>	4,050,492
Dividends paid and payable	9	<b>(2,618,292)</b>	(4,050,492)
<b>Retained earnings at the start of the year</b>		<u>—</u>	<u>—</u>
<b>Retained earnings at the end of the year</b>		<u><u>—</u></u>	<u><u>—</u></u>

The notes on pages 14 to 23 form part of these financial statements.

**Abaco Recruitment Limited**  
**Consolidated Statement of Financial Position**  
**31 August 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Negative goodwill	10	(149,935)	(199,913)
Tangible assets	11	<u>108,645</u>	<u>173,587</u>
		<b>(41,290)</b>	<b>(26,326)</b>
<b>Current assets</b>			
Debtors	13	2,698,043	1,854,026
Cash at bank and in hand		<u>1,315,263</u>	<u>1,506,078</u>
		<b>4,013,306</b>	<b>3,360,104</b>
<b>Creditors: amounts falling due within one year</b>	14	<u>1,514,029</u>	<u>1,049,139</u>
<b>Net current assets</b>		<b>2,499,277</b>	<b>2,310,965</b>
<b>Total assets less current liabilities</b>		<b>2,457,987</b>	<b>2,284,639</b>
<b>Net assets</b>		<b>2,457,987</b>	<b>2,284,639</b>
<b>Capital and reserves</b>			
Called up share capital	17	100,000	100,000
Profit and loss account	18	<u>2,357,987</u>	<u>2,184,639</u>
<b>Members funds</b>		<b>2,457,987</b>	<b>2,284,639</b>

These financial statements were approved by the board of directors and authorised for issue on 25 May 2018, and are signed on behalf of the board by:



K Lynch  
Director

Company registration number: 07022711

The notes on pages 14 to 23 form part of these financial statements.

**Abaco Recruitment Limited**  
**Company Statement of Financial Position**  
**31 August 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Investments	12	<u>100,000</u>	<u>100,000</u>
<b>Total assets less current liabilities</b>		<u>100,000</u>	<u>100,000</u>
<b>Capital and reserves</b>			
Called up share capital	17	<u>100,000</u>	<u>100,000</u>
<b>Members funds</b>		<u>100,000</u>	<u>100,000</u>

The profit for the financial year of the parent company was £2,618,292 (2016: £4,050,492).

These financial statements were approved by the board of directors and authorised for issue on 25 May 2018, and are signed on behalf of the board by:



K Lynch  
Director

Company registration number: 07022711

The notes on pages 14 to 23 form part of these financial statements.

**Abaco Recruitment Limited**  
**Consolidated Statement of Cash Flows**  
**Year ended 31 August 2017**

	2017 £	2016 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	2,791,640	3,668,270
<i>Adjustments for:</i>		
Depreciation of tangible assets	76,034	56,330
Amortisation of intangible assets	(49,978)	(49,978)
Other interest receivable and similar income	(4,903)	(6,214)
Tax on profit	686,310	902,550
Accrued (income)/expenses	(30,336)	41,436
<i>Changes in:</i>		
Trade and other debtors	(844,017)	147,539
Trade and other creditors	469,353	137,587
Cash generated from operations	3,094,103	4,897,520
Interest received	4,903	6,214
Tax paid	(660,437)	(993,465)
Net cash from operating activities	<u>2,438,569</u>	<u>3,910,269</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(11,092)	(68,949)
Net cash used in investing activities	<u>(11,092)</u>	<u>(68,949)</u>
<b>Cash flows from financing activities</b>		
Dividends paid	(2,618,292)	(4,050,492)
Net cash used in financing activities	<u>(2,618,292)</u>	<u>(4,050,492)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(190,815)</u>	<u>(209,172)</u>
<b>Cash and cash equivalents at beginning of year</b>	<u>1,506,078</u>	<u>1,715,250</u>
<b>Cash and cash equivalents at end of year</b>	<u>1,315,263</u>	<u>1,506,078</u>

The notes on pages 14 to 23 form part of these financial statements.

# **Abaco Recruitment Limited**

## **Notes to the Financial Statements**

**Year ended 31 August 2017**

### **1. General information**

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 1st Floor, Castlewood House, 77-91 New Oxford Street, London, WC1A 1DG.

### **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**

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

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity and rounded to the nearest £.

#### **3.2 Disclosure exemptions**

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

#### **3.3 Consolidation**

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over ten years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

#### **3.4 Judgements and key sources of estimation uncertainty**

No significant judgements have had to be made by management in preparing these financial statements.

#### **3.5 Revenue recognition**

Turnover represents the total amount receivable by the group from the sale of goods and provision of services exclusive of VAT.



# **Abaco Recruitment Limited**

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

**Year ended 31 August 2017**

### **3. Accounting policies (continued)**

#### **Revenue recognition (continued)**

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

#### **3.6 Income tax**

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in capital and reserves. In this case, tax is recognised in other comprehensive income or directly in capital and reserves, 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.

#### **3.7 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 profit or loss.

#### **3.8 Operating leases**

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### **3.9 Goodwill**

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the Balance Sheet and amortised over its estimated useful life up to a maximum of 20 years. This length of time is presumed to be the maximum useful life of purchased goodwill because it is difficult to make projections beyond this period. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable.

#### **3.10 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 years
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# **Abaco Recruitment Limited**

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

**Year ended 31 August 2017**

### **3. Accounting policies (continued)**

#### **Amortisation (continued)**

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.

#### **3.11 Tangible assets**

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

#### **3.12 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:

Leasehold improvements	-	Straight line over the life of the lease
Computer equipment	-	25% straight line
Fixtures, fittings and equipment	-	20% - 25% straight line

#### **3.13 Investments**

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

#### **3.14 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.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

# **Abaco Recruitment Limited**

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

**Year ended 31 August 2017**

### **3. Accounting policies *(continued)***

#### **Impairment of fixed assets *(continued)***

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

#### **3.15 Financial instruments**

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets or either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

#### **3.16 Defined contribution plans**

The pension costs charged in the financial statements represent the contribution payable by the group during the year.

# Abaco Recruitment Limited

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

Year ended 31 August 2017

### 4. Turnover

Turnover arises from:

	2017	2016
	£	£
Rendering of services	<u>42,035,627</u>	<u>38,427,065</u>

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

### 5. Operating profit

Operating profit or loss is stated after charging:

	2017	2016
	£	£
Amortisation of intangible assets	(49,978)	(49,978)
Depreciation of tangible assets	76,034	56,330
Operating lease rentals	356,293	291,132
Foreign exchange differences	—	(15,517)
Fees payable for the audit of the financial statements	<u>18,320</u>	<u>15,335</u>

The audit fee for Abaco Recruitment Limited has been borne by its subsidiary, Tradewind Recruitment Limited.

### 6. Staff costs

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

	2017	2016
	No.	No.
Directors	3	3
Support and administration	43	47
Sales consultants and candidates	<u>1,335</u>	<u>744</u>
	<u>1,381</u>	<u>794</u>

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

	2017	2016
	£	£
Wages and salaries	21,419,201	12,378,540
Social security costs	1,988,500	1,167,516
Other pension costs	87,737	48,132
	<u>23,495,438</u>	<u>13,594,188</u>

# Abaco Recruitment Limited

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

Year ended 31 August 2017

### 7. Directors' remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2017	2016
	£	£
Remuneration	415,051	450,039
Company contributions to defined contribution pension plans	942	934
	<u>415,993</u>	<u>450,973</u>

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

	2017	2016
	No.	No.
Defined contribution plans	<u>3</u>	<u>3</u>

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

	2017	2016
	£	£
Aggregate remuneration	221,571	237,298
Company contributions to defined contribution pension plans	380	368
	<u>221,951</u>	<u>237,666</u>

### 8. Tax on profit

#### Major components of tax expense

	2017	2016
	£	£
<b>Current tax:</b>		
UK current tax expense	686,310	902,550
<b>Tax on profit</b>	<u>686,310</u>	<u>902,550</u>

#### Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2016: lower than) the standard rate of corporation tax in the UK of 19.58% (2016: 20%).

	2017	2016
	£	£
Profit on ordinary activities before taxation	<u>3,477,950</u>	<u>4,570,820</u>
Profit on ordinary activities by rate of tax	680,983	914,164
Effect of expenses not deductible for tax purposes	(7,166)	(8,801)
Effect of capital allowances and depreciation	12,493	(2,813)
Tax on profit	<u>686,310</u>	<u>902,550</u>

# Abaco Recruitment Limited

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

Year ended 31 August 2017

### 9. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2017 £	2016 £
Dividends on Ordinary A shares	<u>2,618,292</u>	<u>4,050,492</u>

### 10. Intangible assets

Group	Goodwill £
<b>Cost</b>	
At 1 Sep 2016 and 31 Aug 2017	<u>(499,781)</u>
<b>Amortisation</b>	
At 1 September 2016	(299,868)
Charge for the year	(49,978)
<b>At 31 August 2017</b>	<u>(349,846)</u>
<b>Carrying amount</b>	
At 31 August 2017	<u>(149,935)</u>
At 31 August 2016	<u>(199,913)</u>

The company has no intangible assets.

### 11. Tangible assets

Group	Leasehold improvements £	Computer equipment £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 1 September 2016	166,080	266,964	74,006	<b>507,050</b>
Additions	—	11,092	—	<b>11,092</b>
<b>At 31 August 2017</b>	<u>166,080</u>	<u>278,056</u>	<u>74,006</u>	<u><b>518,142</b></u>
<b>Depreciation</b>				
At 1 September 2016	85,739	205,511	42,213	<b>333,463</b>
Charge for the year	43,640	21,533	10,861	<b>76,034</b>
<b>At 31 August 2017</b>	<u>129,379</u>	<u>227,044</u>	<u>53,074</u>	<u><b>409,497</b></u>
<b>Carrying amount</b>				
At 31 August 2017	<u>36,701</u>	<u>51,012</u>	<u>20,932</u>	<u><b>108,645</b></u>
At 31 August 2016	<u>80,341</u>	<u>61,453</u>	<u>31,793</u>	<u><b>173,587</b></u>

The company has no tangible assets.

### 12. Investments

The group has no investments.

# Abaco Recruitment Limited

## Notes to the Financial Statements (continued)

Year ended 31 August 2017

### 12. Investments (continued)

Company	Shares in group undertakings £
<b>Cost</b>	
At 1 Sep 2016 and 31 Aug 2017	<u>100,000</u>
<b>Impairment</b>	
At 1 Sep 2016 and 31 Aug 2017	<u>-</u>
<b>Carrying amount</b>	
At 1 Sep 2016 and 31 Aug 2017	<u>100,000</u>

### Subsidiaries, associates and other investments

Details of the investments in which the parent company has an interest of 20% or more are as follows:

	Class of share	Percentage of shares held
<b>Subsidiary undertakings</b>		
Tradewind Recruitment Limited	Ordinary shares	100
Sanza Teaching Agency Limited	Ordinary shares	100

All of the above companies have been included in the consolidation on the basis that the parent company held a controlling interest in the period.

### 13. Debtors

	<b>Group</b>		<b>Company</b>	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	2,127,320	1,562,006	-	-
Prepayments and accrued income	363,421	54,713	-	-
Other debtors	207,302	237,307	-	-
	<u>2,698,043</u>	<u>1,854,026</u>	<u>-</u>	<u>-</u>

### 14. Creditors: amounts falling due within one year

	<b>Group</b>		<b>Company</b>	
	2017	2016	2017	2016
	£	£	£	£
Trade creditors	427,431	86,538	-	-
Accruals and deferred income	266,112	296,448	-	-
Corporation tax	186,310	160,437	-	-
Social security and other taxes	616,580	487,767	-	-
Other creditors	17,596	17,949	-	-
	<u>1,514,029</u>	<u>1,049,139</u>	<u>-</u>	<u>-</u>

# Abaco Recruitment Limited

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

Year ended 31 August 2017

### 15. Employee benefits

#### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £87,737 (2016: £48,132).

### 16. Financial instruments

The carrying amount for each category of financial instrument is as follows:

#### Group

##### Financial assets

	2017 £	2016 £
Financial assets that are debt instruments measured at amortised cost	<u>3,604,978</u>	<u>3,283,494</u>

##### Financial liabilities

	2017 £	2016 £
Financial liabilities measured at amortised cost	<u>(427,431)</u>	<u>(86,538)</u>

#### Company

##### Financial assets

	2017 £	2016 £
Financial assets that are equity instruments measured at cost less impairment	<u>100,000</u>	<u>100,000</u>

### 17. Called up share capital

#### Issued, called up and fully paid

	2017		2016	
	No.	£	No.	£
A Ordinary shares of £1 each	<u>74,500</u>	<u>74,500</u>	75,000	75,000
B Ordinary shares of £1 each	<u>25,500</u>	<u>25,500</u>	<u>25,000</u>	<u>25,000</u>
	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

During the year, 500 A Ordinary shares of the company were reclassified to B Ordinary shares.

### 18. Reserves

Called up equity share capital - represents the nominal value of shares that have been issued.

Profit and loss account - includes all current and prior period retained profits.



# Abaco Recruitment Limited

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

Year ended 31 August 2017

### 19. Operating leases

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

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Not later than 1 year	248,285	233,427	—	—
Later than 1 year and not later than 5 years	213,510	159,540	—	—
Later than 5 years	—	9,838	—	—
	<u>461,795</u>	<u>402,805</u>	<u>—</u>	<u>—</u>

### 20. Controlling party

The ultimate parent undertaking at the balance sheet date is Lejoli Limited, a company registered in Guernsey.