

Group Strategic Report,  
Report of the Directors and  
Audited Consolidated Financial Statements  
for the Year Ended 30 November 2019  
for  
SKS Business Services Limited



SKS Business Services Limited

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for the Year Ended 30 November 2019

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**SKS Business Services Limited**

**Company Information**  
**for the Year Ended 30 November 2019**

**DIRECTORS:**

A Swarup  
S K Swarup

**SECRETARY:**

S K Swarup

**REGISTERED OFFICE:**

3 Sheen Road  
Richmond upon Thames  
Surrey  
TW9 1AD

**REGISTERED NUMBER:**

06418541 (England and Wales)

**AUDITORS:**

Feltons, Chartered Accountants and Statutory Auditor  
1, The Green  
Richmond  
TW9 1PL

## SKS Business Services Limited

### Group Strategic Report for the Year Ended 30 November 2019

#### **Principal activity**

The principal activity of the group (SKS Business Services Ltd and its subsidiaries) is of providing accounting, tax and business rescue and business advisory services in the UK and overseas.

#### **REVIEW OF BUSINESS**

SKS' group turnover was £8,686k as compared to £5,285k in the previous year. Gross profit was £4,831k versus £2,550k in the previous year.

Gross Margin was 56% of the turnover in the year versus 48% in the prior year.

In May 2018, the company signed a £10 million senior acquisition credit facility arranged and managed by Shard Credit Partners. On 22nd July, 2020, the loan was up-sized to £20 million.

The maturity date for this loan is May 2023 and the debt is guaranteed by a debenture on the company.

There are customary 'make whole' charges for early redemption of the loan.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

At present the principal risk to the group is the Covid-19 pandemic which has brought some volatility in our monthly revenue numbers. We expect some businesses to fail which should be compensated with onboarding new clients with the help of increased business development effort.

Despite the impact of Covid-19 the directors consider the company and group to have adequate resources to continue its operations. The group monitors cash flow as part of its day-to-day control procedures. Management considers cash flow projections on a weekly basis and ensures that all its commitments are met on time. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements. The company has committed finance facility agreement with Shard Credit Partners and has met all the loan agreement covenants consistently.

The directors continue to carefully monitor the situation and in particular its business risks.

Other key risk areas and mitigation:

1. Data security breaches which could lead to GDPR non-compliance and loss of client confidence. The group has put processes and imparts training to limit these breaches. The group has also made investment in its information technology infrastructure which enhances security.
2. Succession planning. Senior leaders help in delivering management oversight to ensure that the internal control, quality, compliance, health and safety and other people issues are promptly addressed. The group has created new positions to ensure that the strength of its leadership is commensurate to its size and future growth plans.

#### **THE FUTURE**

The group continues to pursue new market opportunities and consider the long term future of the group to be secure. The group has continued to grow inorganically and organically over the next year and will continue to do so indefinitely.

#### **ENVIRONMENTAL MATTERS**

The group is committed to complying with accepted environmental practices, including the commitment to meet or exceed applicable legal and other requirements.

SKS Business Services Limited

Group Strategic Report  
for the Year Ended 30 November 2019

**FINANCIAL KEY PERFORMANCE INDICATORS**

The group monitors its revenue and Underlying EBITDA on monthly basis.

	2019 (£)	2018 (£)
Consolidated Revenue	8,686,579	5,285,651
Gross Profit	4,831,534	2,550,229
Gross Profit Margin	56%	48%
Overheads	2,683,441	1,454,555
Underlying EBITDA	2,148,093	1,095,674
Underlying EBITDA Margin	25%	21%
Special costs	758,829	185,788
EBITDA	1,389,264	909,886
EBITDA Margin	16%	17%

**Underlying EBITDA**

Underlying EBITDA is a non-IFRS measure. The group defines Underlying EBITDA as Profit/(loss) from operations before merger related redundancy, business development and training costs. It also excludes the following gain/(loss):

- i) creation of financial instruments liability e.g. financing warrants and revaluation of derivative instrument
- ii) depreciation

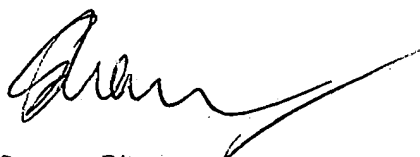
**Special costs**

Special costs is a non-IFRS measure. The group defines 'Special costs' as merger related redundancy, business development and training costs. These costs are net of gain from sale of property of £74k in 2018.

**EBITDA**

EBITDA is a non-IFRS measure. This is 'Underlying EBITDA' less 'Special costs'.

**ON BEHALF OF THE BOARD:**



S K Swarup - Director

12 April 2021

SKS Business Services Limited

Report of the Directors  
for the Year Ended 30 November 2019

**POST BALANCE SHEET EVENTS**

On 30th January 2020, the World Health Organisation declared the outbreak of coronavirus ("Covid-19") to be a public health emergency of international concern. This coronavirus pandemic has severely restricted the level of economic activity around the world. In response to this coronavirus pandemic, the governments of many countries, states, cities and other geographic regions have taken preventative or protective actions, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forego their time outside of their homes.

Fortunately, the group was able to adapt almost instantaneously to deal with the restrictions of movement imposed by the government but carry on providing our full range of services to the clients.

Business continuity plans have been implemented for appropriate staff to work from home without it having any significant impact on the group's operations.

The group has assessed the coronavirus pandemic as a non-adjusting post balance sheet event.

The group has undertaken a detailed review of the potential impacts of Covid-19 and continues to monitor developments closely. As at the date of this report the most likely impact for the business is a drop in turnover from the delays of receiving client records to complete their year-end compliance processes. Some clients may also succumb to the difficult business environment and this will lead to the loss of clients. The directors monitor the situation on regular basis and take actions real time to compensate for the loss in revenue by keeping costs under control.

With the exception of these events and considerations, no other post balance sheet events affecting the financial statements or related disclosures have occurred to date.

The following are the material post balance sheet events that will affect the future performance of the business:

1. Bailey group with turnover of circa £5 million per annum was merged with SKS group on 1st September, 2020.
2. On 22nd July 2020, the company signed an increased facilities agreement with Shard Credit Partners. The total commitment is now £20million. Additional warrants equivalent to 5% of the fully diluted share capital of the company was made.
3. On 30th November 2020, PCR LLP, a pan- UK insolvency firm merged with the SKS group.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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.

## SKS Business Services Limited

### Report of the Directors for the Year Ended 30 November 2019

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

The group falls within the qualifying conditions under s475 to require an audit. The subsidiaries of the group are eligible for exemption from audit under s479A-S479C of the Companies Act 2006. The ultimate parent company, SKS Business Services Limited, has provided necessary guarantees to the subsidiaries so that the latter can avail the audit exemption as above.

#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### **DIVIDENDS**

The total distribution of dividends for the year ended 30 November 2019 was £207,000.

#### **FINANCIAL INSTRUMENTS**

The company issued financing warrants equivalent to 5% of the company's value to Shard Credit Partners as consideration for financing on 23rd May 2018. Each financing warrant entitles the holder to receive from the company a cash payment equal to the difference between the exercise value of the warrant and the calculated price of the company's common shares at the time of exercise. Calculation methodology has been pre-agreed at the time of issuing these warrants. No common shares are issuable upon the exercise of the warrants unless the company is unable to settle the value of the warrants in cash. These financing warrants are accounted for as a liability and are marked to the calculated cost as per the agreed formula at the end of each period until they are exercised or expire. The value of the warrants are payable at the time of the redemption of the loan. The company recorded a fair value adjustment of £87,934 for the year ended 30th November 2019.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the group Strategic Report, the Report of the Directors 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 International Financial Reporting Standards as adopted by the European Union. 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 group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

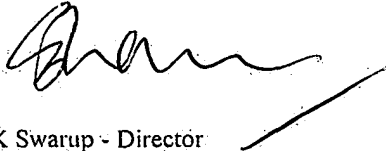
SKS Business Services Limited

Report of the Directors  
for the Year Ended 30 November 2019

**AUDITORS**

The auditor, Feltons, Chartered Accountants, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

A handwritten signature in black ink, appearing to read 'S K Swarup', followed by a long horizontal line extending to the right.

S K Swarup - Director

12 April 2021



Report of the Independent Auditors to the Members of  
SKS Business Services Limited

**Opinion**

We have audited the financial statements of SKS Business Services Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 November 2019 which comprise the Consolidated Statement of Profit or Loss, the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Financial Position, the company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and Notes to the Consolidated Statement of Cash Flows, 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 30 November 2019 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 Auditors' 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. The comparative figures have not been audited.

**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 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.

**Other information**

The directors are responsible for the other information. The other information comprises the information in the group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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.

Report of the Independent Auditors to the Members of  
SKS Business Services Limited

**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 group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the group Strategic Report and the Report of the Directors 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the group Strategic Report or the Report of the Directors.

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

- adequate accounting records have not been kept 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.

**Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page five, 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 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.

**Auditors' 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 a Report of the Auditors 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 [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

Report of the Independent Auditors to the Members of  
SKS Business Services Limited

**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 a Report of the Auditors 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 Rhodes (Senior Statutory Auditor)  
for and on behalf of Feltons, Chartered Accountants and Statutory Auditor  
1, The Green  
Richmond  
TW9 1PL

12 April 2021

**SKS Business Services Limited**

**Consolidated Statement of Profit or Loss**  
**for the Year Ended 30 November 2019**

	Notes	2019 £	2018 £
<b>CONTINUING OPERATIONS</b>			
Revenue		8,686,579	5,285,651
Cost of sales		<u>(3,855,045)</u>	<u>(2,735,422)</u>
<b>GROSS PROFIT</b>		4,831,534	2,550,229
Other operating income		-	74,296
Administrative expenses		<u>(3,998,826)</u>	<u>(2,848,648)</u>
<b>OPERATING PROFIT/(LOSS)</b>		832,708	(224,123)
Finance income	4	<u>-</u>	<u>132</u>
<b>PROFIT/(LOSS) BEFORE INCOME TAX</b>	5	832,708	(223,991)
Income tax	7	<u>(160,164)</u>	<u>13,062</u>
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<u>672,544</u>	<u>(210,929)</u>
Profit/(loss) attributable to:			
Owners of the parent		589,444	(291,069)
Non-controlling interests		<u>83,100</u>	<u>80,140</u>
		<u>672,544</u>	<u>(210,929)</u>

SKS Business Services Limited

Consolidated Statement of Profit or Loss and Other Comprehensive Income  
for the Year Ended 30 November 2019

	2019 £	2018 £
<b>PROFIT/(LOSS) FOR THE YEAR</b>	672,544	(210,929)
<b>OTHER COMPREHENSIVE INCOME</b>	<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>672,544</u>	<u>(210,929)</u>
Total comprehensive income attributable to:		
Owners of the parent	589,544	(291,069)
Non-controlling interests	<u>83,100</u>	<u>80,140</u>

**SKS Business Services Limited (Registered number: 06418541)**

**Consolidated Statement of Financial Position**  
**30 November 2019**

	Notes	2019 £	2018 £
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Goodwill	10	9,449,416	5,603,352
Intangible assets	11	871	1,739
Property, plant and equipment	12	320,929	170,493
Investments	13	<u>9,599</u>	<u>-</u>
		<u>9,780,815</u>	<u>5,775,584</u>
<b>CURRENT ASSETS</b>			
Inventories	14	2,883,080	2,031,474
Trade and other receivables	15	3,048,944	1,684,700
Cash and cash equivalents	16	<u>809,266</u>	<u>573,080</u>
		<u>6,741,290</u>	<u>4,289,254</u>
<b>TOTAL ASSETS</b>		<u><u>16,522,105</u></u>	<u><u>10,064,838</u></u>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	17	1,000	1,000
Retained earnings	18	<u>1,054,182</u>	<u>671,738</u>
		1,055,182	672,738
Non-controlling interests		<u>53,281</u>	<u>55,139</u>
<b>TOTAL EQUITY</b>		<u><u>1,108,463</u></u>	<u><u>727,877</u></u>

**SKS Business Services Limited (Registered number: 06418541)**

**Consolidated Statement of Financial Position - continued**  
**30 November 2019**

	Notes	2019 £	2018 £
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	19	1,309,757	951,622
Financial liabilities - borrowings			
Interest bearing loans and borrowings	20	9,486,335	5,329,806
Deferred tax	24	<u>423,707</u>	<u>279,830</u>
		<u>11,219,799</u>	<u>6,561,258</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	19	3,927,223	2,507,565
Financial liabilities - borrowings			
Interest bearing loans and borrowings	20	57,677	140,151
Tax payable		118,878	58,259
Provisions	23	<u>90,065</u>	<u>69,728</u>
		<u>4,193,843</u>	<u>2,775,703</u>
<b>TOTAL LIABILITIES</b>		<u>15,413,642</u>	<u>9,336,961</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>16,522,105</u>	<u>10,064,838</u>

The financial statements were approved by the Board of Directors and authorised for issue on 12 April 2021 and were signed on its behalf by:



S K Swarup - Director

**SKS Business Services Limited (Registered number: 06418541)**

**Company Statement of Financial Position**  
**30 November 2019**

	Notes	2019 £	2018 £
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Goodwill	10	-	-
Intangible assets	11	871	1,739
Property, plant and equipment	12	167,413	100,809
Investments	13	966,530	944,650
		<u>1,134,814</u>	<u>1,047,198</u>
<b>CURRENT ASSETS</b>			
Inventories	14	1,910	16,000
Trade and other receivables	15	8,709,019	4,939,270
Cash and cash equivalents	16	243,968	128,131
		<u>8,954,897</u>	<u>5,083,402</u>
<b>TOTAL ASSETS</b>		<u>10,089,711</u>	<u>6,130,600</u>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	17	1,000	1,000
Retained earnings	18	50,729	413,809
<b>TOTAL EQUITY</b>		<u>51,729</u>	<u>414,809</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	20	9,486,335	5,329,806
Deferred tax		31,495	22,076
		<u>9,517,830</u>	<u>5,351,882</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	19	372,410	162,034
Financial liabilities - borrowings			
Interest bearing loans and borrowings	20	57,677	133,047
Provisions	23	90,065	68,828
		<u>520,152</u>	<u>363,908</u>
<b>TOTAL LIABILITIES</b>		<u>10,037,982</u>	<u>5,715,790</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>10,089,711</u>	<u>6,130,600</u>



SKS Business Services Limited (Registered number: 06418541)

Company Statement of Financial Position - continued  
30 November 2019

The financial statements were approved by the Board of Directors and authorised for issue on 12 April 2021 and were signed on its behalf by:

A handwritten signature in black ink, appearing to read 'S K Swarup', with a long horizontal stroke extending to the right.

S K Swarup - Director

**SKS Business Services Limited**

**Consolidated Statement of Changes in Equity**  
**for the Year Ended 30 November 2019**

	Called up share capital £	Retained earnings £	Total £	Non-controlling interests £	Total equity £
<b>Balance at 1 December 2017</b>	1,000	1,036,225	1,037,225	10,551	1,047,776
<b>Changes in equity</b>					
Deficit for the year	-	(291,069)	(291,069)	80,140	(210,929)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income</b>	-	(291,069)	(291,069)	80,140	(210,929)
Dividends	-	(73,418)	(73,418)	(35,552)	(108,970)
Issue of share capital	-	-	-	-	-
<b>Balance at 30 November 2018</b>	<u>1,000</u>	<u>671,738</u>	<u>672,738</u>	<u>55,139</u>	<u>727,877</u>
<b>Changes in equity</b>					
Profit for the year	-	589,444	589,444	83,100	672,544
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income</b>	-	589,444	589,444	83,100	672,544
Dividends	-	(207,000)	(207,000)	(84,958)	(291,958)
<b>Balance at 30 November 2019</b>	<u>1,000</u>	<u>1,054,182</u>	<u>1,055,182</u>	<u>53,281</u>	<u>1,108,463</u>

SKS Business Services Limited

Company Statement of Changes in Equity  
for the Year Ended 30 November 2019

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 December 2017	1,000	501,618	502,618
Changes in equity			
Issue of share capital	-	-	-
Dividends	-	(73,418)	(73,418)
Total comprehensive income	-	(14,391)	(14,391)
Balance at 30 November 2018	<u>1,000</u>	<u>413,809</u>	<u>414,809</u>
Changes in equity			
Dividends	-	(207,000)	(207,000)
Total comprehensive income	-	(156,080)	(156,080)
Balance at 30 November 2019	<u>1,000</u>	<u>50,729</u>	<u>51,729</u>

SKS Business Services Limited

Consolidated Statement of Cash Flows  
for the Year Ended 30 November 2019

		2019 £	2018 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	(192,908)	(1,060,470)
Interest paid		688,692	547,175
Tax paid		<u>(29,722)</u>	<u>(103,592)</u>
Net cash from operating activities		<u>466,062</u>	<u>(616,887)</u>
 <b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(197,712)	(132,005)
Purchase of fixed asset investments		(3,258,834)	(1,259,878)
Sale of tangible fixed assets		-	395,000
Interest received		<u>-</u>	<u>132</u>
Net cash from investing activities		<u>(3,456,546)</u>	<u>(996,751)</u>
 <b>Cash flows from financing activities</b>			
New loans in year		4,248,052	5,751,948
Loan repayments in year		(82,473)	(3,572,507)
Interest paid		(646,952)	(527,728)
Dividends paid		<u>(291,958)</u>	<u>(108,971)</u>
Net cash from financing activities		<u>3,226,669</u>	<u>1,542,742</u>
 <b>Increase/(decrease) in cash and cash equivalents</b>		<u>236,185</u>	<u>(70,896)</u>
Cash and cash equivalents at beginning of year	2	<u>573,080</u>	<u>643,976</u>
 <b>Cash and cash equivalents at end of year</b>	2	<u><u>809,266</u></u>	<u><u>573,080</u></u>

SKS Business Services Limited

Notes to the Consolidated Statement of Cash Flows  
for the Year Ended 30 November 2019

**1. RECONCILIATION OF PROFIT/(LOSS) BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS**

	2019	2018
	£	£
Profit/(loss) before income tax	832,708	(223,991)
Depreciation charges	(153,373)	520,003
Profit on disposal of fixed assets	-	(74,296)
Bank charges	(41,740)	(19,447)
Finance income	-	(132)
	<u>637,595</u>	<u>202,137</u>
Increase in inventories	(851,606)	(42,062)
Increase in trade and other receivables	(1,364,244)	(681,976)
Increase/(decrease) in trade and other payables	<u>1,385,347</u>	<u>(538,569)</u>
<b>Cash generated from operations</b>	<u><u>(192,908)</u></u>	<u><u>(1,060,470)</u></u>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

**Year ended 30 November 2019**

	30.11.19	1.12.18
	£	£
Cash and cash equivalents	<u>809,266</u>	<u>573,080</u>

**Year ended 30 November 2018**

	30.11.18	1.12.17
	£	£
Cash and cash equivalents	<u>573,080</u>	<u>643,976</u>

SKS Business Services Limited

Notes to the Consolidated Financial Statements  
for the Year Ended 30 November 2019

**1. STATUTORY INFORMATION**

SKS Business Services Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

**2. ACCOUNTING POLICIES**

**BASIS OF PREPARATION**

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The financial statements are presented in pounds sterling rounded to the nearest £1.

Information of the first-time adoption of IFRS is given in note 28,29 and 30.

**BASIS OF CONSOLIDATION**

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 30 November 2019.

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

**CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The critical accounting adjustments for the group include goodwill and work in progress.

**REVENUE RECOGNITION**

Revenue is earned from the delivery of accounting, tax, bookkeeping, business and insolvency advisory services and is recognised at the point in time when the relevant performance obligation is satisfied, which is when the computer components have been delivered and legal title has passed. Adequate provisions have been made where the performance obligations are satisfied over time which generally happens when the clients pay by monthly standing orders or direct debits.

Revenue is measured at the transaction price, being the fair value of the consideration received or receivable. Payment is typically due within 30 days of delivery. Contracts with customers do not contain a financing component nor any element of variable consideration.

SKS Business Services Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 November 2019

2. **ACCOUNTING POLICIES - continued**

**GOODWILL**

Ownership of profitable acquisitions rests with the group in perpetuity. There are not believed to be any legal, regulatory or contractual provisions that limit their useful lives. Accordingly, the Directors believe that it is appropriate that Goodwill generated upon business combination are treated as having indefinite lives for accounting purposes.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss is recognised as an expense in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

A cash generating unit has been defined as an individual standalone business with its own management structure.

**PROPERTY, PLANT AND EQUIPMENT**

Property, Plant and Equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Asset class	Depreciation method and rate
Fixture and fittings	15% reducing balance basis
Computer equipment	15% reducing balance basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss accounts.

**FINANCIAL INSTRUMENTS**

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instruments.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on net basis or to realise the asset and settle the liability simultaneously.

**WORK IN PROGRESS**

Work in progress is recognized by combination of staging method and actual realizable time booked. Where work in progress is maintained by shared service subsidiary, it is calculated by staging method and where work in progress is maintained by local unit, it is calculated by actual realizable time booked.

SKS Business Services Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 November 2019

**2. ACCOUNTING POLICIES - continued**

**TAXATION**

Current tax is based on taxable profit for the year. Taxable profit differs from profit as reported for accounting purposes because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. A provision is recognised for tax matters that are uncertain if it is considered probable that there will be a future outflow of funds to a tax authority. The provision is measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the company.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

**FOREIGN CURRENCIES**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**LEASING COMMITMENTS**

Rentals paid under operating leases are charged to the income statement on a straight line basis over the period of the lease.

**EMPLOYEE BENEFIT COSTS**

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the income statement in the period to which they relate.



Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 November 2019

2. **ACCOUNTING POLICIES - continued**

**CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The critical accounting adjustments for the group include goodwill and work in progress.

**GOING CONCERN**

The directors have carefully considered the impact of Covid-19 on the group's financial position, liquidity and future performance. As set out in the strategic report, the group has continued to trade strongly throughout the Covid-19 pandemic and the directors believe that it is experiencing good levels of sales growth and profitability. Therefore, the directors believe that the group is well placed to manage its business risks successfully. Accordingly, they have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and they believe it is appropriate to apply the going concern basis of accounting in preparing the financial statements.

**IMPAIRMENT**

At each reporting date, the group reviews the carrying amounts of its fixed assets (property, plant and equipment, right-of-use assets, and intangible assets other than goodwill) to determine whether there is any indication that they are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of the asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Any impairment loss is recognised as an expense within profit or loss immediately.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, provided that the increased carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been previously recognised for that asset. A reversal of an impairment loss is recognised as a gain within profit or loss immediately.

**BUSINESS COMBINATION**

On the acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities acquired, reflecting conditions at the date of acquisition. Adjustments to fair values include those made to bring accounting policies into line with those of the group.

Provisional fair values are finalised within 12 months of the business combination date and, where significant, are adjusted by restatement of the comparative period in which the acquisition occurred. Non-controlling interests are measured at the proportionate share of the net identifiable assets acquired.

Goodwill arising on a business combination is the excess of fair value of consideration payable for the share of net identifiable assets and liabilities acquired (including separately identified intangible assets), net of non-controlling interests. Total consideration includes transaction costs.

Contingent consideration is measured at fair value at the date of the business combination, classified as a liability or equity (usually as a liability), and subsequently accounted for in line with that classification.

Changes in contingent consideration classified as a liability resulting other than from the finalisation of provisional fair values are accounted for in goodwill.

SKS Business Services Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 November 2019

2. **ACCOUNTING POLICIES - continued**

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**TRADE DEBTORS**

The directors make an estimate of the recoverable value of trade debtors and other debtors. When assessing impairment for trade and other debtors, members consider factors including ageing profile of debtors, historical experience and known post balance sheet events.

Provision for bad debt is created for all receivables older than 90 days or where the customer has gone into liquidation.

**PROVISIONS**

Provision is made for warrants, dilapidation and contingencies. These required management's best estimate of the costs that will be incurred based on anticipated outcome and contractual requirements.

**TRADE CREDITORS**

Trade creditors 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 the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

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

**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.

SKS Business Services Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 November 2019

**2. ACCOUNTING POLICIES - continued**

**BASIC FINANCIAL ASSETS**

Basic financial assets, which include debtors, investment and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

**IMPAIRMENT OF FINANCIAL ASSETS**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss accounts.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit and loss accounts.

**DERECOGNITION OF FINANCIAL ASSETS**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

**3. EMPLOYEES AND DIRECTORS**

	2019	2018
	£	£
Wages and salaries	4,288,668	2,161,604
Social security costs	325,156	149,362
Other pension costs	121,706	61,601
	<u>4,735,530</u>	<u>2,372,567</u>

The average number of employees during the year was as follows:

	2019	2018
Directors	11	8
Employees	<u>306</u>	<u>200</u>
	<u>317</u>	<u>208</u>

	2019	2018
	£	£
Directors' remuneration	<u>659,880</u>	<u>111,579</u>

SKS Business Services Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 November 2019

3. **EMPLOYEES AND DIRECTORS - continued**

Information regarding the highest paid director for the year ended 30 November 2019 is as follows:

	2019 £
Emoluments etc	<u>120,000</u>

4. **NET FINANCE INCOME**

	2019 £	2018 £
Finance income:		
Deposit account interest	<u>-</u>	<u>132</u>

5. **PROFIT/(LOSS) BEFORE INCOME TAX**

The profit before income tax (2018 - loss before income tax) is stated after charging/(crediting):

	2019 £	2018 £
Cost of sales	3,855,045	2,735,422
Other operating leases	448,338	269,335
Depreciation - owned assets	47,276	6,796
Profit on disposal of fixed assets	-	(74,296)
Goodwill impairment	54,935	423,011
Development costs amortisation	868	868
Foreign exchange differences	<u>2,458</u>	<u>708</u>

6. **AUDITORS' REMUNERATION**

Auditors' remuneration for the year 2018-19 as below.

Name of the Auditor	Fee (£)
RNS, Chartered Accountants	10,000
Feltons, Chartered Accountants	25,000
A.A. Chaki	<u>105</u>
Total	<u>35,105</u>

7. **INCOME TAX**

Analysis of tax expense/(income)

	2019 £	2018 £
Current tax:		
Tax	16,287	(1,253)
Deferred tax	<u>143,877</u>	<u>(11,809)</u>
Total tax expense/(income) in consolidated statement of profit or loss	<u>160,164</u>	<u>(13,062)</u>

**SKS Business Services Limited**

**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 30 November 2019**

**8. LOSS OF PARENT COMPANY**

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £(156,080) (2018 - £(14,391)).

**9. DIVIDENDS**

	2019 £	2018 £
Ordinary shares of £1 each		
Final	97,187	-
Interim	<u>109,813</u>	<u>73,418</u>
	<u>207,000</u>	<u>73,418</u>

**10. GOODWILL**

<b>Group</b>	£
<b>COST</b>	
At 1 December 2018	6,238,521
Additions	<u>3,574,733</u>
At 30 November 2019	<u>9,813,254</u>
<b>AMORTISATION</b>	
At 1 December 2018	635,169
Impairments	54,935
Reversal of impairments	<u>(326,266)</u>
At 30 November 2019	<u>363,838</u>
<b>NET BOOK VALUE</b>	
At 30 November 2019	<u>9,449,416</u>
At 30 November 2018	<u>5,603,352</u>

SKS Business Services Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 November 2019

**11. INTANGIBLE ASSETS**

**Group**

Website  
costs  
£

**COST**

At 1 December 2018  
and 30 November 2019

4,982

**AMORTISATION**

At 1 December 2018  
Amortisation for year

3,243  
868

At 30 November 2019

4,111

**NET BOOK VALUE**

At 30 November 2019

871

At 30 November 2018

1,739

**Company**

Website  
costs  
£

**COST**

At 1 December 2018  
and 30 November 2019

4,982

**AMORTISATION**

At 1 December 2018  
Amortisation for year

3,243  
868

At 30 November 2019

4,111

**NET BOOK VALUE**

At 30 November 2019

871

At 30 November 2018

1,739

SKS Business Services Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 November 2019

12. **PROPERTY, PLANT AND EQUIPMENT**

**Group**

	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>			
At 1 December 2018	25,726	295,852	321,578
Additions	<u>28,783</u>	<u>168,929</u>	<u>197,712</u>
At 30 November 2019	<u>54,509</u>	<u>464,781</u>	<u>519,290</u>
<b>DEPRECIATION</b>			
At 1 December 2018	17,672	133,413	151,085
Charge for year	<u>5,219</u>	<u>42,057</u>	<u>47,276</u>
At 30 November 2019	<u>22,891</u>	<u>175,470</u>	<u>198,361</u>
<b>NET BOOK VALUE</b>			
At 30 November 2019	<u>31,618</u>	<u>289,311</u>	<u>320,929</u>
At 30 November 2018	<u>8,054</u>	<u>162,439</u>	<u>170,493</u>

**Company**

	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>			
At 1 December 2018	16,347	119,026	135,373
Additions	<u>6,954</u>	<u>82,655</u>	<u>89,609</u>
At 30 November 2019	<u>23,301</u>	<u>201,681</u>	<u>224,982</u>
<b>DEPRECIATION</b>			
At 1 December 2018	15,525	19,039	34,564
Charge for year	<u>176</u>	<u>22,829</u>	<u>23,005</u>
At 30 November 2019	<u>15,701</u>	<u>41,868</u>	<u>57,569</u>
<b>NET BOOK VALUE</b>			
At 30 November 2019	<u>7,600</u>	<u>159,813</u>	<u>167,413</u>
At 30 November 2018	<u>822</u>	<u>99,987</u>	<u>100,809</u>

SKS Business Services Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 November 2019

13. **INVESTMENTS**

**Group**

	Shares in group undertakings £
<b>COST</b>	
Additions	<u>9,599</u>
At 30 November 2019	<u>9,599</u>
<b>NET BOOK VALUE</b>	
At 30 November 2019	<u>9,599</u>

**Company**

	Shares in group undertakings £
<b>COST</b>	
At 1 December 2018	944,650
Additions	<u>21,880</u>
At 30 November 2019	<u>966,530</u>
<b>NET BOOK VALUE</b>	
At 30 November 2019	<u>966,530</u>
At 30 November 2018	<u>944,650</u>



SKS Business Services Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 November 2019

**13. INVESTMENTS - continued**

**Details of undertakings**

Details of the investments in which the group holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Class of shares held	Proportion of voting rights and shares held		Company number
Subsidiary undertakings			2019	2018	
Gilroy and Brookes Accountants Limited	England and Wales	Ordinary	100%	100%	870989
Avalon Accounting Limited	England and Wales	Ordinary	95%	95%	912772
SKS (Croydon) Limited	England and Wales	Ordinary	90%	90%	1102054
SKS (TN-RH) Limited	England and Wales	Ordinary	100%	100%	934231
SKS London City Limited	England and Wales	Ordinary	100%	100%	1150624
SKS Business Services (India) Private Limited	India	Ordinary	95%	95%	U74999GJ2016PTC093623
Khans Accounting (Twickenham) Limited	England and Wales	Ordinary	100%	0%	1170456
SKS SG Limited	England and Wales	Ordinary	90.10%	0%	1205293
SKS BL Limited	England and Wales	Ordinary	100%	0%	1205230
SKS HP Limited	England and Wales	Ordinary	80%	0%	1215766
SKS (SO-BH) Midco Limited	England and Wales	Ordinary	90.10%	0%	1206347
Wall & Co Limited	England and Wales	Ordinary	100%	100%	412701
Julian Ansell Limited	England and Wales	Ordinary	100%	100%	465399
MLM CPS Limited	England and Wales	Ordinary	85%	85%	SC32261
Ledger Sparks Limited	England and Wales	Ordinary	90%	90%	443063
Ramon Lee Limited	England and Wales	Ordinary	100%	100%	1151284
Lamosa Business Services Limited	England and Wales	Ordinary	100%	0%	1042506
Westlake Clark Limited	England and Wales	Ordinary	90.10%	0%	576841
Baker Watkin Accounting Limited	England and Wales	Ordinary	90.10%	0%	1205919
Thompson Jones Business Solutions Limited	England and Wales	Ordinary	100%	0%	530139
Cansdales Business Advisers Limited	England and Wales	Ordinary	80%	0%	1217035
ALM Solutions Limited	England and Wales	Ordinary	85%	85%	SC39497
Benedict Mackenzie Recovery Limited	England and Wales	Ordinary	85%	85%	776990
Cansdales (Nominees) Limited	England and Wales	Ordinary	80%	0%	396831
Ward Mackenzie Limited	England and Wales	Ordinary	97.50%	97.50%	934236
SKSI Limited (Formerly known as Benedict Mackenzie Limited)	England and Wales	Ordinary	85%	85%	934231

**14. WORK IN PROGRESS**

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Work-in-progress	<u>2,883,080</u>	<u>2,031,474</u>	<u>1,910</u>	<u>16,000</u>

**SKS Business Services Limited**

**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 30 November 2019**

**15. TRADE AND OTHER RECEIVABLES**

	<b>Group</b>		<b>Company</b>	
	2019	2018	2019	2018
	£	£	£	£
Current:				
Trade debtors	2,314,025	1,275,206	153,771	114,028
Amounts owed by group undertakings	-	-	8,398,464	4,715,304
Other debtors	330,158	243,287	25,956	27,098
Directors' current accounts	56,837	5,695	56,837	5,695
VAT	-	-	4,437	28,899
Prepayments	<u>347,924</u>	<u>160,512</u>	<u>69,554</u>	<u>48,246</u>
	<u><u>3,048,944</u></u>	<u><u>1,684,700</u></u>	<u><u>8,709,019</u></u>	<u><u>4,939,270</u></u>

**16. CASH AND CASH EQUIVALENTS**

	<b>Group</b>		<b>Company</b>	
	2019	2018	2019	2018
	£	£	£	£
Cash in hand	6,374	5,835	-	-
Bank deposit account	5,629	5,626	-	-
Bank accounts	<u>797,263</u>	<u>561,619</u>	<u>243,968</u>	<u>128,131</u>
	<u><u>809,266</u></u>	<u><u>573,080</u></u>	<u><u>243,968</u></u>	<u><u>128,131</u></u>

**17. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			2019
Number:	Class:	Nominal value:	£
95,000	Ordinary A share	1p	950
5,000	Ordinary B share	1p	<u>50</u>
			<u><u>1,000</u></u>

SKS Business Services Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 November 2019

18. RESERVES

**Group**

	Retained earnings £
At 1 December 2018	671,738
Profit for the year	589,444
Dividends	<u>(207,000)</u>
At 30 November 2019	<u>1,054,182</u>

**Company**

	Retained earnings £
At 1 December 2018	413,809
Deficit for the year	(156,080)
Dividends	<u>(207,000)</u>
At 30 November 2019	<u>50,729</u>

19. TRADE AND OTHER PAYABLES

	<b>Group</b>		<b>Company</b>	
	2019 £	2018 £	2019 £	2018 £
Current:				
Trade creditors	385,235	227,776	57,206	11,558
PAYE/NI liability	318,896	107,858	57,542	7,359
Other creditors	504,521	271,198	16,019	3,806
Consideration payable	1,849,840	1,496,027	-	-
Accrued expenses	161,684	178,469	212,143	136,811
Directors' current accounts	29,500	2,500	29,500	2,500
VAT	<u>677,547</u>	<u>223,737</u>	<u>-</u>	<u>-</u>
	<u>3,927,223</u>	<u>2,507,565</u>	<u>372,410</u>	<u>162,034</u>
Non-current:				
Consideration payable	<u>1,309,757</u>	<u>951,622</u>	<u>-</u>	<u>-</u>
	<u>1,309,757</u>	<u>951,622</u>	<u>-</u>	<u>-</u>
Aggregate amounts	<u>5,236,980</u>	<u>3,459,187</u>	<u>372,410</u>	<u>162,034</u>

SKS Business Services Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 November 2019

**20. FINANCIAL LIABILITIES - BORROWINGS**

Balance of senior non-current loans arranged and managed by Shard Credit Partners £9,486,335 (2018: £5,329,806) are secured by a debenture on the company and its subsidiaries. The effective rate of interest of these loans is 11.96% (2018: 11.67%)

Other loans are unsecured.

**21. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

**Group**

	Non-cancellable operating leases	
	2019	2018
	£	£
Within one year	130,274	21,492
Between one and five years	52,080	-
In more than five years	6,510	-
	<u>188,864</u>	<u>21,492</u>

SKS Business Services Limited

Notes to the Consolidated Financial Statements - continued  
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**22. FINANCIAL INSTRUMENTS**

2019	Amortised Cost	Fair value through Profit or loss (held for trading)	Balance in the statement of financial position
	(£)	(£)	(£)
Trade and other receivables - excluding prepayments	3,254,118	(205,174)	3,048,944
Cash and bank balances	809,266	-	809,266
Borrowings	9,544,012	-	9,544,012
Trade and other payables	1,309,757	-	1,309,757
Warrants	87,934	-	87,934

Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis.

IFRS 13 requires the provision of information about how the company establishes the fair values of financial instruments.

Valuation techniques are divided into three levels based on the quality of inputs:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 inputs are inputs other than quoted prices included in level 1 that are observable, directly or indirectly;
- Level 3 inputs are unobservable.

The company's financial instruments that are measured at fair value are:

- Shares in listed entity classed as Level 1.
- Value of the financing warrants classed as Level 2.

Value of financing warrants, valued at £88k liability in 2019 (2018: £67k liability). These are classified as level 2. They are valued based on discounted cash flows. Future cash flows are estimated based on the value of the financing warrants at maturity in May 2023, discounted to present value of the reporting date.

There are no significant unobservable inputs.

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

**Risk management**

The group is exposed to market risk and liquidity risk in the normal course of business. These risks are limited by the group's financial management policies and practices described below. There has been no change to the group's exposure to financial risks or the manner in which these risks are managed and measured.

Market risk - general state of UK's economy.

The group's export of services turnover is 6% of the total turnover in 2019. The health of the UK's economy will potentially impact the turnover of the business.

This has the bearing on the profitability of the group and meeting the loan covenants.

**Sensitivity analysis**

It is estimated that for every percentage drop in turnover due to the impact of slowing UK/Global economy, group's turnover will drop by half a percentage point.

SKS Business Services Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 November 2019

**Risk management**

The group has a strong business development team to drive the revenue growth.

**Liquidity risk**

The directors regularly monitor forecast and actual cash flows and match the maturity profiles of financial assets and liabilities to ensure proper liquidity risk management and to maintain adequate reserves, and borrowing facilities. As described above, the group's instruments that mature in next 2 years are classified as current liabilities. Interest payments are made quarterly.

The group has sufficient head room in its borrowing capacity to weather a squeeze on cashflow due to the difficult Covid-19 related trading conditions.

**23. PROVISIONS**

	<b>Group</b>		<b>Company</b>	
	2019	2018	2019	2018
	£	£	£	£
Other provisions	<u>90,065</u>	<u>69,728</u>	<u>90,065</u>	<u>68,828</u>
Analysed as follows:				
Current	<u>90,065</u>	<u>69,728</u>	<u>90,065</u>	<u>68,828</u>

**24. DEFERRED TAX**

<b>Group</b>	2019	2018
	£	£
Balance at 1 December	279,830	288,485
Timing difference of Technical Knowhow	135,378	(30,625)
Timing difference of depreciation	<u>8,499</u>	<u>21,970</u>
Balance at 30 November	<u>423,707</u>	<u>279,830</u>

SKS Business Services Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 November 2019

**25. CAPITAL MANAGEMENT**

The group is not subject to either internally or externally imposed capital requirements. The group's objective when managing capital is to provide sufficient resources to allow the continued investment in new acquisitions, so that it can continue to provide opportunities to its employees, investors and shareholders. The group uses scale to deliver cutting edge services to its clients.

The group manages capital by regularly monitoring its current and expected liquidity requirements rather than using debt/EBITDA analyses. No changes were made in the objectives, policies and processes during the current or previous year.

The directors consider the group's capital comprises:

- share capital and retained earnings - the total of this capital is £1,055k (2018: £673k); and
- borrowings which provide the funds for inorganic growth and working capital required by the group - the total of this capital is £9,544k (2018: £5,470k).

**26. RELATED PARTY DISCLOSURES**

For the purposes of these financial statements, a related party could be a person or an entity. Careful consideration is given to the definition of a related party to ensure that all related party relationships, transactions and balances are identified.

**Plinian Capital Limited**

S K Swarup is founder and director of Plinian Capital Limited. SKS Business Services Limited raised invoices worth £135,804 for accounting and consultancy services to the company during current accounting year.

**Mandalay Resources Limited**

S K Swarup was director of Mandalay Resources Limited. SKS Business Services Limited raised invoices worth £172,627 for accounting and consultancy services to the company during current accounting year.

**Circum Minerals Potash Limited BVI**

S K Swarup is director of Circum Minerals Potash Limited BVI. SKS Business Services Limited raised invoices worth £75,252 for accounting services to the company during current accounting year.

**WM Audit LLP**

WM Audit LLP is an associate entity of SKS group. Ward Mackenzie Limited raised invoices worth £80,916 for accounting services to the LLP during current accounting year.

**RL Audit LLP**

RL Audit LLP is an associate entity of SKS group. Ramon Lee Limited raised invoices worth £230,704 for accounting services to the LLP during current accounting year.

**Ledger Sparks Audit LLP**

Ledger Sparks Audit LLP is an associate entity of SKS group. Ledger Sparks Limited has raised invoices worth £81,999 for accounting services to the LLP during current accounting year.

**S K Swarup**

Directors current balance is over drawn by £56,837 as at 30 November 2019. This was cleared within 9 months after the reporting date.

SKS Business Services Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 November 2019

**27. ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is considered to be S K Swarup by virtue of having 95% ownership of the shares in SKS Business Services Limited

**28. IFRS CONVERSION - 2017-18 - INCOME STATEMENT - GROUP**

CONTINUING OPERATIONS	As per FRS 102 (£)	IFRS Changes (£)	As per IFRS (£)
Revenue	5,285,651	-	5,285,651
Cost of sales	(2,735,422)	-	(2,735,422)
<b>GROSS PROFIT</b>	<b>2,550,229</b>	<b>-</b>	<b>2,550,229</b>
Other operating income	74,296	-	74,296
Administrative expenses	(2,625,896)	(222,752)	(2,848,648)
<b>OPERATING PROFIT/(LOSS)</b>	<b>(1,371)</b>	<b>(222,752)</b>	<b>(224,123)</b>
Finance income	132	-	132
<b>PROFIT/(LOSS) BEFORE INCOME TAX</b>	<b>(1,239)</b>	<b>(222,752)</b>	<b>(223,991)</b>
Income tax	(17,563)	30,625	13,062
<b>Profit/(loss) for the year</b>	<b>(18,802)</b>	<b>(192,127)</b>	<b>(210,929)</b>

Transition adjustments	£	Explanation
Goodwill	(160,989)	IAS 38 adjustment (goodwill generated upon business combination are treated as having indefinite lives for accounting purposes).
Deferred expenses	(56,533)	IFRS 9(amount deferred until the loan is drawn down and the fee is included in Effective Interest Rate)..
Legal and redundancy cost	(5,230)	Legal and redundancy cost adjustment due to IFRS conversion
Deferred tax	30,625	Deferred tax due to IAS 38 adjustments
<b>Total</b>	<b>(192,127)</b>	



SKS Business Services Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 November 2019

29. **IFRS CONVERSION - 2017-18 - FINANCIAL POSITION - GROUP**

<b>ASSETS</b>	<b>As per FRS 102</b>	<b>IFRS</b>	<b>As per IFRS</b>
	<b>(£)</b>	<b>Changes</b>	<b>(£)</b>
<b>NON-CURRENT ASSETS</b>			
Goodwill	4,979,189	624,163	5,603,352
Intangible assets	1,739		1,739
Property, plant and equipment	170,493		170,493
	<u>5,151,421</u>	<u>624,163</u>	<u>5,775,584</u>
<b>CURRENT ASSETS</b>			
Inventories	2,031,474		2,031,474
Trade and other receivables	2,371,213	(686,513)	1,684,700
Cash and cash equivalents	573,080		573,080
	<u>4,975,767</u>	<u>(686,513)</u>	<u>4,289,254</u>
<b>TOTAL ASSETS</b>	<u>10,127,188</u>	<u>(62,350)</u>	<u>10,064,838</u>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	1,000		1,000
Retained earnings	533,957	137,781	671,738
	<u>534,957</u>	<u>137,781</u>	<u>672,738</u>
Non-controlling interests	55,139		55,139
<b>TOTAL EQUITY</b>	<u>590,096</u>	<u>137,781</u>	<u>727,877</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	951,622		951,622
Financial liabilities - borrowings Interest bearing loans and borrowings	5,751,948	(422,142)	5,329,806
Deferred tax	57,819	222,011	279,830
	<u>6,761,389</u>	<u>(200,131)</u>	<u>6,561,258</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	2,507,565		2,507,565
Financial liabilities - borrowings Interest bearing loans and borrowings	140,151		140,151
Tax payable	58,259		58,259
Provisions	69,728		69,728
	<u>2,775,703</u>	<u>-</u>	<u>2,775,703</u>
<b>TOTAL LIABILITIES</b>	<u>9,537,092</u>	<u>(200,131)</u>	<u>9,336,961</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>10,127,188</u>	<u>(62,350)</u>	<u>10,064,838</u>

	For the YE before 30 November 2018	For the YE 30 November 2018	Total	Explanation
Goodwill	534,348	89,815	624,163	IAS 38 adjustment (goodwill generated upon business combination are treated as having indefinite lives for accounting purposes.)
Deferred expenses	48,196	(734,709)	(686,513)	IFRS 9 (amount deferred until the loan is drawn down and the fee is included in Effective Interest Rate.)
<b>Total assets</b>	<b>582,544</b>	<b>(644,894)</b>	<b>(62,350)</b>	
Loan	-	(422,142)	(422,142)	IFRS 9 adjustment relating to the initial costs incurred at the time of putting the loan facility in place.
Deferred tax liability	252,636	(30,625)	222,011	Related to IAS 38 and IFRS 9 adjustments
<b>Total liabilities</b>	<b>252,636</b>	<b>(452,767)</b>	<b>(200,131)</b>	

SKS Business Services Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 November 2019

**30. IFRS CONVERSION - 2017-18 - FINANCIAL POSITION - COMPANY**

ASSETS	Filed as per FRS 102 (£)	Prior year adjustments (£)	As per UK FRS 102 (restated) (£)	Comments	IFRS Transition (£)	IFRS (£)
<b>NON-CURRENT ASSETS</b>						
Intangible assets	9,239	(7,500)	1,739	Reclassification	-	1,739
Property, plant and equipment	96,913	3,896	100,809	Reclassification	-	100,809
Investments	1,057,192	(112,542)	944,650	Reclassification	-	944,650
	<u>1,163,344</u>	<u>(116,146)</u>	<u>1,047,198</u>		<u>-</u>	<u>1,047,198</u>
<b>CURRENT ASSETS</b>						
Inventories	16,000	-	16,000	Reclassification	-	16,000
Trade and other receivables	5,356,138	78,042	5,434,180	Reclassification	(494,910)	4,939,270
Cash and cash equivalents	128,131	-	128,131	Reclassification	-	128,131
	<u>5,500,269</u>	<u>78,042</u>	<u>5,578,311</u>		<u>(494,910)</u>	<u>5,083,401</u>
<b>TOTAL ASSETS</b>	<u>6,663,613</u>	<u>(38,104)</u>	<u>6,625,509</u>		<u>(494,910)</u>	<u>6,130,599</u>
<b>EQUITY</b>						
<b>SHAREHOLDERS' EQUITY</b>						
Called up share capital	1,000	-	1,000		-	1,000
Retained earnings	470,033	16,544	486,577	Net over provision of liabilities	(72,768)	413,809
<b>TOTAL EQUITY</b>	<u>471,033</u>	<u>16,544</u>	<u>487,577</u>		<u>(72,768)</u>	<u>414,809</u>
<b>LIABILITIES</b>						
<b>NON-CURRENT LIABILITIES</b>						
Financial liabilities - borrowings						
Interest bearing loans and borrowings	5,751,948	-	5,751,948		(422,142)	5,329,806
Deferred tax	-	22,076	22,076	Deferred tax provision	-	22,076
	<u>5,751,948</u>	<u>22,076</u>	<u>5,774,024</u>		<u>(422,142)</u>	<u>5,351,882</u>
<b>CURRENT LIABILITIES</b>						
Trade and other payables	430,819	(268,784)	162,035	Reclassification	-	162,035
Financial liabilities - borrowings						
Interest bearing loans and borrowings	-	133,045	133,045	Reclassification	-	133,045
Provisions	9,813	59,015	68,828	Warrant provision	-	68,828
	<u>440,632</u>	<u>(76,724)</u>	<u>363,908</u>		<u>-</u>	<u>363,908</u>
<b>TOTAL LIABILITIES</b>	<u>6,192,580</u>	<u>(54,648)</u>	<u>6,137,932</u>		<u>(422,142)</u>	<u>5,715,790</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>6,663,613</u>	<u>(38,104)</u>	<u>6,625,509</u>		<u>(494,910)</u>	<u>6,130,599</u>

	For the YE before 30 November 2018	For the YE 30 November 2018	Total	Explanation
Deferred expenses	-	(494,910)	(494,910)	IFRS 9 (amount deferred until the loan is drawn down and the fee is included in Effective Interest Rate.)
<b>Total assets</b>	-	<b>(494,910)</b>	<b>(494,910)</b>	
Loan	-	(422,142)	(422,142)	IFRS 9 adjustment relating to the initial costs incurred at the time of putting the loan facility in place.
<b>Total liabilities</b>	-	<b>(422,142)</b>	<b>(422,142)</b>	