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Russell Taylor Group Limited

Annual report and financial statements

Registered number 03666780

Year ended 31 December 2018



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Company information

Directors

B P Russell
R Kurton
S L M Jones

Registered number

03666780

Registered office

Burton Manor
The Village
Burton
Cheshire
United Kingdom
CH64 5SJ

Auditor

RSM UK Audit LLP
Chartered Accountants
Central Square
5th Floor
29 Wellington Street
Leeds
LS1 4DL

Strategic report

Russell Taylor Group Limited

Russell Taylor Group Limited is a technical and engineering recruitment business, with its head office in Burton, Cheshire. It provides both temporary and permanent recruitment solutions to over 250 clients across the UK.

Financial Performance

The board are happy with progress of the company in 2018. The turnover decreased from £19.5 million to £17.9 million, however gross profit increased from £2.99m to £3.14m, demonstrating our focus on improved margins and our investment in developing our permanent recruitment offering.

Profit before tax in the year increased from £244k to £295k, which is a result that is pleasing based on the level of investment in growth within the year. The expectation which we are seeing proof of in 2018, is that we will get a strong return on this investment, with profits in 2019 expected to increase.

The balance sheet has positive net current assets and net assets, and is strengthening with the continued profitability. The future cashflows are positive, and the business is forecasting the ability to meet all its liabilities for the foreseeable future.

Operational

The senior management team has now increased to 7 sales driven team managers, and new offices opened in Manchester and London.

The key performance indicator is gross margin %. Many large players in our industry work to single digit gross margins. Through increased permanent placement activity and more strategic partnerships with our clients, we have managed a GP% of 17.5%, up from 15.3% in 2017.

Review of the business

The company has delivered strong sales, and margin and invested in a platform for future growth. The next 3 years will see large improvements in net profit and balance sheet strength.

The performance in 2019 is already showing increases in sales, gross profit and net profit.

The companies region office network has already helped support a number of major national tenders to support long term growth in the business.

People

People are the most important asset to our business and we invest heavily in their welfare, training and development.

Russell Taylor Group holding Investors In People Silver, and ISO quality standard.

Financial risk management

Key risks are:

- Bad debt – all the company's debtors are insured by credit insurance
- Liquidity – the business is strengthening its balance sheet through retained profits to support its growth
- Competitive risk – we have strong relationships with our clients, a strong sales pipeline and are not reliant on any one client
- Brexit – we are seeing no negative impact based on the Brexit uncertainty at present

Outlook

The outlook for the business is strong, and the board are looking forward to presenting 2019 results which will show further improvements and all our key metrics.



B P Russell
Director

Burton Manor
The Village
Burton
Cheshire
United Kingdom
CH64 5SJ

30 September 2019

Directors' report

The directors present their report and the financial statements for the year ended 31 December 2018.

Results and dividends

The profit for the year, after taxation, amounted to £251k (2017: £154k).

Total dividends of £75k (2017: *Nil*) were paid in the year.

Directors

The directors who held office during the year and up to the date of signing this report were as follows:

B P Russell
R Kurton
S L M Jones

Political contributions

The Company made no political donations or incurred any political expenditure during the year.

Qualifying third party indemnity provisions

The Company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Statement of Disclosure of information to auditor

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Strategic Report

The Company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the Strategic Report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report. It has done so in respect of future developments and financial risk management.

Auditor

RSM UK Audit LLP were appointed as auditor during the period.

RSM UK Audit LLP are deemed to be re-appointed under Section 487(2) of the Companies Act 2006.

By order of the board



B P Russell

Director

Burton Manor
The Village
Burton
Cheshire
United Kingdom
CH64 5SJ

30 September 2019

Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements

The directors are responsible for preparing the Strategic Report and 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 those 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.

Independent Auditor's Report to the Members of the Russell Taylor Group Limited

Opinion

We have audited the financial statements of Russell Taylor Group Limited (the 'company') for the year ended 31 December 2018 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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 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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Independent Auditor's Report to the Members of the Russell Taylor Group Limited (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Independent Auditor's Report to the Members of the Russell Taylor Group Limited
(continued)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



HUGH FAIRCLOUGH (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Central Square
5th Floor
29 Wellington Street
Leeds
LS1 4DL

Date: 30/09/2019

Profit and loss account and other comprehensive income
for the year ended 31 December 2018

	<i>Note</i>	2018 £'000	2017 £'000
Turnover	2	17,929	19,549
Cost of sales		(14,790)	(16,561)
Gross profit		3,139	2,988
Administrative expenses		(2,649)	(2,561)
Other operating income		17	-
Operating profit	3	507	427
Interest payable and similar charges	6	(212)	(183)
Profit before taxation		295	244
Tax on profit	7	(44)	(90)
Profit for the financial year		251	154

All amounts relate to continuing operations.

No gains or losses were recognised other than those above, so, accordingly, no separate statement of other comprehensive has been presented.

The accompanying notes on pages 11 to 25 form an integral part of these financial statements.

Balance sheet
at 31 December 2018

	<i>Note</i>	2018 £'000	2018 £'000	2017 £'000	2017 £'000
Fixed assets					
Tangible asset	9	352		311	
Intangible assets	8	-		1	
Investments	10	-		248	
			352		560
Current assets					
Debtors	11	5,634		4,974	
Cash at bank and in hand		-		14	
		5,634		4,988	
Creditors: amounts falling due within one year	12	(5,254)		(4,899)	
Net current assets			380		89
Total assets less current liabilities			732		649
Creditors: amounts falling due after one year	13		(17)		(110)
Deferred tax	15		(39)		(39)
Net assets			676		500
Capital and reserves					
Called up share capital	16		-		-
Profit and loss account			676		500
Shareholders' funds			676		500

The financial statements were approved by the board of director and authorised for issue on 30 September 2019 and signed on its behalf by:



B P Russell
Director

The accompanying notes on pages 11 to 25 form an integral part of these financial statements

Statement of changes in equity

	Called up share capital £'000	Profit & loss account £'000	Total shareholder's equity £'000
Balance at 1 January 2017	-	346	346
Total comprehensive income for the period			
Profit	-	154	154
Balance at 31 December 2017	-	500	500

	Called up share capital £'000	Profit & loss account £'000	Total shareholder's equity £'000
Balance at 1 January 2018	-	500	500
Total comprehensive income for the period			
Profit	-	251	251
Dividend	-	(75)	(75)
Balance at 31 December 2018	-	676	676

Notes
(forming part of the financial statements)

1 Accounting policies

General Information

Russell Taylor Group Limited ("the Company") is a private company limited by shares, and is registered and incorporated in England.

The address of the Company's registered office is noted on page 1. The principal place of business is Burton Manor, The Village, Burton, Cheshire, United Kingdom CH64 5SJ.

The Company's principal activities are detailed within the Strategic Report on page 2.

Basis of Accounting

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Reduced Disclosures

The Company's ultimate parent undertaking, Russell Taylor Holdings Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Russell Taylor Holdings Limited are available to the public and may be obtained from Burton Manor, The Village, Burton, Cheshire, United Kingdom, CH64 5SJ. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures; and
- Section 33 'Related Party Disclosures' – Compensation for key management personnel

As the consolidated financial statements of Russell Taylor Holdings Limited include the disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions available in respect of the following disclosures:

- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Interest income/expense and net gains/losses for financial instruments not measured at fair value, amount of any impairment loss, risks arising from financial instruments, and transferred financial asset not derecognised, loan defaults or breaches, and descriptions of hedging relationships.
- Section 26 'Share-based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements.

Notes (continued)

1 Accounting policies (continued)

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report and the Directors report. In addition, the financial statements include the principal risks and uncertainties facing the business.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to prepare the financial statements on a going concern basis.

The Company utilises a group invoice discounting facility which has a fixed and floating charge over the assets of both the Company and the wider Group. The funder has confirmed its continued support for the foreseeable future. The security includes a cross guarantee between all of the Group Companies that utilise the facility. The Company is forecasting to improve its profitability in 2019 through a growth strategy and taking advantage of the synergies available from the now significantly larger group.

1.3 Basic financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its 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 instrument.

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 a net basis or to realise the asset and settle the liability simultaneously.

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Notes (continued)

1 Accounting policies (continued)

1.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.9 below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives are as follows:

- Motor Vehicles 3 years
- Fixtures and fittings and computer equipment 4 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.5 Intangible Fixed Assets

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

The cost of intangible assets acquired in a business combination are capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date.

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. No amortisation has been booked in the year on the grounds of materiality and amortisation will commence in 2019.

1.6 Employee benefits

Defined contribution plans and other long-term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Notes (continued)

1 Accounting policies (continued)

1.7 Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the parent Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability in its individual financial statements until such time as it becomes probable that the company will be required to make a payment under the guarantee.

1.8 Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year exclusive of value added tax.

1.9 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions.

Interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Notes (continued)

1 Accounting policies (continued)

1.10 Taxation

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

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.11 Judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The directors do not consider there to be any judgements and key estimates in the Company.

2 Turnover

	2018 £000	2017 £000
United Kingdom	17,929	19,549
	<u>17,929</u>	<u>19,549</u>

All turnover arises from the principal activity.

Notes (continued)

3 Operating profit

Operating profit is stated after charging:

	2018 £000	2017 £000
Depreciation of tangible fixed assets:		
- owned by the company	69	36
- assets held under finance leases	7	12
Amortisation of goodwill	-	-
Amounts receivable by the company's auditor and its associates in respect of:		
- audit of these financial statements	7	5
- taxation compliance services	-	2
	<u>7</u>	<u>2</u>

4 Staff numbers and costs

The average monthly number of employees, including directors during the year was as follows:

	2018 No.	2017 No.
Production	45	36
Administration	16	12
	<u>61</u>	<u>48</u>

The aggregate payroll costs of these persons were as follows:

	2018 £000	2017 £000
Wages and salaries	1,523	1,466
Social security costs	146	149
Other pension costs	22	21
	<u>1,691</u>	<u>1,636</u>

Notes (continued)

5 Directors' remuneration

	2018	2017
	£000	£000
Directors remuneration	68	65
	68	65

The highest paid director received remuneration of £50,000 (2017: £42,000).

There are no directors in the current or preceding years, to whom retirement benefits are accruing under defined contribution schemes.

6 Interest payable and similar charges

	2018	2017
	£000	£000
Interest payable on invoice discounting facility	131	130
Interest payable on finance leases	1	4
Interest payable on other loans	80	49
	212	183

Notes (continued)

7 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2018 £000	£000	2017 £000	£000
<i>Current tax</i>				
Current tax on income for the year	44		51	
Adjustments in respect of prior periods	-		-	
Total current tax		44		51
<i>Deferred tax (see note 15)</i>				
Origination and reversal of timing differences	-		39	
Adjustments in respect of prior periods	-		-	
Effect of tax rate change on opening balance	-		-	
Total deferred tax		-		39
Total tax		44		90

Reconciliation of effective tax rate

	2018 £000	2017 £000
Profit for the year	250	154
Total tax expense	44	90
	294	244
Tax using the UK corporation tax rate of 19.00% (2017: 19.25%)		
Non-deductible expenses	56	47
Group Relief received	16	14
Other	(16)	
	(12)	29
Total tax expense included in profit or loss		
	44	90

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 26 September 2016. This will reduce the company's future tax charge accordingly. The deferred tax liability at 31 December 2017 has been calculated based on these rates.

Notes (continued)

8 Intangible assets

	Goodwill £000
Cost	
Balance at 1 January 2018	4
Balance at 31 December 2018	4
Amortisation and impairment	
Balance at 1 January 2018	3
Amortisation for the year	1
Balance at 31 December 2018	4
Net book value	
At 31 December 2017	1
At 31 December 2018	-

9 Tangible fixed assets

	Fixtures and fittings and computer equipment	Motor vehicles	Total
	£000	£000	£000
<i>Cost</i>			
At 1 January 2018	342	89	431
Additions	49	106	155
Disposals	-	(46)	(46)
At 31 December 2018	391	149	540
<i>Depreciation</i>			
At 1 January 2018	102	18	120
Charge for period	68	8	76
Depreciation on disposals	-	(8)	(8)
At 31 December 2018	170	18	188
<i>Net book value</i>			
At 31 December 2018	221	131	352
At 31 December 2017	240	71	311

Included within the net book value is £37,888 (2017: £53,686) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of these assets amounted to £7,180 (2017: £11,735).

Notes (continued)

10 Fixed asset investments

	Shares in Group Undertakings £000
Cost	
At beginning and end of year	248
Transfers in the year	(248)
Provisions	
At beginning of year	-
At end of year	-
Net book value	
At 31 December 2018	-
At 31 December 2017	248

The investment related to the share purchase of NMS Projects Limited on 20 December 2016. However, ownership is actually held by Russell Taylor Holdings Limited, not Russell Taylor Group Limited. As a result, this has been transferred to the correct entity in the year. The transfer has gone through the amounts owed to group undertakings, therefore there is no impact on the net asset position of the Company.

11 Debtors

	2018 £000	2017 £000
Trade debtors	4,137	3,994
Amounts owed by group undertakings	380	280
Other debtors	1,117	700
	5,634	4,974

12 Creditors: amounts falling due within one year

	2018 £000	2017 £000
Bank overdraft	56	-
Invoice financing facility	3,494	3,342
Trade creditors	367	691
Taxation and social security	531	480
Other creditors	45	277
Obligations under finance leases (see note 14)	12	16
Amounts due to group undertakings	671	42
Corporation tax	78	51
	5,254	4,899

Notes (continued)

13 Creditors: amounts falling after more than one year

	2018 £000	2017 £000
Bank loans and overdrafts (see note 14)	-	97
Obligations under finance leases (see note 14)	17	13
	<u>17</u>	<u>110</u>

14 Other interest-bearing loans and borrowings

Finance lease liabilities

Finance lease liabilities are payable as follows:

	Minimum lease payments 2018 £000	Minimum lease payments 2017 £000
Less than one year	12	16
Between one and five years	17	13
More than five years	-	-
	<u>29</u>	<u>29</u>

Obligations under hire purchase agreements are secured against the assets to which they relate.

Terms and debt repayment schedule

	Currency	Year of maturity /renewal	2018 £000	2017 £000
Secured bank loan	GBP	2019	14	97
Invoice discounting facility	GBP	2019	3,494	3,342
Finance lease liabilities	GBP	Various	29	29
			<u>3,537</u>	<u>3,468</u>

There is a fixed and floating charge over the assets of the Group held by the invoice discounting funder. The same charge covers the secured bank loan.

15 Deferred tax

Deferred tax liability of £39,000 is recognised in the year. This relates to accelerated capital allowance.

Notes (continued)

16 Share capital

	2018	2017
	£	£
<i>Allotted, called up and fully paid</i>		
100 Ordinary shares of £1 each	100	100

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

17 Reserves

Reserves of the Company represent the following:

Profit and loss account

Cumulative profit and loss net of distribution to owners.

18 Employee Benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £23k (2017: £22k). £4k were payable to the fund at the balance sheet date (2017: £4k).

19 Related party transactions

Loan accounts due from the following directors are included within debtors:

	2018	2017
	£000	£000
S Jones	45	25
R Kurton	98	49
B P Russell	155	227
	298	301

The loans are interest free and repayable on demand.

The movement in the directors' loan during the year was as follows:

	S Jones £000	B P Russell £000	R Kurton £000
At 1 January 2018	25	227	49
Advances/(Repayments)	20	(72)	49
At 31 December 2018	45	155	98

Notes (continued)

19 Related party transactions (continued)

The following table sets out the transactions and outstanding balances due to and from Associated Companies by virtue of B P Russell's controlling shareholdings:

2018						
Entity	Sales in year £'000	Purchases in year £'000	Trade debtors £'000	Other debtors £'000	Trade creditors £'000	Other creditors £'000
Leaswood Properties Limited	26	-	31	78	-	-
Marsh Cat (Wirral) Limited	-	-	13	39	-	-
Go Exclusive Limited	-	12	2	27	15	-
LTC Services Limited	13	2,408	10	-	22	-
2017						
Entity	Sales in year £'000	Purchases in year £'000	Trade debtors £'000	Other debtors £'000	Trade creditors £'000	Other creditors £'000
Leaswood Properties Limited	-	-	-	-	-	-
Marsh Cat (Wirral) Limited	5	-	13	99	-	-
Go Exclusive Limited	2	-	2	-	-	2
LTC Services Limited	-	-	-	-	-	-

Notes (continued)

20 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Russell Taylor Holdings Limited. The ultimate controlling party is B P Russell by virtue of his shareholding.

The largest and smallest group in which the results of the Company and its group are consolidated is that headed by Russell Taylor Holdings Limited, registered office address Burton Manor, The Village, Burton, Cheshire, United Kingdom CH64 5SJ. No other group financial statements include the results of the Company. The consolidated financial statements of these groups are available to the public and may be obtained from the registered office address.

21 Dividends

	2018 £000	2017 £000
Ordinary:		
Final paid-	75	-
	75	-

Following an agreement between shareholders on 31 March 2018, the dividends have been paid on a discretionary basis.