Company Registration No. SC296104 (Scotland)

BRIGHTWORK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

BRIGHTWORK LIMITED

COMPANY INFORMATION

Directors	D G May	
	C Pullen	(Appointed 12 May 2017)
	M Keegan	(Appointed 12 May 2017)
	M Watts	(Appointed 24 January 2018)
Secretary	P Collins	
Company number	SC296104	
Registered office	20 Stafford Street EDINBURGH EH3 7BD	
Auditor	Johnston Carmichael LLP 227 West George Street GLASGOW G2 2ND	

BRIGHTWORK LIMITED

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BRIGHTWORK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

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

Review of the business
On 12 May 2017, 100% of the share capital of the company was acquired by Staffline Group plc.

Brightwork continues to offer temporary and permanent recruitment solutions to our clients across a range of business sectors.

The company's service offering is delivered by 6 Teams:

- Drinks
- Manufacturing, warehouse & distribution
- Catering, cleaning, facilities & hospitality
- Health & social care
- Construction & property
- Professional, technical & administration

The company retains a majority interest in the share capital of Brightwork Specialist Recruitment Limited.

Results and performance
The results of the company for the year, as set out on pages 8 to 25, show a profit before tax of £438,487 (2016: Profit of £536,979) on turnover of £38,218,205 (2016: £35,458,952). Shareholders' funds totalled £1,147,804 (2016: £805,826).

Business environment
Our key objective is to aggressively grow market share and to work with our parent company in Scotland to achieve a combined turnover of £100 million by 2022. Our core strategy of developing long term relationships with our clients and candidates and investing in our people and processes remains unchanged, but will be aided by the synergies offered as part of the Staffline Group.

Strategy
The success of the company rests on our ability to match client demand for temporary and permanent staff with candidates with the appropriate skills set.

Our focus post acquisition has been on making the transition from private ownership to meet the expectations of our parent company.

Key performance indicators (KPIs)
We consider our key performance indicators are those that communicate the financial strength of the company as a whole. These include but are not limited to: turnover, gross margin, gross per fee earner and average timesheet value.

All our operating teams reported strong sales growth. Gross Margin at £4.4m increased by 7.8% while % Gross Margin was constant at 11.6%.

Margin per fee earner remained consistent with prior year results, 2017 at £83.3k compared to 2016: £83.7k, despite our continued investment in headcount. Average timesheet value also remained consistent with prior year results £37.02 (2016: £37.22).

Principal risks and uncertainties
The process of risk management is addressed by the company through a structured framework of policies, procedures and internal controls. Regulatory, legal and ethical compliance remains a high priority for the company and the CEO is responsible for ensuring that sufficient resources are allocated accordingly.

The principal risks to the business continue to be the ability to pay temporary candidates on time, regulatory and legal compliance, and maintaining the integrity and security of data stored by the company.

Corporate and Social Responsibility
As a company Brightwork continues to differentiate itself from our competitors for the way we do business rather than how we do business. CSR highlights in 2017 included:

- Staff members volunteering to mentor school students as part of the Career Ready programme.
- The Fair Tax Mark – we are committed to business paying their fair share and we do not to use tax avoidance schemes to pay our temporary workforce.
- Working in partnership with the Bridges Programme to help migrants, refugees and asylum seekers become integrated into the workforce.
- Providing thought leadership and working in tandem with government and other organisations to highlight and help eradicate Human Trafficking in Scotland.

Future developments
The future growth plans of the business may be impacted by economic and political events outside of our control. Change and uncertainty are a given. Brightwork as a company will continue to seek to maximise opportunities presented whilst seeking to mitigate any threats.

On behalf of the board

....

D G May
Director
.........7/6/18...

BRIGHTWORK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their annual report and financial statements for the year ended 31 December 2017.

Principal activities
The principal activity of the company continued to be that of recruitment services to clients in the drinks, industrial, oil & gas and public sectors.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

D G May	
R A Knight	(Resigned 12 May 2017)
C D Turner	(Resigned 12 May 2017)
B G Williamson	(Resigned 12 May 2017)
C Pullen	(Appointed 12 May 2017)
M Keegan	(Appointed 12 May 2017)
A Hogarth	(Appointed 12 May 2017 and resigned 24 January 2018)
M Watts	(Appointed 24 January 2018)

Results and dividends
The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditor
The auditor, Johnston Carmichael LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Disclosures made in the Strategic Report
The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's 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.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

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D G May
Director
7/6/18

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors are responsible for preparing the annual 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.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF BRIGHTWORK LIMITED

Opinion

We have audited the financial statements of Brightwork Limited (the 'company') for the year ended 31 December 2017 set out on pages 8 to 25. 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 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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 and the Directors' Report.

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, 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BRIGHTWORK LIMITED

Auditor's responsibilities for the audit of the financial statements (continued)
As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

Johnston Carmichael LLP

Christopher Wilkie (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP

7 June 2018

Chartered Accountants
Statutory Auditor

227 West George Street
GLASGOW
G2 2ND

BRIGHTWORK LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
Turnover	3	38,218,205	35,458,952
Cost of sales		(33,798,044)	(31,357,026)
Gross profit		4,420,161	4,101,926
Administrative expenses		(3,845,500)	(3,505,344)
Other operating income		-	20,000
Operating profit	4	574,661	616,582
Interest receivable and similar income	7	247	32,210
Interest payable and similar expenses	8	(136,421)	(111,813)
Profit before taxation		438,487	536,979
Taxation	9	(96,509)	(102,019)
Profit for the financial year	22	341,978	434,960
Total comprehensive income for the year		341,978	434,960

The profit and loss account has been prepared on the basis that all operations are continuing operations.

BRIGHTWORK LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Goodwill	11		14,633		34,145
Tangible assets	12		263,982		322,782
Investments	13		730		730
			279,345		357,657
Current assets					
Debtors	15	4,788,897		9,664,054	
Cash at bank and in hand		162,307		35,710	
		4,951,204		9,699,764	
Creditors: amounts falling due within one year	16	(4,051,986)		(9,211,582)	
Net current assets			899,218		488,182
Total assets less current liabilities			1,178,563		845,839
Provisions for liabilities	18		(30,759)		(40,013)
Net assets			1,147,804		805,826
Capital and reserves					
Called up share capital	21		86,400		86,400
Capital redemption reserve	22		3,600		3,600
Profit and loss reserves	22		1,057,804		715,826
Total equity			1,147,804		805,826

The financial statements were approved by the board of directors and authorised for issue on 7/6/18 and are signed on its behalf by:

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D G May
Director

Company Registration No. SC296104

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Share capital	Capital redemption reserve	Profit and loss reserves	Total
		£	£	£	£
Balance at 1 January 2016		86,400	3,600	921,090	1,011,090
Year ended 31 December 2016:					
Profit and total comprehensive income for the year		-	-	434,960	434,960
Dividends	**10**	-	-	(640,224)	(640,224)
Balance at 31 December 2016		86,400	3,600	715,826	805,826
Year ended 31 December 2017:					
Profit and total comprehensive income for the year		-	-	341,978	341,978
Balance at 31 December 2017		86,400	3,600	1,057,804	1,147,804

1 Accounting policies

Company information
Brightwork Limited is a private company limited by shares incorporated in Scotland. The registered office is 20 Stafford Street, EDINBURGH, EH3 7BD.

1.1 *Accounting convention*
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.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- 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;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Staffline Group plc. These consolidated financial statements are available from its registered office, 19-20 The Triangle, Ng2 Business Park, Nottingham, NG2 1AE.

1.2 Going concern
At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover
Turnover consists of temporary staff placements, where turnover is recognised when the service has been provided, and permanent staff placements, where turnover is recognised at the candidate's start date.

Turnover is only recognised when it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1 Accounting policies (Continued)

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 5 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, 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 pro-rata on the basis of the carrying amount of each asset in the unit.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

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

Fixtures, fittings & equipment	10 - 33% straight line
Computer equipment	33% straight line
Motor vehicles	33% straight line

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 credited or charged to the profit and loss account.

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in the profit and loss account.

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

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. 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 an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1 Accounting policies **(Continued)**

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in the profit and loss account.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and invoice finance liabilities. Invoice finance liabilities are shown within borrowings in current liabilities.

1.9 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 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.

Basic financial assets

Basic financial assets, which include trade and other debtors 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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

1 Accounting policies **(Continued)**

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 the profit and loss account.

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 the profit and loss account.

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.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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 payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

1 Accounting policies **(Continued)**

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered. Deferred tax assets and liabilities are not discounted.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

2 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.

2 Judgements and key sources of estimation uncertainty (Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Depreciation and useful lives of tangible fixed assets

The estimated useful lives of assets are outlined in note 1.5. Useful lives have been assessed based on historical experience and the periods over which management believe future economic benefits to be derived. The carrying amount of tangible fixed assets at the reporting end date was £263,982.

Provision for bad and doubtful debts

Trade debtors are stated in the accounts at their transaction price less any appropriate provision for irrecoverable amounts. In determining if a provision is required, the directors will exercise judgement considering both the overall economic environment and how this impacts each trade debtor as well as considering any specific indicators that the recoverability of the balance may be in doubt. Specific indicators include balances outstanding in excess of agreed credit terms. The value of the provision at the balance sheet date was £24,955.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2017	2016
	£	£
Turnover		
Placement of staff	38,218,205	35,458,952

Other significant revenue		
Interest income	247	210
Dividends received	-	32,000

Turnover analysed by geographical market

	2017	2016
	£	£
UK	38,218,205	35,458,952

4 Operating profit

	2017	2016
Operating profit for the year is stated after charging/(crediting):	£	£
Fees payable to the company's auditor for the audit of the company's financial statements	10,000	10,000
Depreciation of owned tangible fixed assets	79,234	55,195
Amortisation of intangible assets	19,512	19,512
Operating lease charges	124,436	110,068

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017 Number	2016 Number
Sales	53	49
Administrative	16	15
Directors	2	4
	71	68

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	2,494,367	2,336,371
Social security costs	261,780	268,511
Pension costs	92,192	66,389
	2,848,339	2,671,271

6 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	182,725	312,419
Company pension contributions to defined contribution schemes	35,968	14,309
	218,693	326,728

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2016 - 4).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2017 £	2016 £
Remuneration for qualifying services	97,719	95,472
Company pension contributions to defined contribution schemes	11,431	4,414

7 Interest receivable and similar income

	2017	2016
	£	£
Interest income		
Interest on bank deposits	247	210
Income from fixed asset investments		
Income from shares in group undertakings	-	32,000
Total income	247	32,210

8 Interest payable and similar expenses

	2017	2016
	£	£
Interest on invoice finance arrangements	136,421	111,813

9 Taxation

	2017	2016
	£	£
Current tax		
UK corporation tax on profits for the current period	105,027	79,427
Adjustments in respect of prior periods	736	3,645
Total current tax	105,763	83,072
Deferred tax		
Origination and reversal of timing differences	(8,887)	22,217
Adjustment in respect of prior periods	(367)	(3,270)
Total deferred tax	(9,254)	18,947
Total tax charge	96,509	102,019

9 Taxation (Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2017	2016
	£	£
Profit before taxation	438,487	536,979
Expected tax charge based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	84,409	107,396
Tax effect of expenses that are not deductible in determining taxable profit	10,557	5,731
Adjustments in respect of prior years	736	3,645
Effect of change in corporation tax rate	1,174	(5,083)
Deferred tax adjustments in respect of prior years	(367)	(3,270)
Exempt dividend income	-	(6,400)
Taxation charge for the year	96,509	102,019

10 Dividends

	2017	2016
	£	£
Interim paid	-	640,224

11 Intangible fixed assets

	Goodwill
	£
Cost	
At 1 January 2017 and 31 December 2017	97,559
Amortisation and impairment	
At 1 January 2017	63,414
Amortisation charged for the year	19,512
At 31 December 2017	82,926
Carrying amount	
At 31 December 2017	14,633
At 31 December 2016	34,145

12 Tangible fixed assets

	Fixtures, fittings & equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2017	238,432	348,627	8,763	595,822
Additions	20,434	-	-	20,434
At 31 December 2017	258,866	348,627	8,763	616,256
Depreciation and impairment				
At 1 January 2017	99,817	166,651	6,572	273,040
Depreciation charged in the year	57,992	19,051	2,191	79,234
At 31 December 2017	157,809	185,702	8,763	352,274
Carrying amount				
At 31 December 2017	101,057	162,925	-	263,982
At 31 December 2016	138,615	181,976	2,191	322,782

13 Fixed asset investments

	Notes	2017 £	2016 £
Investments in subsidiaries	14	730	730

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 January 2017 & 31 December 2017	730
Carrying amount	
At 31 December 2017	730
At 31 December 2016	730

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2017 are as follows:

Name of undertaking	Registered office key	Nature of business	Class of shares held	% Held Direct	% Held Indirect
Brightwork Specialist Recruitment Limited	See below	Recruitment Services	Ordinary	64.00	

Registered Office addresses:

20 Stafford Street, EDINBURGH, EH3 7BD

15 Debtors

Amounts falling due within one year:	2017 £	2016 £
Trade debtors	4,352,146	9,154,507
Amounts due from fellow group undertakings	9,323	52,358
Prepayments and accrued income	427,428	457,189
	4,788,897	9,664,054

16 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	17	-	5,706,237
Trade creditors		96,428	83,475
Amounts due to group undertakings		696,957	-
Corporation tax		105,027	79,012
Other taxation and social security		1,956,521	2,154,946
Other creditors		1,197,053	1,187,912
		4,051,986	9,211,582

17 Loans and overdrafts

	2017 £	2016 £
Invoice finance	-	5,706,237
Payable within one year	-	5,706,237

The invoice finance facility is secured by a floating charge over the assets of the company.

18 Provisions for liabilities

	Notes	2017 £	2016 £
Deferred tax liabilities	19	30,759	40,013
		30,759	40,013

19 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Balances:	Liabilities 2017 £	Liabilities 2016 £
Fixed asset timing differences	30,759	40,013

Movements in the year:	2017 £
Liability at 1 January 2017	40,013
Credit to profit or loss	(9,254)
Liability at 31 December 2017	30,759

The deferred tax liability set out above is not expected to reverse within 12 months.

20 Retirement benefit schemes

Defined contribution schemes	2017 £	2016 £
Charge to profit or loss in respect of defined contribution schemes	92,192	66,389

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

21 Share capital

	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
86,400 ordinary shares of £1 each	86,400	86,400

22 Reserves

Capital redemption reserve

The capital redemption reserve represents amounts retained as fixed capital following redemption of share capital under company legislation.

Profit and loss reserves

Profit and loss reserves represent accumulated comprehensive income for the year and prior periods less dividends paid.

23 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017	2016
	£	£
Within one year	114,079	110,068
Between two and five years	364,529	266,742
In over five years	199,601	216,749
	678,209	593,559

24 Related party transactions

Transactions with related parties
During the year the company entered into the following transactions with related parties:

	Services provided		Dividends received	
	2017	2016	2017	2016
	£	£	£	£
Entities over which the entity has control, joint control or significant influence	-	23,000	-	32,000

The following amounts were outstanding at the reporting end date:

Amounts owed by related parties	**2017** £
Entities over which the entity has control, joint control or significant influence	9,323

Amounts owed in previous period	**2016** £
Entities over which the entity has control, joint control or significant influence	52,358

The company has taken advantage of the exemption within FRS102 section 33 paragraph 33.1A from the requirement to disclose transactions with other wholly owned companies in the same group.

25 Directors' transactions

Dividends totalling £0 (2016 - £533,520) were paid in the year in respect of shares held by the company's directors.

Advances or credits have been granted by the company to its directors as follows:

Description	**Opening balance**	**Amounts advanced**	**Amounts repaid**	**Closing balance**
	£	£	£	£
Advance to director	-	30,000	(30,000)	-
	-	30,000	(30,000)	-

The advance to the director was non-interest bearing and did not have any terms attached.

26 Controlling party

The company's immediate parent undertaking is Staffline Recruitment Limited. The ultimate holding company and controlling party is Staffline Group plc.

The ultimate parent undertaking is Staffline Group plc, a company registered in England, which has its registered office at 19-20 The Triangle, Ng2 Business Park, Nottingham, NG2 1AE. Staffline Group plc is the largest and smallest company which prepares consolidated accounts. Copies of these accounts may be obtained from the registered office.