
RSA (HOLDINGS) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017



RSA (HOLDINGS) LIMITED

COMPANY INFORMATION

Directors	M A A Ryans (resigned 31 July 2017) N D Stephens G J Kilbey S Wilding (resigned 14 August 2017) A G L Bennett (resigned 4 May 2018) N L Walter
Company secretary	G J Kilbey
Registered number	07571640
Registered office	Thomas House 84 Eccleston Square London SW1V 1PX
Independent auditor	Hillier Hopkins LLP Chartered Accountants & Statutory Auditor Radius House 51 Clarendon Road Watford Herts WD17 1HP

RSA (HOLDINGS) LIMITED

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RSA (HOLDINGS) LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Introduction

The directors present their Strategic Report for the Group for the year ended 31 December 2017.

Business review

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and non-complex nature of our business and is written in the context of the risks and uncertainties we face.

The group is a provider of Executive Search for both Permanent and Interim roles, focussing in the pharmaceutical and life sciences sectors, with operations in the UK, Germany, Switzerland, Singapore and the USA. Our unique Proof of Candidate™ due diligence approach provides our clients with unique decision support and comparative analysis of talented candidates.

Principal risks and uncertainties

The business environment in which we operate has shown continued improvement during 2016 as the industry we serve invests in growing their businesses and the talent that facilitates this.

The Executive Search market in the UK and worldwide is highly competitive, and high levels of competition in the life sciences sector are likely to continue into the future, from both our direct competitors as well as insourcing activities by our client-base. This will continue to put pressure on our operating margins, however it will also provide opportunities for growth. We continue to differentiate our products and services from the legacy models in our sector.

With these risks and uncertainties in mind, we are aware of the fact that any plans for the future development of our business may be subject to unforeseen future events outside of our control.

The business has considered the risk of Brexit, and are monitoring events surrounding this, but at this point the business does not anticipate any material impact arising.

RSA (HOLDINGS) LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Financial key performance indicators

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the company as a whole, these being turnover, gross profit and operating profit.

Turnover for the year was £7,417,688 (2016 – £9,891,288). This is a reduction of 25.0% when compared to 2016.

Gross Profit was £4,121,957 in the year (2016 - £5,453,363). This is a reduction of 24.4% when compared to 2016.

Overall operating loss was £82,347 (2016 – £447,921 operating profit) which is a 118.4% reduction compared to 2016. After interest and taxation, a loss of £122,452 (2016 – £421,886 profit) has been deducted from reserves.

The financial result of 2017 was impacted by restructuring costs as well as a fall in revenue after the business undertook a review of its client base. These costs are not repetitive and the business has now established a new, more efficient operating cost base. Its client base is now broader, ensuring no over reliance on individual client. The average revenue per assignment has risen which will drive bottom line, this will be supplemented by a predicted increase in interim revenues.

This report was approved by the board and signed on its behalf.



.....
N D Stephens
Director

Date:

07/08/2018

RSA (HOLDINGS) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

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

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to 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.

Results and dividends

The loss for the year, after taxation, amounted to £122,452 (2016 - profit £421,886).

Directors

The directors who served during the year were:

M A A Ryans (resigned 31 July 2017)
N D Stephens
G J Kilbey
S Wilding (resigned 14 August 2017)
A G L Bennett (resigned 4 May 2018)
N L Walter

Future developments

The company will continue to strive to develop industry-leading methodologies to support the hiring decisions of our clients. Future developments are described in the strategic report/

RSA (HOLDINGS) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

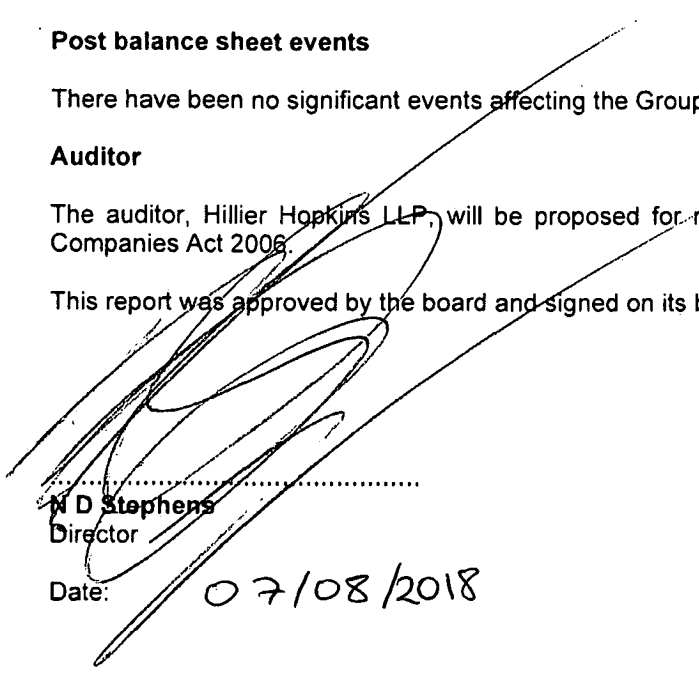
Post balance sheet events

There have been no significant events affecting the Group since the year end.

Auditor

The auditor, Hillier Hopkins LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



.....
N D Stephens
Director

Date:

07/08/2018

RSA (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF RSA (HOLDINGS) LIMITED

Opinion

We have audited the financial statements of RSA (Holdings) Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2017, which comprise the Group Statement of comprehensive income, the Group and Company Balance sheets, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 Group's and of the parent Company's affairs as at 31 December 2017 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

RSA (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF RSA (HOLDINGS) LIMITED (CONTINUED)

inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group 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 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 Directors' report.

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

RSA (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF RSA (HOLDINGS) LIMITED (CONTINUED)

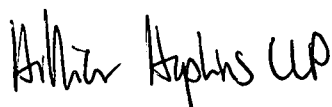
Auditor's responsibilities for the audit of the financial statements

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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

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



Simon Speller FCA (Senior statutory auditor)

for and on behalf of
Hillier Hopkins LLP

Chartered Accountants
Statutory Auditor

Radius House
51 Clarendon Road
Watford
Herts

WD17 1HP

Date: 13 August 2018

RSA (HOLDINGS) LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £
Turnover	4	7,417,688	9,891,288
Cost of sales		(3,295,731)	(4,437,925)
Gross profit		4,121,957	5,453,363
Administrative expenses		(4,348,478)	(5,005,442)
Exceptional other operating income		144,174	-
Operating (loss)/profit	5	(82,347)	447,921
Interest receivable and similar income	9	60	555
(Loss)/profit before taxation		(82,287)	448,476
Tax on (loss)/profit	10	(40,165)	(26,590)
(Loss)/profit for the financial year		(122,452)	421,886
Currency translation differences		(67,551)	4,378
Other comprehensive income for the year		(67,551)	4,378
Total comprehensive income for the year		(190,003)	426,264
(Loss)/profit for the year attributable to:			
Owners of the parent Company		(122,452)	421,886
		(122,452)	421,886
Total comprehensive income for the year attributable to:			
Owners of the parent Company		(190,003)	426,264
		(190,003)	426,264

RSA (HOLDINGS) LIMITED
REGISTERED NUMBER: 07571640

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	13	33,849	107,982
Tangible assets	14	19,702	83,048
		<u>53,551</u>	<u>191,030</u>
Current assets			
Debtors: amounts falling due within one year	16	1,276,811	959,500
Cash at bank and in hand	17	658,661	1,630,284
		<u>1,935,472</u>	<u>2,589,784</u>
Creditors: amounts falling due within one year	18	(819,504)	(1,415,242)
Net current assets		<u>1,115,968</u>	<u>1,174,542</u>
Total assets less current liabilities		<u>1,169,519</u>	<u>1,365,572</u>
Creditors: amounts falling due after more than one year	19	-	(6,050)
Net assets		<u><u>1,169,519</u></u>	<u><u>1,359,522</u></u>
Capital and reserves			
Called up share capital	22	27,900	27,900
Share premium account	23	30,008	30,008
Capital redemption reserve	23	61	61
Foreign exchange reserve	23	(28,183)	39,368
Merger reserve	23	540,454	540,454
Profit and loss account	23	599,279	721,731
Equity attributable to owners of the parent Company		<u>1,169,519</u>	<u>1,359,522</u>
		<u><u>1,169,519</u></u>	<u><u>1,359,522</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

.....
N.D. Stephens

Director

Date:

07/08/2018

The notes on pages 14 to 33 form part of these financial statements.

RSA (HOLDINGS) LIMITED
REGISTERED NUMBER: 07571640

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Investments	15	139,856	139,856
Current assets			
Debtors: amounts falling due within one year	16	118,385	190,738
Cash at bank and in hand	17	3,597	3,597
		<u>121,982</u>	<u>194,335</u>
Creditors: amounts falling due within one year	18	(4,023)	(76,376)
Net current assets		<u>117,959</u>	<u>117,959</u>
Total assets less current liabilities		<u>257,815</u>	<u>257,815</u>
Net assets		<u><u>257,815</u></u>	<u><u>257,815</u></u>
Capital and reserves			
Called up share capital	22	27,900	27,900
Share premium account	23	30,008	30,008
Capital redemption reserve	23	61	61
Profit and loss account	23	199,846	199,846
		<u>257,815</u>	<u>257,815</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

.....
N D Stephens

Director

Date:

07/08/2018

The notes on pages 14 to 33 form part of these financial statements.

RSA (HOLDINGS) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital £	Share premium account £	Capital redemption reserve £	Foreign exchange reserve £	Merger reserve £	Profit and loss account £	Total equity £
At 1 January 2016	27,961	30,008	-	34,990	540,454	666,904	1,300,317
Profit for the year	-	-	-	-	-	421,886	421,886
Foreign exchange differences	-	-	-	4,378	-	-	4,378
Dividends: Equity capital	-	-	-	-	-	(363,036)	(363,036)
Purchase of own shares	-	-	61	-	-	(4,023)	(3,962)
Shares redeemed during the year	(61)	-	-	-	-	-	(61)
At 1 January 2017	27,900	30,008	61	39,368	540,454	721,731	1,359,522
Loss for the year	-	-	-	-	-	(122,452)	(122,452)
Foreign exchange differences	-	-	-	(67,551)	-	-	(67,551)
At 31 December 2017	27,900	30,008	61	(28,183)	540,454	599,279	1,169,519

The notes on pages 14 to 33 form part of these financial statements.

RSA (HOLDINGS) LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2016	27,961	30,008	-	203,869	261,838
Profit for the year	-	-	-	363,036	363,036
Dividends: Equity capital	-	-	-	(363,036)	(363,036)
Purchase of own shares	-	-	61	(4,023)	(3,962)
Shares redeemed during the year	(61)	-	-	-	(61)
At 1 January 2017	27,900	30,008	61	199,846	257,815
At 31 December 2017	27,900	30,008	61	199,846	257,815

The notes on pages 14 to 33 form part of these financial statements.

RSA (HOLDINGS) LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 £	2016 £
Cash flows from operating activities		
(Loss)/profit for the financial year	(122,452)	421,886
Adjustments for:		
Amortisation of intangible assets	78,312	37,470
Depreciation of tangible assets	67,295	68,560
Interest received	(60)	(555)
Taxation charge	(113,485)	26,590
(Increase)/decrease in debtors	(280,647)	320,055
(Decrease) in creditors	(563,235)	(93,130)
Corporation tax received	38,270	11,434
Foreign exchange difference on retranslation of overseas subsidiaries	(67,551)	4,378
Net cash generated from operating activities	(963,553)	796,688
Cash flows from investing activities		
Purchase of intangible fixed assets	(4,180)	(60,873)
Purchase of tangible fixed assets	(8,759)	(15,777)
Sale of tangible fixed assets	4,809	-
Interest received	60	555
Net cash from investing activities	(8,070)	(76,095)
Cash flows from financing activities		
re-purchase of own ordinary shares	-	(61)
Dividends paid	-	(363,036)
Net cash used in financing activities	-	(363,097)
Net (decrease)/increase in cash and cash equivalents	(971,623)	357,496
Cash and cash equivalents at beginning of year	1,630,284	1,272,788
Cash and cash equivalents at the end of year	658,661	1,630,284
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	658,661	1,630,284
	658,661	1,630,284

The notes on pages 14 to 33 form part of these financial statements.

RSA (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

RSA Consulting Limited is a company incorporated in England & Wales, United Kingdom under the conditions of the Companies Act 2006. The address of the registered office is detailed on the company information page and is the same as the company's principal place of business.

The company provides recruitment and consultancy services for the medical and pharmaceutical professions.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2015.

Therefore, the Group continues to recognise a merger reserve which arose on a past business combination that was accounted for as a merger in accordance with UK GAAP as applied at that time.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated statement of comprehensive income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.5 Operating leases: the Group as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2016 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.6 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.7 Interest income

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

2.8 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.9 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Consolidated statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Consolidated statement of comprehensive income is charged with fair value of goods and services received.

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.11 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

2.12 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures & fittings	- 20% - 33% straight line
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of comprehensive income.

2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.15 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.17 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.19 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

RSA (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.20 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

4. Turnover

An analysis of turnover by class of business is as follows:

	2017	2016
	£	£
Recruitment services	7,417,688	9,891,288

Analysis of turnover by country of destination:

	2017	2016
	£	£
United Kingdom	5,664,565	8,168,623
Rest of the world	1,753,123	1,722,665
	7,417,688	9,891,288

RSA (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

5. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2017	2016
	£	£
Depreciation of tangible fixed assets	67,295	68,560
Amortisation of intangible assets, including goodwill	78,312	37,470
Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements	11,600	11,100
Exchange differences	25,768	(115,145)
Other operating lease rentals	161,226	199,496
Defined contribution pension cost	24,769	144,438
	<u>24,769</u>	<u>144,438</u>

6. Auditor's remuneration

	2017	2016
	£	£
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	11,600	11,100
Accounts and consolidation fees	4,200	4,200
Corporation tax compliance	1,950	1,950
All other services	1,950	1,950
	<u>1,950</u>	<u>1,950</u>

RSA (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Wages and salaries	2,487,674	3,031,247	-	-
Social security costs	263,781	381,840	-	-
Cost of defined contribution scheme	24,769	144,438	-	-
	2,776,224	3,557,525	-	-

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

	2017 No.	2016 No.
Sales	26	36
Admin	13	8
	39	44

The Company has no employees other than the directors, who did not receive any remuneration (2016 - £NIL)

8. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	529,503	630,655
Company contributions to defined contribution pension schemes	(33,631)	56,215
	495,872	686,870

During the year retirement benefits were accruing to 2 directors (2016 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £226,853 (2016 - £186,585).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £40,711 (2016 - £5,900).

The total accrued pension provision of the highest paid director at 31 December 2017 amounted to £49,149 (2016 - £101,631).

RSA (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

9. Interest receivable

	2017 £	2016 £
Other interest receivable	60	555
	<u>60</u>	<u>555</u>

10. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	-	34,532
Adjustments and (reclaim) in respect of previous periods	(34,532)	1,635
	<u>(34,532)</u>	<u>36,167</u>
Foreign tax		
Foreign tax on income for the year	76,825	(15,725)
	<u>76,825</u>	<u>(15,725)</u>
Total current tax	<u>42,293</u>	<u>20,442</u>
Deferred tax		
Origination and reversal of timing differences	(2,128)	6,148
Total deferred tax	<u>(2,128)</u>	<u>6,148</u>
Taxation on profit on ordinary activities	<u>40,165</u>	<u>26,590</u>

RSA (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - *lower than*) the standard rate of corporation tax in the UK of 19% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>(82,287)</u>	<u>448,476</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2016 - 20%)	(15,635)	89,695
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	17,574	(6,353)
Capital allowances for year in excess of depreciation	11,016	9,122
Adjustments to tax charge in respect of prior periods	(34,532)	1,635
Deferred tax movement	2,128	(6,148)
Changes in provisions leading to an increase (decrease) in the tax charge	(9,972)	(10,743)
Research and development	(671)	(14,113)
Foreign taxation	67,946	(15,932)
Other differences leading to an increase (decrease) in the tax charge	2,311	(20,573)
Total tax charge for the year	<u><u>40,165</u></u>	<u><u>26,590</u></u>

Factors that may affect future tax charges

On 8 July 2015 the Chancellor of the Exchequer announced a reduction in the main rate of UK corporation tax to 17 per cent with effect from 1 April 2020. These changes were substantively enacted on 16 March 2016.

11. Dividends

	2017 £	2016 £
Dividends paid	<u>-</u>	<u>363,036</u>

RSA (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

12. Exceptional items

	2017 £	2016 £
Lease termination compensation	(130,000)	-
Refund of bank recharges	(14,174)	-
	<u>(144,174)</u>	<u>-</u>

13. Intangible assets

Group and Company

	Development Expenditure £
Cost	
At 1 January 2017	158,246
Additions	4,179
At 31 December 2017	<u>162,425</u>
Amortisation	
At 1 January 2017	50,264
Charge for the year	78,312
At 31 December 2017	<u>128,576</u>
Net book value	
At 31 December 2017	<u>33,849</u>
At 31 December 2016	<u>107,982</u>

All of the Group's intangible fixed assets are held in the subsidiary companies, no intangibles are held within the parent company.

RSA (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

14. Tangible fixed assets

Group

	Fixtures & fittings £
Cost or valuation	
At 1 January 2017	520,215
Additions	8,759
Disposals	(186,958)
At 31 December 2017	<u>342,016</u>
Depreciation	
At 1 January 2017	437,168
Charge for the year on owned assets	67,295
Disposals	(182,149)
At 31 December 2017	<u>322,314</u>
Net book value	
At 31 December 2017	<u>19,702</u>
At 31 December 2016	<u>83,048</u>

All of the Group's tangible fixed assets are held in the subsidiary companies, no intangibles are held within the parent company.

RSA (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

15. Fixed asset investments**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
RSA Consulting Limited (England & Wales)	Ordinary	100 %	Recruitment
RSA Consulting GmbH (Germany)	Ordinary	100 %	Recruitment
RSA Ag (Switzerland)	Ordinary	100 %	Recruitment
RSA Americas LLC (USA)	Ordinary	100 %	Recruitment
RSA Group PTE Limited (Switzerland)	Ordinary	100 %	Recruitment
RSA Interims Limited (England & Wales)	Ordinary	100 %	Dormant

Company

**Investments
in
subsidiary
companies
£**

Cost or valuation

At 1 January 2017 **139,856**

At 31 December 2017 **139,856**

Net book value

At 31 December 2017 **139,856**

At 31 December 2016 **139,856**

RSA (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

16. Debtors

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade debtors	1,021,073	698,087	-	-
Amounts owed by group undertakings	-	-	118,385	190,739
Other debtors	96,320	49,074	-	-
Prepayments and accrued income	148,118	203,167	-	-
Deferred taxation	11,300	9,172	-	-
	1,276,811	959,500	118,385	190,739

17. Cash and cash equivalents

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Cash at bank and in hand	658,661	1,630,284	3,597	3,597

HSBC holds a debenture dated 10th August 2010 which relates to Group's BAC's facility of £250,000 and its HSBC Net facility of £300,000. The debenture includes:

A fixed charge over all present freehold and leasehold property;

A first fixed charge over book and other debts, chattels, goodwill and uncalled capital;

And a first floating charge over all assets and undertakings.

18. Creditors: Amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade creditors	239,897	269,486	-	-
Amounts owed to group undertakings	-	-	4,023	76,376
Corporation tax	-	38,555	-	-
Other taxation and social security	171,440	232,406	-	-
Other creditors	13,280	-	-	-
Accruals and deferred income	394,887	874,795	-	-
	819,504	1,415,242	4,023	76,376

RSA (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

19. Creditors: Amounts falling due after more than one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Other creditors	-	6,050	-	-

20. Financial instruments

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Financial assets				
Financial assets measured at fair value through profit or loss	658,661	1,630,284	3,597	3,597
Financial assets that are debt instruments measured at amortised cost	1,082,858	747,161	118,385	190,739
	-	-	-	-
	<u>1,741,519</u>	<u>2,377,445</u>	<u>121,982</u>	<u>194,336</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(648,063)	(1,150,331)	(4,023)	(76,376)

Financial assets measured at fair value through profit or loss comprises cash at bank.

Financial assets that are debt instruments measured at amortised cost comprise of trade and other debtors for the group and amounts owed by group undertakings for the company only.

Financial liabilities measured at amortised cost comprise of trade creditors, other creditors and accruals for the group and amounts owed to group undertakings for the company only.

RSA (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

21. Deferred taxation

Group

	2017 £
At beginning of year	9,172
Charged to the profit or loss	2,128
At end of year	<u>11,300</u>

At end of year

	Group 2017 £	<i>Group 2016 £</i>
Accelerated capital allowances	420	<i>(11,154)</i>
Pension surplus	9,338	<i>20,326</i>
Tax losses carried forward	1,542	<i>-</i>
	<u>11,300</u>	<i><u>9,172</u></i>

22. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
2,790,000 Ordinary shares of £0.01 each	<u>27,900</u>	<u>27,900</u>

RSA (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

23. Reserves

Share premium account

The share premium reserve contains the premium arising on the issue of equity shares, net of issue expenses.

Capital redemption reserve

The capital redemption reserve represents the nominal value of redeemed share capital in regards to a purchase of own shares.

Foreign exchange reserve

The foreign exchange reserve represents the cumulative movement in values of overseas subsidiaries balances when converted at the year end exchange rate.

Merger Reserve

The merger reserve represents the excess of nominal value of the capital of the subsidiary over the value of the nominal value of the investment held by its parent following capital reorganisation.

Profit & loss account

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

RSA (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

24. Share based payments

On 31st December 2016 the company set up an approved EMI scheme under which various share options were granted to a number of employees. This was an addition to the approved EMI schemes set up during financial years ending 2015, 2013, 2012 and 2011.

No options were exercised or lapsed during the period. At 31 December 2017 there were 599,147 (2016: 599,147) options outstanding.

	Weighted average exercise price (pence) 2017	Number 2017	<i>Weighted average exercise price (pence) 2016</i>	<i>Number 2016</i>
Outstanding at the beginning of the year	59	599,147	59	558,217
Granted during the year		-	59	314,330
Expired during the year		-	59	(273,400)
Outstanding at the end of the year	59	599,147	59	599,147
			2017	2016
Weighted average share price (pence)			59	59

25. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £5,748 (2016: £144,438).

Contributions totaling £49,149 (2016: £184,844) were payable to the company fund and a directors SIPP at the balance sheet date and are included in creditors.

RSA (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

26. Commitments under operating leases

At 31 December 2017 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2017 £	Group 2016 £
Not later than 1 year	82,475	88,153
Later than 1 year and not later than 5 years	230,700	222,595
Later than 5 years	28,837	83,473
	<u>342,012</u>	<u>394,221</u>

27. Related party transactions

The key management personnel of the company comprise of the directors and non executive directors. The total amount of remuneration (including employer pension contributions) received by key management personnel was £495,872 (2016 - £686,870).

28. Controlling party

In the opinion of the directors, the group was controlled throughout the period by the Stephens family.