

CH

Registered number: 03110911

SQUARE ONE RESOURCES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019



SQUARE ONE RESOURCES LIMITED

COMPANY INFORMATION

Directors

M R Rush
P S Hanikene
G P Gaskin
S Walker
A J L Breacher
J Waters

Company secretary

G P Gaskin

Registered number

03110911

Registered office

6 Devonshire Square
London
EC2M 4YE

Independent auditor

Grant Thornton UK LLP
Chartered Accountants & Statutory Auditor
Kingfisher House
1 Gilders Way
St James Place
Norwich
Norfolk
NR3 1UB

SQUARE ONE RESOURCES LIMITED

CONTENTS

	Page
Group strategic report	1 - 3
Directors' report	4 - 5
Independent auditor's report	6 - 8
Consolidated statement of comprehensive income	9
Consolidated statement of financial position	10
Company statement of financial position	11
Consolidated statement of changes in equity	12
Company statement of changes in equity	13
Consolidated statement of cash flows	14 - 15
Notes to the financial statements	16 - 37

SQUARE ONE RESOURCES LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2019

Introduction

The directors present their strategic report for the year ended 30 June 2019.

Business review and future developments

The Directors are satisfied with a financial performance that reflects a stable performance in a challenging economic environment.

Overall the business reports a reduction in Turnover of 2.3% and a reduction in Gross Profit of 5.2% compared with the previous year. In part as a result of the uncertainty surrounding the UK leaving the European Union, Turnover in Europe has decreased 5.2% compared to the previous year. In the UK Turnover has decreased marginally by 1.3%. As part of a strategic restructure the business operations in Poland have been incorporated into a local entity, Square One Resources Sp. z o.o. with effect from 1st November 2018. This local entity is 100% owned by Square One Resources Limited and its results are consolidated in these Financial Statements.

The Directors' strategy has been to continue to invest in new and existing staff through recruitment and training. The average group headcount has increased to 118 compared to 112 in the prior year. The Directors' believe that this ongoing investment in staff is driving improvements in our sales and management teams that will deliver growth into 2020.

The Directors are satisfied to report an Operating Profit of £1,117,000 (2018 : £1,474,000) and Profit After Taxation of £777,000 (2018 : £1,073,000).

The Directors are pleased to report that the business has achieved growth in Turnover and Operating Profit in the post balance sheet period and is well placed to continue this progress into 2020.

Principal risks and uncertainties

Economic climate

The general economic climate has a significant bearing on demand for recruitment services in the UK. The group's operations currently rely on the UK for a significant proportion of its business.

Industry demand

The company operates primarily within the IT sector of the recruitment industry. The directors believe that the IT sector is less susceptible to variations in the general economic outlook than the recruitment industry as a whole. The group has a diverse spread of clients and has no significant concentration of business with any one client.

Regulatory risks

The recruitment and staffing industry is regulated in particular to protect the interests of individuals ensuring that those workers and work seekers enjoy fair treatment in seeking gainful employment. The group complies with not only legislative regulation, but also makes a commitment to comply with the Code of Practice of the recognised industry body, the Association Of Professional Staffing Companies (APSCO), of which the group is a member.

Recruitment, retention and development of staff

The recruitment, retention and development of skilled and experienced staff is fundamental to the directors plan for continued growth. The directors believe that the group has an attractive remuneration and benefits package, offers training and development opportunities and has an ethos and culture for success and progression that will continue to satisfy the needs of staff.

SQUARE ONE RESOURCES LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

Financial and non-financial key performance indicators

The group uses a range of performance measures to monitor and manage the business effectively.

The key financial performance indicators are turnover, gross profit and margin, EBITDA (earnings before interest, tax, depreciation and amortisation) and profit after taxation. These KPI's indicate the volume of work the group has undertaken as well as the profitability achieved through the delivery of this work.

The key non-financial performance indicator is the average number of employees employed by the group.

The key performance indicators for the year ended 30 June 2019, with comparatives for the year ended 30 June 2018, are set out below:

	2019	2018
Turnover (£'000s)	74,747	76,491
Gross profit (£'000s)	9,750	10,287
Gross margin (%)	13	13
EBITDA (£'000s)	1,201	1,553
Profit after taxation (£'000s)	777	1,073
Average number of employees	118	112

The key performance indicators reflect the comments in the business review above – the overall reduction in Turnover of 2.3% and Gross Profit of 5.2% combine to deliver a reduction of EBITDA to £1,201,000 compared to £1,553,000 for the prior year. The continued investment in staff including increasing headcount by 5% should bring future gains.

Financial risk management objectives and policies

In common with other businesses, the group aims to minimise financial risk. The measures used by the directors to manage this risk include the preparation of profit and cash flow forecasts, regular monitoring of actual performance against these forecasts and ensuring that adequate financing facilities are in place to meet the requirements of the business.

The group uses various financial instruments including advances from invoice discounting, cash and items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations.

The existence of these financial instruments exposes the group to a number of financial risks, which are described in more detail below. The main risks arising from the group's financial instruments are currency risk, credit risk, and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Currency risk

The group limits its exposure to translation and transaction foreign exchange risk by, wherever possible, creating a natural hedge in matching the currency for sales and purchases on a contract by contract basis.

Credit risk

The group's principal credit risk relates to the recovery of amounts owed by trade debtors. In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history. Debts are actively chased by the credit control department. A proportion of the group's debts are insured through a trade credit insurance facility.

SQUARE ONE RESOURCES LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019**

Liquidity risk

Current and projected working capital demand is reviewed in conjunction with existing financing facilities to determine cash requirements as part of the routine reporting process.

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



G P Gaskin
Director

Date: 12 December 2019

SQUARE ONE RESOURCES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2019

The directors present their report and the financial statements for the year ended 30 June 2019.

Principal activity

The principal activity of the group is that of recruitment consultants.

Results and dividends

The profit for the year, after taxation, amounted to £777,000 (2018 - £1,073,000).

Interim dividends totaling £500,000 (2018: £1,000,000) have been paid during the year ended 30 June 2019. The directors have not recommended a final dividend.

Directors

The directors who served during the year and up to the date of signing the financial statements were:

M R Rush
P S Hanikene
G P Gaskin
S Walker
T J Harlow (resigned 3 September 2019)
L C Cooper (appointed 1 January 2019, resigned 31 October 2019)
A J L Breacher
P D Savill (resigned 5 September 2018)
J Waters (appointed 18 September 2019)

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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.

SQUARE ONE RESOURCES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019**

Charitable contributions

During the year the group made charitable donations of £6,525 (2018: £6,511) to non-political organisations. This amount includes amounts raised by staff in fundraising events supported by the group.

Directors' liability insurance

The Group maintains liability insurance for its directors, with a cover limit for each claim or series of claims against them in that capacity. The directors have also been granted a qualifying third party provision under section 234 of the Companies Act 2006. Neither the group's indemnity nor insurance provides cover in the event that a director is proved to have acted fraudulently or dishonestly.

Matters covered in the strategic report

Contained within the Strategic report are the business review and future developments, the principal risks and uncertainties, the key performance indicators and the financial risk management objectives and policies.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Post balance sheet events

There have been no significant events impacting the group since the year end.

Auditor

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

This report was approved by the board on 12 December 2019 and signed on its behalf.



G P Gaskin
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SQUARE ONE RESOURCES LIMITED

Opinion

We have audited the financial statements of Square One Resources Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2019, which comprise the Consolidated Statement of comprehensive income, the Consolidated and Company Statements of financial position, the Consolidated Statement of cash flows, the Consolidated and Company Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 30 June 2019 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SQUARE ONE RESOURCES LIMITED
(CONTINUED)**

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 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.

Matter on which we are required to report under the Companies Act 2006

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.

Matters on which we are required to report by exception

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.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SQUARE ONE RESOURCES LIMITED
(CONTINUED)**

Responsibilities of directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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 member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

Grant Thornton LLP

Stephen Eagling BSc ACA
Senior statutory auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Norwich

12 December 2019

SQUARE ONE RESOURCES LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2019 £000	2018 £000
Turnover	4	74,747	76,491
Cost of sales		(64,997)	(66,204)
Gross profit		9,750	10,287
Administrative expenses		(8,633)	(8,813)
Operating profit	5	1,117	1,474
Interest receivable	9	67	67
Interest payable	10	(196)	(157)
Profit before taxation		988	1,384
Tax on profit	11	(211)	(311)
Profit for the financial year		777	1,073
Profit for the year attributable to:			
Owners of the parent Company		777	1,073
		777	1,073

There was no other comprehensive income for 2019 (2018:£Nil).


The notes on pages 16 to 37 form part of these financial statements.

SQUARE ONE RESOURCES LIMITED
REGISTERED NUMBER:03110911

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019 £000	2018 £000
Fixed assets			
Intangible assets	13	19	32
Tangible assets	14	144	183
Investments	15	671	671
		<u>834</u>	<u>886</u>
Current assets			
Debtors: amounts falling due within one year	16	14,842	15,083
Cash at bank and in hand	17	555	665
		<u>15,397</u>	<u>15,748</u>
Creditors: amounts falling due within one year	18	(11,395)	(12,077)
Net current assets		<u>4,002</u>	<u>3,671</u>
Total assets less current liabilities		<u>4,836</u>	<u>4,557</u>
Provisions for liabilities			
Deferred taxation	20	(287)	(285)
Net assets		<u><u>4,549</u></u>	<u><u>4,272</u></u>
Capital and reserves			
Called up share capital	21	2	2
Profit and loss account	22	4,547	4,270
		<u>4,549</u>	<u>4,272</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 December 2019.


G P Gaskin
 Director

The notes on pages 16 to 37 form part of these financial statements.

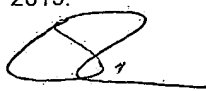
SQUARE ONE RESOURCES LIMITED
REGISTERED NUMBER:03110911

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019 £000	2018 £000
Fixed assets			
Intangible assets	13	14	32
Tangible assets	14	142	183
Investments	15	1,293	683
		<u>1,449</u>	<u>898</u>
Current assets			
Debtors: amounts falling due within one year	16	12,627	15,083
Cash at bank and in hand	17	552	665
		<u>13,179</u>	<u>15,748</u>
Creditors: amounts falling due within one year	18	(9,285)	(12,077)
Net current assets		<u>3,894</u>	<u>3,671</u>
Total assets less current liabilities		<u>5,343</u>	<u>4,569</u>
Provisions for liabilities			
Deferred taxation	20	(413)	(285)
Net assets		<u>4,930</u>	<u>4,284</u>
Capital and reserves			
Called up share capital	21	2	2
Profit and loss account brought forward		4,282	4,209
Profit for the year		1,146	1,073
Dividends paid		(500)	(1,000)
Profit and loss account carried forward	22	<u>4,928</u>	<u>4,282</u>
		<u>4,930</u>	<u>4,284</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 December 2019.

G P Gaskin
 Director



The notes on pages 16 to 37 form part of these financial statements.

SQUARE ONE RESOURCES LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

	Called up share capital £000	Retained earnings £000	Total equity £000
At 1 July 2018	2	4,270	4,272
Comprehensive income for the year			
Profit for the year	-	777	777
Other comprehensive income for the year	-	-	-
Dividends: Equity capital	-	(500)	(500)
Total transactions with owners	-	(500)	(500)
At 30 June 2019	2	4,547	4,549

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018**

	Called up share capital £000	Retained earnings £000	Total equity £000
At 1 July 2017	2	4,197	4,199
Comprehensive income for the year			
Profit for the year	-	1,073	1,073
Other comprehensive income for the year	-	-	-
Dividends: Equity capital	-	(1,000)	(1,000)
Total transactions with owners	-	(1,000)	(1,000)
At 30 June 2018	2	4,270	4,272

The notes on pages 16 to 37 form part of these financial statements.

SQUARE ONE RESOURCES LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 July 2018	2	4,282	4,284
Comprehensive income for the year			
Profit for the year	-	1,146	1,146
Other comprehensive income for the year	-	-	-
Contributions by and distributions to owners			
Dividends: Equity capital	-	(500)	(500)
Total transactions with owners	-	(500)	(500)
At 30 June 2019	2	4,928	4,930

The notes on pages 16 to 37 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018**

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 July 2017	2	4,209	4,211
Comprehensive income for the year			
Profit for the year	-	1,073	1,073
Other comprehensive income for the year	-	-	-
Contributions by and distributions to owners			
Dividends: Equity capital	-	(1,000)	(1,000)
Total transactions with owners	-	(1,000)	(1,000)
At 30 June 2018	2	4,282	4,284

The notes on pages 16 to 37 form part of these financial statements.

SQUARE ONE RESOURCES LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019**

	2019	<i>2018</i>
	£000	<i>£000</i>
Cash flows from operating activities		
Profit for the financial year	777	<i>1,073</i>
Adjustments for:		
Amortisation of intangible assets	13	<i>5</i>
Depreciation of tangible assets	71	<i>74</i>
Profit on disposal of tangible assets	(14)	<i>(28)</i>
Interest paid	196	<i>157</i>
Interest received	(67)	<i>(67)</i>
Taxation charge	211	<i>311</i>
Decrease/(increase) in debtors	245	<i>(680)</i>
(Decrease)/increase in creditors	(1,600)	<i>252</i>
Corporation tax (paid)	(139)	<i>(213)</i>
Net cash generated from operating activities	(307)	<i>884</i>
Cash flows from investing activities		
Purchase of intangible fixed assets	-	<i>(37)</i>
Purchase of tangible fixed assets	(99)	<i>(121)</i>
Sale of tangible fixed assets	82	<i>55</i>
Interest received	67	<i>67</i>
Net cash from investing activities	50	<i>(36)</i>

SQUARE ONE RESOURCES LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019**

	2019	<i>2018</i>
	£000	<i>£000</i>
Cash flows from financing activities		
Movements on invoice discounting	843	792
Dividends paid	(500)	<i>(1,000)</i>
Interest paid	(196)	<i>(157)</i>
	<hr/>	<hr/>
Net cash used in financing activities	147	<i>(365)</i>
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(110)	483
Cash and cash equivalents at beginning of year	665	182
	<hr/>	<hr/>
Cash and cash equivalents at the end of year	555	665
	<hr/> <hr/>	<hr/> <hr/>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	555	665
	<hr/>	<hr/>
	555	665
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 16 to 37 form part of these financial statements.

SQUARE ONE RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. General information

Square One Resources Limited is a private company limited by shares and incorporated in England & Wales. Its registered office is 6 Devonshire Square, London, EC2M 4YE.

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 judgement in applying the Group's 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 company has taken advantage of the following disclosure exemptions in preparing these financial statements as permitted by FRS 102:

- the requirements of Section 7 Statement of cash flows; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

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 Statement of financial position, 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.

SQUARE ONE RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2. Accounting policies (continued)

2.3 Going concern

The factors likely to affect the group's future development, performance and position are set out within the strategic report. Also included within the strategic report is a description of the group's financial risk management objectives, details of financial instruments and its exposure to credit risk and liquidity risk.

The group meets its day to day working capital requirements through an invoice discounting facility. The directors have prepared profit and cash flow forecasts for the period through to 31 December 2020. These indicate that the group will have significant headroom on the available invoice discounting facility throughout this period.

As a consequence the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook. The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and therefore they continue to adopt the going concern basis of accounting in preparing the financial statements.

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.

Rendering of services

The group acts as principal in the provision of contract resource and turnover and cost of sales relating to this activity are recorded based on services rendered in the period 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 contact can be measured reliably.

Revenue in respect of permanent placements is recognised at the commencement of employment with appropriate provision for on-going obligations.

2.5 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.

The estimated useful lives range as follows:

Website development	-	3	years
---------------------	---	---	-------

SQUARE ONE RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2. Accounting policies (continued)

2.6 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:

Leasehold property improvements	- Over the period of the lease
Motor vehicles	- 25% per annum straight line
Computer equipment, furniture, fixtures and fittings	- 33% per annum straight line

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.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.9 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

2. Accounting policies (continued)

2.10 Financial instruments

The Group only enters into basic financial instruments 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, and loans to related parties.

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 payables or receivables, 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 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.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an 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.

2.11 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.

SQUARE ONE RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2. Accounting policies (continued)

2.12 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.

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.

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

2.13 Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 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. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

SQUARE ONE RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

2. Accounting policies (continued)

2.15 Operating leases

Rentals paid under operating leases are charged to the profit and loss account 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 period until the date the rent is expected to be adjusted to the prevailing market rate.

2.16 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 Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

2.17 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of financial position date.

2.18 Interest income

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

SQUARE ONE RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2. Accounting policies (continued)

2.19 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 reporting 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 Statement of financial position 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 reporting date.

2.20 Square One Resources Limited Employee Benefit Trust

The Square One Resources Limited Employee Benefit Trust "the Trust" has been accounted for within the financial statements of Square One Resources Limited, being the sponsoring entity. Accordingly, the assets and liabilities of the Trust are recognised within these financial statements and their use are restricted for the benefit of the employees of Square One Resources Limited.

SQUARE ONE RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

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

In the application of the group's accounting policies, the Directors are required to make judgements, estimates and assumptions. 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, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below:

Provisions for bad debts, for which an estimate of the amount of trade debtors that will not be recovered. The net amount of trade debtors after this provision is disclosed in note 16.

4. Turnover

The whole of the turnover is attributable to recruitment consultancy.

Analysis of turnover by country of destination:

	2019 £000	2018 £000
United Kingdom	56,836	57,595
Rest of Europe	17,911	18,896
	<u>74,747</u>	<u>76,491</u>

5. Operating profit

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

	2019 £000	2018 £000
Depreciation of tangible fixed assets	71	74
Amortisation of intangible fixed assets	13	5
Other operating lease rentals - property	401	382
Foreign exchange (gains)/losses	(30)	64
Profit on sale of fixed assets	(14)	(29)
	<u>(14)</u>	<u>(29)</u>

SQUARE ONE RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

6. Auditor's remuneration

	2019	2018
	£000	£000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>20</u>	<u>17</u>
Fees payable to the Group's auditor and its associates in respect of:		
Taxation compliance services	6	4
Taxation advisory services	25	10
Other services	<u>1</u>	<u>1</u>

7. Employees

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

	Group	<i>Group</i>	Company	<i>Company</i>
	2019	<i>2018</i>	2019	<i>2018</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Wages and salaries	5,559	5,447	5,242	5,447
Social security costs	663	626	614	626
Pension costs	49	27	49	27
	<u>6,271</u>	<u>6,100</u>	<u>5,905</u>	<u>6,100</u>

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

	Group	<i>Group</i>	Company	<i>Company</i>
	2019	<i>2018</i>	2019	<i>2018</i>
	No.	<i>No.</i>	No.	<i>No.</i>
Management	7	5	7	5
Sales	76	65	72	65
Administration and support	35	42	31	42
	<u>118</u>	<u>112</u>	<u>110</u>	<u>112</u>

SQUARE ONE RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

8. Directors' remuneration

	2019	2018
	£000	£000
Directors' emoluments	703	678
Company contributions to defined contribution pension schemes	3	1
	706	679

During the year retirement benefits were accruing to 3 directors (2018: 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £267,324 (2018: £299,637).

9. Interest receivable

	2019	2018
	£000	£000
Interest receivable from group companies	67	67

10. Interest payable

	2019	2018
	£000	£000
Bank interest payable	50	20
Other interest payable	146	137
	196	157

SQUARE ONE RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

11. Taxation

	2019	2018
	£000	£000
Corporation tax		
Current tax on profits for the year	189	232
Adjustments in respect of previous periods	-	22
	189	254
Group taxation relief payable to parent undertaking	20	26
	209	280
Deferred tax		
Origination and reversal of timing differences	2	32
Adjustments in respect of previous periods	-	(1)
	211	311

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019	2018
	£000	£000
Profit on ordinary activities before tax	988	1,384
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	188	263
Effects of:		
Expenses not deductible for tax purposes	12	10
Adjustments to tax charge in respect of prior periods	-	21
Other timing differences	11	17
	211	311

SQUARE ONE RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

11. Taxation (continued)

Factors that may affect future tax charges

Legislation to reduce the main rate of corporation tax to 17% by 1 April 2020 was included in the Finance Act 2016 and has since substantively enacted. Deferred tax has been provided for at 17% in these financial statements, with the exception of balances relating to the Square One Resources Limited Employee Benefit Trust which has been provided for at 45% being the the Trusts income tax rate.

SQUARE ONE RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

12. Dividends

	2019	2018
	£000	£000
Equity dividends paid	500	1,000

13. Intangible assets

Group

	Website Development £000
Cost	
At 1 July 2018	37
At 30 June 2019	37
Amortisation	
At 1 July 2018	5
Charge for the year	13
At 30 June 2019	18
Net book value	
At 30 June 2019	19
At 30 June 2018	32

SQUARE ONE RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

13. Intangible assets (continued)

Company

	Website Development £000
Cost	
At 1 July 2018	37
Transfers to other group companies	(9)
	<hr/>
At 30 June 2019	28
	<hr/>
Amortisation	
At 1 July 2018	5
Charge for the year	11
Transfers to other group companies	(2)
	<hr/>
At 30 June 2019	14
	<hr/>
Net book value	
At 30 June 2019	14
	<hr/> <hr/>
At 30 June 2018	32
	<hr/> <hr/>

SQUARE ONE RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

14. Tangible fixed assets

Group

	Leasehold Improvements £000	Motor vehicles £000	Office equipment £000	Total £000
Cost or valuation				
At 1 July 2018	589	222	60	871
Additions	-	94	5	99
Disposals	-	(121)	(31)	(152)
At 30 June 2019	589	195	34	818
Depreciation				
At 1 July 2018	578	69	41	688
Charge for the year on owned assets	7	51	13	71
Disposals	-	(54)	(31)	(85)
At 30 June 2019	585	66	23	674
Net book value				
At 30 June 2019	4	129	11	144
At 30 June 2018	11	153	19	183

SQUARE ONE RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

14. Tangible fixed assets (continued)

Company

	Leasehold improvements £000	Motor vehicles £000	Office equipment £000	Total £000
Cost or valuation				
At 1 July 2018	589	222	60	871
Additions	-	94	5	99
Disposals	-	(121)	(31)	(152)
Transfers to other group companies	(12)	-	-	(12)
At 30 June 2019	<u>577</u>	<u>195</u>	<u>34</u>	<u>806</u>
Depreciation				
At 1 July 2018	578	69	41	688
Charge for the year on owned assets	2	51	13	66
Transfers intra group	(5)	-	-	(5)
Disposals	-	(54)	(31)	(85)
At 30 June 2019	<u>575</u>	<u>66</u>	<u>23</u>	<u>664</u>
Net book value				
At 30 June 2019	<u>2</u>	<u>129</u>	<u>11</u>	<u>142</u>
At 30 June 2018	<u>11</u>	<u>153</u>	<u>19</u>	<u>183</u>

SQUARE ONE RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

15. Fixed asset investments

Group

	Loan notes in parent undertaking £000
Cost	
At 1 July 2018	671
At 30 June 2019	671
Net book value	
At 30 June 2019	671
At 30 June 2018	671

Company

	Investments in subsidiary companies £000	Loan notes in parent undertaking £000	Total £000
Cost or valuation			
At 1 July 2018	12	671	683
Additions	610	-	610
At 30 June 2019	622	671	1,293
Net book value			
At 30 June 2019	622	671	1,293
At 30 June 2018	12	671	683

SQUARE ONE RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

15. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Square One Resources Sp. z o.o.	Poland	Recruitment consultants	Ordinary	100%
Square One Resources BV	Netherlands	Dormant	Ordinary	100%
Square One Pharma Resources Limited	England and Wales	Dormant	Ordinary	100%

The investment in loan notes issued by the parent undertaking is held by the Square One Resources Limited Employee Benefit Trust. The investment comprises £671,166 unsecured 10% loan notes, stated at par value. Accrued income in respect of these loan notes amounting to £754,000 (2018: £687,000) is included within debtors.

During the year the Company transferred the trade and assets of the Polish branch to a newly incorporated subsidiary Square One Resources Sp. z o.o. incorporated and registered in Poland.

16. Debtors

	Group 2019 £000	<i>Group 2018 £000</i>	Company 2019 £000	<i>Company 2018 £000</i>
Trade debtors	10,280	8,386	7,662	8,386
Amounts owed by group undertakings	16	-	447	-
Other debtors	137	322	114	322
Prepayments and accrued income	4,409	6,375	4,404	6,375
	14,842	15,083	12,627	15,083

Group

Included within trade debtors is £10,199,000 (2018: £8,553,000) in respect of invoice discounted debts outstanding at the year end. As shown in note 18 the amount advanced from the invoice discounter in respect of these debts was £5,768,000 (2018: £4,925,000).

Company

Included within trade debtors is £7,464,000 (2018: £8,553,000) in respect of invoice discounted debts outstanding at the year end. As shown in note 18 the amount advanced from the invoice discounter in respect of these debts was £4,907,000 (2018: £4,925,000).

SQUARE ONE RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

17. Cash and cash equivalents

	Group 2019 £000	<i>Group 2018 £000</i>	Company 2019 £000	<i>Company 2018 £000</i>
Cash at bank and in hand	555	665	552	665

18. Creditors: Amounts falling due within one year

	Group 2019 £000	<i>Group 2018 £000</i>	Company 2019 £000	<i>Company 2018 £000</i>
Trade creditors	4,058	4,790	3,011	4,790
Amounts owed to group undertakings	-	507	2	507
Corporation tax	106	30	96	30
Other taxation and social security	582	681	516	681
Advances from invoice discounting	5,768	4,925	4,907	4,925
Other creditors	16	-	-	-
Accruals and deferred income	865	1,144	753	1,144
	11,395	12,077	9,285	12,077

The amount advanced in respect of invoice discounting is secured by a debenture over the assets and undertaking of the group and company.

19. Financial instruments

	Group 2019 £000	<i>Group 2018 £000</i>	Company 2019 £000	<i>Company 2018 £000</i>
Financial assets				
Financial assets that are debt instruments measured at amortised cost	10,419	8,708	8,219	8,708
Financial liabilities				
Financial liabilities measured at amortised cost	(10,708)	(11,366)	(8,673)	(11,366)

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, amounts owed to group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, advances from invoice discounting, other creditors and accruals.

SQUARE ONE RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

20. Deferred taxation

Group

	2019 £000
At beginning of year	(285)
Charged to profit or loss	(2)
	-
At end of year	(287)

Company

	2019 £000
At beginning of year	(285)
Charged to profit or loss	(128)
	-
At end of year	(413)

SQUARE ONE RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

20. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	Group 2019 £000	<i>Group 2018 £000</i>	Company 2019 £000	<i>Company 2018 £000</i>
Depreciation in excess of capital allowances	27	23	27	23
Other timing differences	25	1	(102)	1
Interest income taxable when received	(339)	(309)	(339)	(309)
	<u>(287)</u>	<u>(285)</u>	<u>(414)</u>	<u>(285)</u>

21. Share capital

	2019 £000	<i>2018 £000</i>
Authorised		
300,000 (2018: 300,000) ordinary shares of £0.10 each	<u>30</u>	<u>30</u>
Allotted, called up and fully paid		
16,078 (2018: 16,078) ordinary shares of £0.10 each	<u>2</u>	<u>2</u>

22. Reserves

Retained earnings

Includes current and prior period retained profits and losses.

23. Pension scheme

The group operates a defined contribution stakeholder pension scheme. The charge to the profit and loss account for the year in respect of the contributions paid was £49,000 (2018: £27,000). Amounts outstanding at year end were £14,000 (2018: £8,000).

SQUARE ONE RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

24. Commitments under operating leases

At 30 June 2019 the Group and company had future minimum lease payments under non-cancellable operating leases as follows:

Group	2019 £000	2018 £000
Within 1 year	437	444
Between 2 and 5 years	109	583
	<u>546</u>	<u>1,027</u>

25. Ultimate parent undertaking and controlling parties

Ultimate parent undertaking

The immediate and ultimate parent undertaking is Square One Holdings Limited, a company registered in England and Wales. Square One Holdings Limited prepares consolidated financial statements in which the results of Square One Resources Limited are included. These consolidated financial statements are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

Ultimate controlling parties

M R Rush, P S Hanikene, G P Gaskin and S Walker each control 25% of the issued share capital of the ultimate parent undertaking.