

COMPANY REGISTRATION NUMBER: 03110911

**Square One Resources Limited**  
**Financial statements**  
**For the year ended**  
**30 June 2020**



# Square One Resources Limited

## Financial statements

Year ended 30 June 2020

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# Square One Resources Limited

## Officers and professional advisers

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<b>The board of directors</b>	M R Rush P S Hanikene G P Gaskin S Walker A J L Breacher J Waters
<b>Company secretary</b>	G P Gaskin
<b>Registered office</b>	Mindspace 9 Appold Street London United Kingdom EC2A 2AP
<b>Auditor</b>	Lovewell Blake LLP Chartered accountants & statutory auditor Bankside 300 Peachman Way Broadland Business Park Norwich NR7 0LB

# Square One Resources Limited

## Strategic report

Year ended 30 June 2020

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### Introduction

The Directors present their Strategic report for the year ended 30 June 2020

### Business review and future development

The Directors are satisfied with the financial performance in a challenging economic environment.

Overall, the business reports a reduction in Turnover of 6.1% and a reduction in Gross Profit of 6.2% compared with the previous year. Turnover in Europe has increased 17.9% compared to the previous year. In the UK Turnover has decreased by 13.7% compared to the previous year. The Directors' strategy has been to continue to invest in new and existing staff through recruitment and training. However, the average group headcount has decreased to 111, compared to 118 in the prior year, as a result of COVID-19. In the longer term, the Directors believe that by continuing to invest in the Company's staff, it will drive the improvements in our sales and management teams to deliver growth into 2021 and beyond.

The Directors are satisfied to report an Operating Profit of £1,335,000 (2019: £1,117,000) and Profit After Taxation of £968,000 (2019: £777,000).

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 2021.

### 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

## Strategic report *(continued)*

### Year ended 30 June 2020

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#### 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 indicator is the average number of employees employed by the Group.

The key performance indicators for the year ended 30 June 2020, with comparatives for the year ended 30 June 2019, are set out below:

	2020	2019
Turnover (£'000s)	70,161	74,747
Gross profit (£'000s)	9,141	9,750
Gross margin (%)	13	13
EBITDA (£'000s)	1,397	1,201
Profit after taxation (£'000s)	968	777
Average number of employees	111	118

The key performance indicators reflect the comments in the business review above - the overall reduction in Turnover of 6% and Gross Profit of 6% offset against the reduction of admin costs of 8% to deliver an increase of EBITDA to £1,397,000 compared to £1,201,000 for the prior year.

#### 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.

#### 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.

#### Covid 19

Throughout 2020, the Directors have been continually reviewing the impact of COVID-19 on the Group's cash flow, debt and funding arrangements, business performance and future profitability, and employee

# Square One Resources Limited

## Strategic report *(continued)*

### Year ended 30 June 2020

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engagement and well-being to make sure supplier commitments are fulfilled whilst also ensuring the longer term success of the business. Despite an initial reduction in candidates' willingness to move, recruitment freezes across a number of clients and the challenge of maintaining an efficient and effective working environment whilst working from home, the Directors believe the Group has performed well during this difficult period. To help minimise the effects of COVID-19 on the Group's employees whilst also maintaining liquidity, the Group used the Government Coronavirus Job Retention Scheme until 30 October 2020. The Directors believe the Group is set up to effectively manage the ongoing risks presented by COVID-19 in the future.

This report was approved by the board of directors on 18 December 2020 and signed on behalf of the board by:



G P Gaskin  
Director

Registered office:  
MindSPACE  
9 Appold Street  
London  
United Kingdom  
EC2A 2AP

# Square One Resources Limited

## Directors' report

### Year ended 30 June 2020

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The directors present their report and the financial statements of the group for the year ended 30 June 2020.

#### Directors

The directors who served the company during the year were as follows:

M R Rush	
P S Hanikene	
G P Gaskin	
S Walker	
A J L Breacher	
J Waters	(Appointed 18 September 2019)
L C Cooper	(Resigned 31 October 2019)
T J Harlow	(Resigned 3 September 2019)

#### Dividends

The profit for the year, after taxation, amounted to £968,000 (2019: £777,000).

Interim dividends totalling £500,000 (2019: £500,000) have been paid during the year ended 30 June 2020. The Directors have not recommended a final dividend.

#### Events after the end of the reporting period

There have been no significant events impacting the Group since the year end other than the on-going impacts of the COVID-19 pandemic which forms part of the commentary within the Strategic report.

#### Disclosure of information 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.

#### Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and 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 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 company will continue in business.

# Square One Resources Limited

## Directors' report *(continued)*

**Year ended 30 June 2020**

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The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

This report was approved by the board of directors on 18 December 2020 and signed on behalf of the board by:



G P Gaskin  
Director

Registered office:  
MindSpace  
9 Appold Street  
London  
United Kingdom  
EC2A 2AP

# Square One Resources Limited

## Independent auditor's report to the members of Square One Resources Limited

Year ended 30 June 2020

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### 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 2020 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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.

# Square One Resources Limited

## Independent auditor's report to the members of Square One Resources Limited (continued)

Year ended 30 June 2020

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### Other information

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

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

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

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

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

### Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept 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, 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.

# Square One Resources Limited

## Independent auditor's report to the members of Square One Resources Limited (continued)

Year ended 30 June 2020

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### 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](http://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.



Stephen Eagling BSc ACA (Senior Statutory Auditor)

For and on behalf of  
Lovewell Blake LLP  
Chartered accountants & statutory auditor  
Bankside 300  
Peachman Way  
Broadland Business Park  
Norwich  
NR7 0LB

21 December 2020

# Square One Resources Limited

## Consolidated statement of comprehensive income

Year ended 30 June 2020

	Note	2020 £000	2019 £000
Turnover	4	70,161	74,747
Cost of sales		(61,020)	(64,997)
<b>Gross profit</b>		<u>9,141</u>	<u>9,750</u>
Administrative expenses		(7,937)	(8,633)
Other operating income		131	—
<b>Operating profit</b>	5	<u>1,335</u>	<u>1,117</u>
Other interest receivable and similar income	8	67	67
Interest payable and similar expenses	9	(188)	(196)
<b>Profit before taxation</b>		<u>1,214</u>	<u>988</u>
Tax on profit	10	(246)	(211)
<b>Profit for the financial year</b>		<u>968</u>	<u>777</u>
Foreign currency retranslation		(4)	—
<b>Total comprehensive income for the year</b>		<u>964</u>	<u>777</u>

All the activities of the group are from continuing operations.

There was no other comprehensive income for 2020 (2019: £nil).

The notes on pages 16 to 28 form part of these financial statements.

# Square One Resources Limited

## Consolidated statement of financial position

30 June 2020

	Note	2020 £000	2019 £000
<b>Fixed assets</b>			
Intangible assets	12	5	19
Tangible assets	13	76	144
Investments	14	671	671
		<u>752</u>	<u>834</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	15	13,550	14,842
Cash at bank and in hand		592	555
		<u>14,142</u>	<u>15,397</u>
<b>Creditors: Amounts falling due within one year</b>	16	<u>(9,574)</u>	<u>(11,395)</u>
<b>Net current assets</b>		<u>4,568</u>	<u>4,002</u>
<b>Total assets less current liabilities</b>		<u>5,320</u>	<u>4,836</u>
<b>Provisions</b>			
Deferred taxation	17	<u>(307)</u>	<u>(287)</u>
<b>Net assets</b>		<u>5,013</u>	<u>4,549</u>
<b>Capital and reserves</b>			
Called up share capital	21	2	2
Profit and loss account	22	5,011	4,547
<b>Shareholders funds</b>		<u>5,013</u>	<u>4,549</u>

These financial statements were approved by the board of directors and authorised for issue on 18 December 2020, and are signed on behalf of the board by:



G P Gaskin  
Director

Company registration number: 03110911

The notes on pages 16 to 28 form part of these financial statements.

# Square One Resources Limited

## Company statement of financial position

30 June 2020

	Note	2020 £000	2019 £000
<b>Fixed assets</b>			
Intangible assets	12	5	14
Tangible assets	13	76	142
Investments	14	1,293	1,293
		<u>1,374</u>	<u>1,449</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	15	10,433	12,627
Cash at bank and in hand		590	552
		<u>11,023</u>	<u>13,179</u>
<b>Creditors: Amounts falling due within one year</b>	16	<u>(6,899)</u>	<u>(9,285)</u>
<b>Net current assets</b>		<u>4,124</u>	<u>3,894</u>
<b>Total assets less current liabilities</b>		<u>5,498</u>	<u>5,343</u>
<b>Provisions</b>			
Deferred taxation	17	(455)	(413)
<b>Net assets</b>		<u>5,043</u>	<u>4,930</u>
<b>Capital and reserves</b>			
Called up share capital	21	2	2
Profit and loss account	22	5,041	4,928
<b>Shareholders funds</b>		<u>5,043</u>	<u>4,930</u>

The profit for the financial year of the parent company was £613,000 (2019: £1,146,000).

These financial statements were approved by the board of directors and authorised for issue on 18 December 2020, and are signed on behalf of the board by:



G P Gaskin  
Director

Company registration number: 03110911

The notes on pages 16 to 28 form part of these financial statements.

# Square One Resources Limited

## Consolidated statement of changes in equity

Year ended 30 June 2020

		Called up share capital £000	Profit and loss account £000	Total
<b>At 1 July 2018</b>		2	4,270	4,272
Profit for the year		—	777	777
<b>Total comprehensive income for the year</b>		—	777	777
Dividends paid and payable	11	—	(500)	(500)
<b>Total investments by and distributions to owners</b>		—	(500)	(500)
<b>At 30 June 2019</b>		2	4,547	4,549
Profit for the year			968	968
Other comprehensive income for the year:				
Foreign currency retranslation		—	(4)	(4)
<b>Total comprehensive income for the year</b>		—	964	964
Dividends paid and payable	11	—	(500)	(500)
<b>Total investments by and distributions to owners</b>		—	(500)	(500)
<b>At 30 June 2020</b>		2	5,011	5,013

The notes on pages 16 to 28 form part of these financial statements.

# Square One Resources Limited

## Company statement of changes in equity

Year ended 30 June 2020

		Called up share capital £000	Profit and loss account £000	Total £000
<b>At 1 July 2018</b>		2	4,282	4,284
Profit for the year		—	1,146	1,146
<b>Total comprehensive income for the year</b>		—	1,146	1,146
Dividends paid and payable	11	—	(500)	(500)
<b>Total investments by and distributions to owners</b>		—	(500)	(500)
<b>At 30 June 2019</b>		2	4,928	4,930
Profit for the year		—	613	613
<b>Total comprehensive income for the year</b>		—	613	613
Dividends paid and payable	11	—	(500)	(500)
<b>Total investments by and distributions to owners</b>		—	(500)	(500)
<b>At 30 June 2020</b>		2	5,041	5,043

The notes on pages 16 to 28 form part of these financial statements.

# Square One Resources Limited

## Consolidated statement of cash flows

Year ended 30 June 2020

	2020 £000	2019 £000
<b>Cash flows from operating activities</b>		
Profit for the financial year	968	777
<i>Adjustments for:</i>		
Depreciation of tangible assets	48	71
Amortisation of intangible assets	14	13
Other interest receivable and similar income	(67)	(67)
Interest payable and similar expenses	188	196
Gains on disposal of tangible assets	(28)	(14)
Tax on profit	246	211
<i>Changes in:</i>		
Decrease/(Increase) in trade and other debtors	1,292	245
(Decrease)/increase in trade and other creditors	(41)	(1,600)
Cash generated from operations	2,620	(168)
Interest paid	(190)	(196)
Interest received	67	67
Tax paid	(209)	(139)
Net cash from/(used in) operating activities	<u>2,288</u>	<u>(436)</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(7)	(99)
Proceeds from sale of tangible assets	55	82
Net cash from/(used in) investing activities	<u>48</u>	<u>(17)</u>
<b>Cash flows from financing activities</b>		
Dividends paid	(500)	(500)
Movements on invoice discounting	(1,799)	843
Net cash (used in)/from financing activities	<u>(2,299)</u>	<u>343</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	37	(110)
<b>Cash and cash equivalents at beginning of year</b>	<u>555</u>	<u>665</u>
<b>Cash and cash equivalents at end of year</b>	<u>592</u>	<u>555</u>

The notes on pages 16 to 28 form part of these financial statements.

# Square One Resources Limited

## Notes to the financial statements

Year ended 30 June 2020

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### 1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Mindspace, 9 Appold Street, London, EC2A 2AP, United Kingdom.

### 2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

### 3. Accounting policies

#### Basis of preparation

The financial statements have been prepared on the historical cost basis 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.

#### 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 2021. 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.

#### Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) No disclosure has been given for the aggregate remuneration of key management personnel.

#### Consolidation

The financial statements consolidate the financial statements of the Group and all of its subsidiary undertakings. The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes. The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not included its individual statement of comprehensive income.

# Square One Resources Limited

## Notes to the financial statements *(continued)*

Year ended 30 June 2020

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### 3. Accounting policies *(continued)*

#### **Judgements 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 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 15.

#### **Revenue recognition**

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of discounts and of Value Added Tax.

Revenue in respect of temporary placements is recognised in the period in which the services have been provided by contractors.

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

#### **Income tax**

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

# Square One Resources Limited

## Notes to the financial statements *(continued)*

Year ended 30 June 2020

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### 3. Accounting policies *(continued)*

#### Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the Statement of Comprehensive Income.

#### Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

#### Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses.

#### Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Development costs - 3 years

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

#### Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

#### Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold Improvements - Over the period of the lease  
Motor vehicles - 25% straight line  
Equipment - 33% straight line

#### Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

# Square One Resources Limited

## Notes to the financial statements *(continued)*

Year ended 30 June 2020

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### 3. Accounting policies *(continued)*

#### Government grants

Government grant income included within other operating income represents amounts receivable in respect of the Coronavirus Job Retention Scheme (CJRS). This income is recognised at the fair value of the asset received or receivable. This grant income has been recognised using the performance model and the income has been recognised in the period to which the employee service relates.

#### Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

#### Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

#### 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 *(continued)*

Year ended 30 June 2020

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### 4. Turnover

Turnover arises from:

	<b>2020</b>	2019
	<b>£000</b>	£000
Rendering of services	70,161	74,747

The turnover is attributable to the one principal activity of the group. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	<b>2020</b>	2019
	<b>£000</b>	£000
United Kingdom	49,049	56,836
Rest of Europe	21,112	17,911
	<u>70,161</u>	<u>74,747</u>

### 5. Operating profit

Operating profit or loss is stated after charging/crediting:

	<b>2020</b>	2019
	<b>£000</b>	£000
Amortisation of intangible assets	14	10
Depreciation of tangible assets	48	71
Gains on disposal of tangible assets	(28)	(14)
Impairment of trade debtors	75	(72)
Foreign exchange differences	23	(30)
Operating lease rentals - property	437	401

### 6. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	<b>2020</b>	2019
	<b>No.</b>	No.
Management staff	8	7
Sales	75	76
Administration and support	28	35
	<u>111</u>	<u>118</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	<b>2020</b>	2019
	<b>£000</b>	£000
Wages and salaries	5,383	5,559
Social security costs	651	663
Other pension costs	61	49
	<u>6,095</u>	<u>6,271</u>

# Square One Resources Limited

## Notes to the financial statements *(continued)*

### Year ended 30 June 2020

#### 7. Directors' remuneration

The Directors' aggregate remuneration in respect of qualifying services was:

	2020 £000	2019 £000
Remuneration	640	703
Company contributions to defined contribution pension plans	3	3
Compensation for loss of office	30	—
	<u>673</u>	<u>706</u>

The number of Directors who accrued benefits under Company pension plans was as follows:

	2020 No.	2019 No.
Defined contribution plans	<u>2</u>	<u>3</u>

Remuneration of the highest paid Director in respect of qualifying services:

	2020 £000	2019 £000
Aggregate remuneration	<u>250</u>	<u>267</u>

#### 8. Other interest receivable and similar income

	2020 £000	2019 £000
Interest from Group undertakings	<u>67</u>	<u>67</u>

#### 9. Interest payable and similar expenses

	2020 £000	2019 £000
Interest on banks loans and overdrafts	81	50
Other interest payable and similar charges	107	146
	<u>188</u>	<u>196</u>

#### 10. Tax on profit

Major components of tax expense

	2020 £000	2019 £000
<b>Current tax:</b>		
UK current tax expense	145	185
Foreign tax charge	81	24
Total current tax	<u>226</u>	<u>209</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	20	2
<b>Tax on profit</b>	<u>246</u>	<u>211</u>

# Square One Resources Limited

## Notes to the financial statements *(continued)*

### Year ended 30 June 2020

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#### 10. Tax on profit *(continued)*

##### Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

The differences are explained below:-

	<b>2020</b>	2019
	<b>£000</b>	£000
Profit on ordinary activities before taxation	1,214	988
Profit on ordinary activities by rate of tax	231	188
Adjustment to tax charge in respect of prior periods	(5)	-
Effect of expenses not deductible for tax purposes	5	12
Other timing differences	(12)	11
Changes in tax rates	27	-
Tax on profit	<u>246</u>	<u>211</u>

#### 11. Dividends

	<b>2020</b>	2019
	<b>£000</b>	£000
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	<u>500</u>	<u>500</u>

#### 12. Intangible assets

<b>Group</b>	<b>Development costs</b>
	<b>£000</b>
<b>Cost</b>	
At 1 July 2019 and 30 June 2020	<u>37</u>
<b>Amortisation</b>	
At 1 July 2019	18
Charge for the year	14
At 30 June 2020	<u>32</u>
<b>Carrying amount</b>	
At 30 June 2020	<u>5</u>
At 30 June 2019	<u>19</u>

# Square One Resources Limited

## Notes to the financial statements *(continued)*

Year ended 30 June 2020

### 12. Intangible assets *(continued)*

Company	Development costs £000
<b>Cost</b>	
At 1 July 2019 and 30 June 2020	<u>28</u>
<b>Amortisation</b>	
At 1 July 2019	14
Charge for the year	<u>9</u>
<b>At 30 June 2020</b>	<u>23</u>
<b>Carrying amount</b>	
At 30 June 2020	<u>5</u>
At 30 June 2019	<u>14</u>

### 13. Tangible assets

Group	Leasehold improvements £000	Motor vehicles £000	Equipment £000	Total £000
<b>Cost</b>				
At 1 July 2019	589	195	34	818
Additions	–	–	7	7
Disposals	–	(61)	(14)	(75)
<b>At 30 June 2020</b>	<u>589</u>	<u>134</u>	<u>27</u>	<u>750</u>
<b>Depreciation</b>				
At 1 July 2019	585	66	23	674
Charge for the year	1	40	7	48
Disposals	–	(36)	(12)	(48)
<b>At 30 June 2020</b>	<u>586</u>	<u>70</u>	<u>18</u>	<u>674</u>
<b>Carrying amount</b>				
At 30 June 2020	<u>3</u>	<u>64</u>	<u>9</u>	<u>76</u>
At 30 June 2019	<u>4</u>	<u>129</u>	<u>11</u>	<u>144</u>

# Square One Resources Limited

## Notes to the financial statements *(continued)*

Year ended 30 June 2020

### 13. Tangible assets *(continued)*

Company	Leasehold improvements £000	Motor vehicles £000	Equipment £000	Total £000
<b>Cost</b>				
At 1 July 2019	577	195	34	806
Additions	–	–	7	7
Disposals	–	(60)	(14)	(74)
<b>At 30 June 2020</b>	<u>577</u>	<u>135</u>	<u>27</u>	<u>739</u>
<b>Depreciation</b>				
At 1 July 2019	575	66	23	664
Charge for the year	1	40	7	48
Disposals	–	(36)	(13)	(49)
<b>At 30 June 2020</b>	<u>576</u>	<u>70</u>	<u>17</u>	<u>663</u>
<b>Carrying amount</b>				
At 30 June 2020	<u>1</u>	<u>65</u>	<u>10</u>	<u>76</u>
At 30 June 2019	<u>2</u>	<u>129</u>	<u>11</u>	<u>142</u>

### 14. Investments

Group	Loans notes in group undertakings £000		Total £000
<b>Cost</b>			
At 1 July 2019 and 30 June 2020			<u>671</u>
<b>Impairment</b>			
At 1 July 2019 and 30 June 2020			<u>–</u>
<b>Carrying amount</b>			
At 1 July 2019 and 30 June 2020			<u>671</u>
At 30 June 2019			<u>671</u>
<b>Company</b>	<b>Shares in group undertakings £000</b>	<b>Loans notes in group undertakings £000</b>	<b>Total £000</b>
<b>Cost</b>			
At 1 July 2019 and 30 June 2020	<u>622</u>	<u>671</u>	<u>1,293</u>
<b>Impairment</b>			
At 1 July 2019 and 30 June 2020	<u>–</u>	<u>–</u>	<u>–</u>
<b>Carrying amount</b>			
At 1 July 2019 and 30 June 2020	<u>622</u>	<u>671</u>	<u>1,293</u>
At 30 June 2019	<u>622</u>	<u>671</u>	<u>1,293</u>

# Square One Resources Limited

## Notes to the financial statements *(continued)*

### Year ended 30 June 2020

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#### 14. Investments *(continued)*

##### Subsidiaries, associates and other investments

Details of the investments in which the group and the parent company have an interest of 20% or more are as follows:

	Class of share	Percentage of shares held
<b>Subsidiary undertakings</b>		
Square One Resources Sp. z o.o. (country of incorporation - Poland)	Ordinary	100
Square One Resources BV (country of incorporation - Netherlands)	Ordinary	100
Square One Pharma Resources Limited (country of incorporation - England)	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 £822,000 (2019: £754,000) is included within debtors.

#### 15. Debtors

Debtors falling due within one year are as follows:

	<b>Group</b>		<b>Company</b>	
	2020	2019	2020	2019
	£000	£000	£000	£000
Trade debtors	9,721	10,280	6,185	7,662
Amounts owed by group undertakings	316	16	758	447
Prepayments and accrued income	3,438	4,409	3,435	4,404
Other debtors	75	137	55	114
	<u>13,550</u>	<u>14,842</u>	<u>10,433</u>	<u>12,627</u>

##### Group

Included within trade debtors is £9,449,000 (2019: £10,199,000) in respect of invoice discounted debts outstanding at the year end. As shown in note 16, the amount advanced from the invoice discounter in respect of these debts was £3,969,000 (2019: £5,768,000).

##### Company

Included within trade debtors is £5,914,000 (2019: £7,464,000) in respect of invoice discounted debts outstanding at the year end. As shown in note 16, the amount advanced from the invoice discounter in respect of these debts was £2,989,000 (2019: £4,907,000).

# Square One Resources Limited

## Notes to the financial statements (continued)

### Year ended 30 June 2020

#### 16. Creditors: Amounts falling due within one year

	<b>2020</b>	<b>Group</b>	<b>2020</b>	<b>Company</b>
	<b>£000</b>	<b>2019</b>	<b>£000</b>	<b>2019</b>
		<b>£000</b>		<b>£000</b>
Trade creditors	4,125	4,058	2,476	3,011
Amounts owed to group undertakings	–	–	2	2
Accruals and deferred income	729	865	708	753
Corporation tax	125	106	114	96
Social security and other taxes	622	582	606	516
Advances from invoice discounting	3,969	5,768	2,989	4,907
Other creditors	4	16	4	–
	<u>9,574</u>	<u>11,395</u>	<u>6,899</u>	<u>9,285</u>

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

#### 17. Provisions

<b>Group</b>	<b>Deferred tax</b>
	<b>(note 18)</b>
	<b>£000</b>
At 1 July 2019	287
Additions	<u>20</u>
<b>At 30 June 2020</b>	<u>307</u>
<b>Company</b>	<b>Deferred tax</b>
	<b>(note 18)</b>
	<b>£000</b>
At 1 July 2019	413
Additions	<u>42</u>
<b>At 30 June 2020</b>	<u>455</u>

#### 18. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	<b>2020</b>	<b>Group</b>	<b>2020</b>	<b>Company</b>
	<b>£000</b>	<b>2019</b>	<b>£000</b>	<b>2019</b>
		<b>£000</b>		<b>£000</b>
Included in provisions (note 17)	<u>307</u>	<u>287</u>	<u>455</u>	<u>413</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	<b>2020</b>	<b>Group</b>	<b>2020</b>	<b>Company</b>
	<b>£000</b>	<b>2019</b>	<b>£000</b>	<b>2019</b>
		<b>£000</b>		<b>£000</b>
Accelerated capital allowances	29	27	29	27
Other timing differences	33	25	(115)	(101)
Interest income taxable when received	<u>(369)</u>	<u>(339)</u>	<u>(369)</u>	<u>(339)</u>
	<u>(307)</u>	<u>(287)</u>	<u>(455)</u>	<u>(413)</u>

# Square One Resources Limited

## Notes to the financial statements (continued)

### Year ended 30 June 2020

#### 19. Employee benefits

##### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £60,725 (2019: £49,412).

#### 20. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	2020 £000	Group 2019 £000	2020 £000	Company 2019 £000
Recognised in other operating income: Government grants recognised directly in income	131	—	131	—

Government grant income represents amounts receivable in respect of the Coronavirus Job Retention Scheme (CJRS). There are no unfulfilled conditions or other contingencies attaching to this income.

#### 21. Called up share capital

##### Authorised share capital

	2020 No.	£	2019 No.	£
Ordinary shares of £0.10 each	<u>300,000</u>	<u>30,000</u>	<u>300,000</u>	<u>30,000</u>

##### Issued, called up and fully paid

	2020 No.	£	2019 No.	£
Ordinary shares of £0.10 each	<u>16,078</u>	<u>1,608</u>	<u>16,078</u>	<u>1,608</u>

#### 22. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

#### 23. Analysis of changes in net debt

	At 1 July 2019 £000	Cash flows £000	At 30 June 2020 £000
Cash at bank and in hand	555	37	592
Debt due within one year	(5,768)	1,799	(3,969)
	<u>(5,213)</u>	<u>1,836</u>	<u>(3,377)</u>

# Square One Resources Limited

## Notes to the financial statements *(continued)*

Year ended 30 June 2020

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### 24. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Not later than 1 year	109	437	109	437
Later than 1 year and not later than 5 years	–	109	–	109
	<u>109</u>	<u>546</u>	<u>109</u>	<u>546</u>

### 25. Controlling party

#### Ultimate parent undertaking

The immediate and ultimate parent undertakings 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.