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COMPANY REGISTRATION NUMBER: 03110911

Square One Resources Limited
Financial statements
For the year ended
30 June 2021



Square One Resources Limited

Financial statements

Year ended 30 June 2021

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Square One Resources Limited

Officers and professional advisers

The board of directors

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

Company secretary

G P Gaskin

Registered office

Mindspace
9 Appold Street
London
United Kingdom
EC2A 2AP

Auditor

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 2021

Introduction

The Directors present their Strategic report for the year ended 30 June 2021.

Business review and future developments

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

The effects of the COVID-19 pandemic in the spring/summer of 2020 were significant. In the UK the business suffered an almost immediate reduction in business levels in both the Contracting and Permanent markets. The Directors swiftly implemented plans to minimise the impact on the business by investing in IT such that staff could work from home where possible and, took advantage of the Government's Coronavirus job retention scheme to finance the furlough of a number of staff for a period. Business levels in the UK recovered steadily in the second half of the financial year and the Directors have continued to invest in recruiting and training new staff. The business in Poland proved to be highly resilient in the most difficult times of the pandemic and over the financial year as a whole this business has continued to grow organically.

Overall, the business reports a reduction in turnover of 6.4% and a reduction in Gross Profit of 15.1% compared with the previous financial year. Turnover in Europe has increased 11.1% compared with the previous year. In the UK Turnover has decreased by 13.9% compared with the previous year. The average group headcount has decreased to 96, compared with 111 in the prior year. The Directors are satisfied to report an Operating Profit of £1,506,000 (2020: £1,335,000) and Profit After Taxation of £1,081,000 (2020: £968,000).

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 2022.

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 2021

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 2021, with comparatives for the year ended 30 June 2020, are set out below:

	2021	2020
Turnover (£'000s)	65,681	70,161
Gross profit (£'000s)	7,760	9,141
Gross margin (%)	12	13
EBITDA (£'000s)	1,561	1,397
Profit after taxation (£'000s)	1,081	968
Average number of employees	96	111

The key performance indicators reflect the comments in the business review above - the overall reduction in Turnover of 6% and Gross Profit of 15% offset against the reduction of admin costs of 20% to deliver an increase of EBITDA to £1,561,000 compared to £1,397,000 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 2021, 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 2021

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 15 December 2021 and signed on behalf of the board by:



J Waters
Director

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

Square One Resources Limited

Directors' report

Year ended 30 June 2021

The directors present their report and the financial statements of the group for the year ended 30 June 2021.

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

Dividends

The profit for the year, after taxation, amounted to £1,081,000 (2020: £968,000).

Interim dividends totalling £600,000 (2020: £500,000) have been paid during the year ended 30 June 2021. 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.

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, the directors' report and the financial statements in accordance with applicable law and regulations.

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 company will continue in business.

Square One Resources Limited

Directors' report *(continued)*

Year ended 30 June 2021

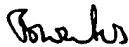
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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 15 December 2021 and signed on behalf of the board by:



J Waters
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 2021

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 2021 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 2021 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Square One Resources Limited

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

Year ended 30 June 2021

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.

Square One Resources Limited

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

Year ended 30 June 2021

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.

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 the ISA's (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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatement in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- we identified the principal laws and regulations applicable to the group and company through discussions with management and our wider knowledge and experience;
- identified laws and regulations were considered in our planning of the audit and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the group financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate material risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- reviewed internal controls in respect of journal entries and tested journal entries considered large and/or unusual transactions; and
- assessed whether judgements and assumptions made in determining accounting estimates were indicative of potential bias.

Square One Resources Limited

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

Year ended 30 June 2021

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing material financial statement disclosures to underlying supporting documentation; and
- enquiring of management and directors as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any. Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

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



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

15 December 2021

Square One Resources Limited

Consolidated statement of comprehensive income

Year ended 30 June 2021

		2021	2020
	Note	£000	£000
Turnover	4	65,681	70,161
Cost of sales		(57,921)	(61,020)
Gross profit		<u>7,760</u>	<u>9,141</u>
Administrative expenses		(6,367)	(7,937)
Other operating income		<u>113</u>	<u>131</u>
Operating profit	5	1,506	1,335
Other interest receivable and similar income	9	67	67
Interest payable and similar expenses	10	(152)	(188)
Profit before taxation		1,421	1,214
Tax on profit	11	(340)	(246)
Profit for the financial year		<u>1,081</u>	<u>968</u>
Foreign currency retranslation		(35)	(4)
Total comprehensive income for the year		<u>1,046</u>	<u>964</u>

All the activities of the group are from continuing operations.

The notes on pages 17 to 29 form part of these financial statements.

Square One Resources Limited

Consolidated statement of financial position

30 June 2021

	Note	2021 £000	2020 £000
Fixed assets			
Intangible assets	13	–	5
Tangible assets	14	89	76
Investments	15	671	671
		<u>760</u>	<u>752</u>
Current assets			
Debtors: amounts falling due within one year	16	15,402	13,550
Cash at bank and in hand		447	592
		<u>15,849</u>	<u>14,142</u>
Creditors: Amounts falling due within one year	17	<u>(10,798)</u>	<u>(9,574)</u>
Net current assets		<u>5,051</u>	<u>4,568</u>
Total assets less current liabilities		<u>5,811</u>	<u>5,320</u>
Provisions			
Deferred taxation	18	(352)	(307)
Net assets		<u>5,459</u>	<u>5,013</u>
Capital and reserves			
Called up share capital	22	2	2
Profit and loss account	23	5,457	5,011
Shareholders funds		<u>5,459</u>	<u>5,013</u>

These financial statements were approved by the board of directors and authorised for issue on 15 December 2021, and are signed on behalf of the board by:



J Waters
Director

Company registration number: 03110911

The notes on pages 17 to 29 form part of these financial statements.

Square One Resources Limited

Company statement of financial position

30 June 2021

	Note	2021 £000	2020 £000
Fixed assets			
Intangible assets	13	-	5
Tangible assets	14	86	76
Investments	15	1,293	1,293
		<u>1,379</u>	<u>1,374</u>
Current assets			
Debtors: amounts falling due within one year	16	11,792	10,433
Cash at bank and in hand		426	590
		<u>12,218</u>	<u>11,023</u>
Creditors: Amounts falling due within one year	17	<u>(7,714)</u>	<u>(6,899)</u>
Net current assets		<u>4,504</u>	<u>4,124</u>
Total assets less current liabilities		<u>5,883</u>	<u>5,498</u>
Provisions			
Deferred taxation	18	(527)	(455)
Net assets		<u>5,356</u>	<u>5,043</u>
Capital and reserves			
Called up share capital	22	2	2
Profit and loss account	23	5,354	5,041
Shareholders funds		<u>5,356</u>	<u>5,043</u>

The profit for the financial year of the parent company was £913,000 (2020: £613,000).

These financial statements were approved by the board of directors and authorised for issue on 15 December 2021, and are signed on behalf of the board by:



J Waters
Director

Company registration number: 03110911

The notes on pages 17 to 29 form part of these financial statements.

Square One Resources Limited

Consolidated statement of changes in equity

Year ended 30 June 2021

		Called up share capital £000	Profit and loss account £000	Total
At 1 July 2019		2	4,547	4,549
Profit for the year		–	968	968
Other comprehensive income for the year:				
Foreign currency retranslation		–	(4)	(4)
Total comprehensive income for the year		–	964	964
Dividends paid and payable	12	–	(500)	(500)
Total investments by and distributions to owners		–	(500)	(500)
At 30 June 2020		2	5,011	5,013
Profit for the year		–	1,081	1,081
Other comprehensive income for the year:				
Foreign currency retranslation		–	(35)	(35)
Total comprehensive income for the year		–	1,046	1,046
Dividends paid and payable	12	–	(600)	(600)
Total investments by and distributions to owners		–	(600)	(600)
At 30 June 2021		<u>2</u>	<u>5,457</u>	<u>5,459</u>

The notes on pages 17 to 29 form part of these financial statements.

Square One Resources Limited

Company statement of changes in equity

Year ended 30 June 2021

	Called up share capital £000	Profit and loss account £000	Total £000
At 1 July 2019	2	4,928	4,930
Profit for the year	—	613	613
Total comprehensive income for the year	—	613	613
Dividends paid and payable	12	(500)	(500)
Total investments by and distributions to owners	—	(500)	(500)
At 30 June 2020	2	5,041	5,043
Profit for the year	—	913	913
Total comprehensive income for the year	—	913	913
Dividends paid and payable	12	(600)	(600)
Total investments by and distributions to owners	—	(600)	(600)
At 30 June 2021	2	5,354	5,356

The notes on pages 17 to 29 form part of these financial statements.

Square One Resources Limited

Consolidated statement of cash flows

Year ended 30 June 2021

	2021 £000	2020 £000
Cash flows from operating activities		
Profit for the financial year	1,081	968
<i>Adjustments for:</i>		
Depreciation of tangible assets	50	48
Amortisation of intangible assets	5	14
Other interest receivable and similar income	(67)	(67)
Interest payable and similar expenses	152	188
Gains on disposal of tangible assets	(35)	(28)
Tax on profit	340	246
<i>Changes in:</i>		
Decrease/(Increase) in trade and other debtors	(1,902)	1,292
(Decrease)/increase in trade and other creditors	1,331	(41)
Cash generated from operations	955	2,620
Interest paid	(152)	(190)
Interest received	67	67
Tax paid	(290)	(209)
Net cash from operating activities	580	2,288
Cash flows from investing activities		
Purchase of tangible assets	(95)	(7)
Proceeds from sale of tangible assets	67	55
Net cash (used in)/from investing activities	(28)	48
Cash flows from financing activities		
Dividends paid	(600)	(500)
Movements on invoice discounting	(97)	(1,799)
Net cash used in financing activities	(697)	(2,299)
Net (decrease)/increase in cash and cash equivalents	(145)	37
Cash and cash equivalents at beginning of year	592	555
Cash and cash equivalents at end of year	447	592

The notes on pages 17 to 29 form part of these financial statements.

Square One Resources Limited

Notes to the financial statements

Year ended 30 June 2021

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 2022. 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.

The invoice discounting facilities are due for renewal in February 2022. The directors believe that the facilities will be renewed on similar terms as those currently in operation and the renewal of such facilities forms the basis of the directors' assessment.

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 2021

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 16.

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.

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.

Square One Resources Limited

Notes to the financial statements *(continued)*

Year ended 30 June 2021

3. Accounting policies *(continued)*

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.

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.

Government grants are recognised in the period in which they relate.

Square One Resources Limited

Notes to the financial statements *(continued)*

Year ended 30 June 2021

3. Accounting policies *(continued)*

Financial instruments

A financial asset or a financial liability is recognised only when the entity 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.

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 2021

4. Turnover

Turnover arises from:

	2021	2020
	£000	£000
Rendering of services	65,681	70,161

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:

	2021	2020
	£000	£000
United Kingdom	42,222	49,049
Rest of Europe	23,459	21,112
	<u>65,681</u>	<u>70,161</u>

5. Operating profit

Operating profit or loss is stated after charging/crediting:

	2021	2020
	£000	£000
Amortisation of intangible assets	5	14
Depreciation of tangible assets	50	48
Gains on disposal of tangible assets	(35)	(28)
Impairment of trade debtors	100	75
Foreign exchange differences	112	23
Operating lease rentals - property	442	437

6. Auditor's remuneration

	2021	2020
	£000	£000
Fees payable for the audit of the financial statements	18	18
Fees payable to the company's auditor and its associates for other services:		
Taxation compliance services	5	4
Taxation advisory services	7	-
Other non-audit services	2	2
	<u>14</u>	<u>6</u>

7. Staff costs

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

	2021	2020
	No.	No.
Management staff	6	8
Sales	68	75
Administration and support	22	28
	<u>96</u>	<u>111</u>

Square One Resources Limited

Notes to the financial statements *(continued)*

Year ended 30 June 2021

7. Staff costs *(continued)*

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

	2021	2020
	£000	£000
Wages and salaries	4,568	5,383
Social security costs	563	651
Other pension costs	50	61
	<u>5,181</u>	<u>6,095</u>

8. Directors' remuneration

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

	2021	2020
	£000	£000
Remuneration	547	640
Company contributions to defined contribution pension plans	3	3
Compensation for loss of office	—	30
	<u>550</u>	<u>673</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2021	2020
	No.	No.
Defined contribution plans	<u>2</u>	<u>2</u>

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

	2021	2020
	£000	£000
Aggregate remuneration	<u>226</u>	<u>250</u>

9. Other interest receivable and similar income

	2021	2020
	£000	£000
Interest from group undertakings	<u>67</u>	<u>67</u>

10. Interest payable and similar expenses

	2021	2020
	£000	£000
Interest on banks loans and overdrafts	82	81
Other interest payable and similar charges	70	107
	<u>152</u>	<u>188</u>

Square One Resources Limited

Notes to the financial statements *(continued)*

Year ended 30 June 2021

11. Tax on profit

Major components of tax expense

	2021	2020
	£000	£000
Current tax:		
UK current tax expense	170	145
Foreign tax charge	125	81
Total current tax	<u>295</u>	<u>226</u>
Deferred tax:		
Origination and reversal of timing differences	45	20
Tax on profit	<u>340</u>	<u>246</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%).

The differences are explained below:-

	2021	2020
	£000	£000
Profit on ordinary activities before taxation	1,421	1,214
Profit on ordinary activities by rate of tax	270	231
Adjustment to tax charge in respect of prior periods	17	(5)
Effect of expenses not deductible for tax purposes	5	5
Other timing differences	-	(12)
Changes in tax rates	48	27
Tax on profit	<u>340</u>	<u>246</u>

12. Dividends

	2021	2020
	£000	£000
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	<u>600</u>	<u>500</u>

Square One Resources Limited

Notes to the financial statements *(continued)*

Year ended 30 June 2021

13. Intangible assets

Group	Development costs £000
Cost	
At 1 July 2020 and 30 June 2021	<u>37</u>
Amortisation	
At 1 July 2020	32
Charge for the year	<u>5</u>
At 30 June 2021	<u>37</u>
Carrying amount	
At 30 June 2021	<u>-</u>
At 30 June 2020	<u>5</u>
Company	Development costs £000
Cost	
At 1 July 2020 and 30 June 2021	<u>28</u>
Amortisation	
At 1 July 2020	23
Charge for the year	<u>5</u>
At 30 June 2021	<u>28</u>
Carrying amount	
At 30 June 2021	<u>-</u>
At 30 June 2020	<u>5</u>

14. Tangible assets

Group	Leasehold improvements £000	Motor vehicles £000	Equipment £000	Total £000
Cost				
At 1 July 2020	589	134	27	750
Additions	-	40	55	95
Disposals	<u>(577)</u>	<u>(102)</u>	<u>(16)</u>	<u>(695)</u>
At 30 June 2021	<u>12</u>	<u>72</u>	<u>66</u>	<u>150</u>
Depreciation				
At 1 July 2020	586	70	18	674
Charge for the year	1	30	19	50
Disposals	<u>(577)</u>	<u>(70)</u>	<u>(16)</u>	<u>(663)</u>
At 30 June 2021	<u>10</u>	<u>30</u>	<u>21</u>	<u>61</u>
Carrying amount				
At 30 June 2021	<u>2</u>	<u>42</u>	<u>45</u>	<u>89</u>
At 30 June 2020	<u>3</u>	<u>64</u>	<u>9</u>	<u>76</u>

Square One Resources Limited

Notes to the financial statements *(continued)*

Year ended 30 June 2021

14. Tangible assets *(continued)*

Company	Leasehold improvements £000	Motor vehicles £000	Equipment £000	Total £000
Cost				
At 1 July 2020	577	135	27	739
Additions	–	40	52	92
Disposals	(577)	(102)	(15)	(694)
At 30 June 2021	<u>–</u>	<u>73</u>	<u>64</u>	<u>137</u>
Depreciation				
At 1 July 2020	576	70	17	663
Charge for the year	1	30	19	50
Disposals	(577)	(70)	(15)	(662)
At 30 June 2021	<u>–</u>	<u>30</u>	<u>21</u>	<u>51</u>
Carrying amount				
At 30 June 2021	<u>–</u>	<u>43</u>	<u>43</u>	<u>86</u>
At 30 June 2020	<u>1</u>	<u>65</u>	<u>10</u>	<u>76</u>

15. Investments

Group	Loans notes in group undertakings £000		Total £000
Cost			
At 1 July 2020 and 30 June 2021			671
Impairment			
At 1 July 2020 and 30 June 2021			–
Carrying amount			
At 1 July 2020 and 30 June 2021			671
At 30 June 2020			671
Company	Shares in group undertakings £000	Loans notes in group undertakings £000	Total £000
Cost			
At 1 July 2020 and 30 June 2021	622	671	1,293
Impairment			
At 1 July 2020 and 30 June 2021	–	–	–
Carrying amount			
At 1 July 2020 and 30 June 2021	622	671	1,293
At 30 June 2020	622	671	1,293

Square One Resources Limited

Notes to the financial statements (continued)

Year ended 30 June 2021

15. 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
Subsidiary undertakings		
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 £889,000 (2020: £822,000) is included within debtors.

The registered address of Square One Resources Sp z.o.o. is Ul. Pulawska 2, Warsaw, Mazowieckie, 02-566.

The registered address of Square One Resources BV is Vijzelstraat 68 1017 HL, Amsterdam, NOORD-HOLLAND, Netherlands.

The registered address of Square One Pharma Resources Limited is Mindspace, 9 Appold Street, London, EC2A 2AP.

16. Debtors

Debtors falling due within one year are as follows:

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Trade debtors	10,911	9,721	6,711	6,185
Amounts owed by group undertakings	382	316	1,026	758
Prepayments and accrued income	3,727	3,438	3,727	3,435
Other debtors	382	75	328	55
	<u>15,402</u>	<u>13,550</u>	<u>11,792</u>	<u>10,433</u>

Group

Included within trade debtors is £10,610,000 (2020: £9,449,000) in respect of invoice discounted debts outstanding at the year end. As shown in note 17, the amount advanced from the invoice discounter in respect of these debts was £3,872,000 (2020: £3,969,000).

Company

Included within trade debtors is £6,665,000 (2020: £5,914,000) in respect of invoice discounted debts outstanding at the year end. As shown in note 17, the amount advanced from the invoice discounter in respect of these debts was £3,050,000 (2020: £2,989,000).

Square One Resources Limited

Notes to the financial statements (continued)

Year ended 30 June 2021

17. Creditors: Amounts falling due within one year

	2021	Group	2021	Company
	£000	2020	£000	2020
		£000		£000
Trade creditors	5,076	4,125	3,217	2,476
Amounts owed to group undertakings	–	–	2	2
Accruals and deferred income	1,160	729	848	708
Corporation tax	115	125	115	114
Social security and other taxes	574	622	482	606
Advances from invoice discounting	3,872	3,969	3,050	2,989
Other creditors	1	4	–	4
	<u>10,798</u>	<u>9,574</u>	<u>7,714</u>	<u>6,899</u>

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

18. Provisions

Group	Deferred tax
	(note 19)
	£000
At 1 July 2020	307
Additions	45
At 30 June 2021	<u>352</u>
Company	Deferred tax
	(note 19)
	£000
At 1 July 2020	455
Additions	72
At 30 June 2021	<u>527</u>

19. Deferred tax

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

	2021	Group	2021	Company
	£000	2020	£000	2020
		£000		£000
Included in provisions (note 18)	<u>352</u>	<u>307</u>	<u>527</u>	<u>455</u>

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

	2021	Group	2021	Company
	£000	2020	£000	2020
		£000		£000
Accelerated capital allowances	23	29	23	29
Other timing differences	25	33	(150)	(115)
Interest income taxable when received	(400)	(369)	(400)	(369)
	<u>(352)</u>	<u>(307)</u>	<u>(527)</u>	<u>(455)</u>

Square One Resources Limited

Notes to the financial statements (continued)

Year ended 30 June 2021

20. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £49,510 (2020: £60,725).

Included within creditors due within one year is an amount of £9,993 (2020: £12,291) in relation to outstanding pension contributions at the year end.

21. Government grants

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

	2021 £000	Group 2020 £000	2021 £000	Company 2020 £000
Recognised in other operating income:				
Government grants recognised directly in income	<u>113</u>	<u>131</u>	<u>113</u>	<u>131</u>

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.

22. Called up share capital

Authorised share capital

	2021 No.	£	2020 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

	2021 No.	£	2020 No.	£
Ordinary shares of £0.10 each	<u>16,078</u>	<u>1,608</u>	<u>16,078</u>	<u>1,608</u>

23. Reserves

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

24. Analysis of changes in net debt

	At 1 July 2020 £000	Cash flows £000	At 30 June 2021 £000
Cash at bank and in hand	592	(145)	447
Debt due within one year	(3,969)	97	(3,872)
	<u>(3,377)</u>	<u>(48)</u>	<u>(3,425)</u>

Square One Resources Limited

Notes to the financial statements *(continued)*

Year ended 30 June 2021

25. Operating leases

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

	2021	Group	2021	Company
	£000	2020	£000	2020
		£000		£000
Not later than 1 year	426	109	426	109
Later than 1 year and not later than 5 years	569	–	569	–
	<u>995</u>	<u>109</u>	<u>995</u>	<u>109</u>

26. Controlling party

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.