

Registered number: 02704245

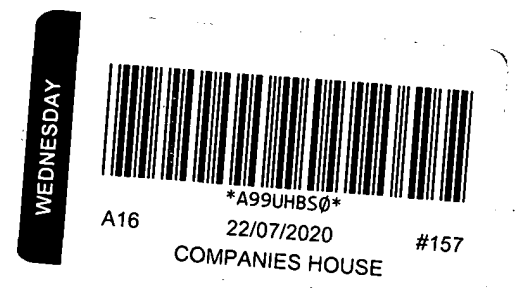
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**QUANTA CONSULTANCY SERVICES LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**



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**QUANTA CONSULTANCY SERVICES LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	Stephen Trigg David Broome Spencer Trigg
<b>Registered number</b>	02704245
<b>Registered office</b>	Redwood House Rectory Lane Berkhamsted Hertfordshire HP4 2DH
<b>Independent auditor</b>	Hillier Hopkins LLP Chartered Accountants & Statutory Auditor Radius House 51 Clarendon Road Watford Herts WD17 1HP

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QUANTA CONSULTANCY SERVICES LIMITED

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## QUANTA CONSULTANCY SERVICES LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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#### Introduction

The company's principal activity during the year continued to be that of a consultancy specialising in the supply of experienced engineering and technical contractors.

#### Business review

It was a challenging year for the Company with major projects slowing to a natural conclusion and new projects coming on stream. The gap between the old and the new projects was wider than expected and hence this impacted our financial performance for the year. Nonetheless, we continued with our staff investment program and managed to increase our Gross Profit to £7.6m.

At the time of issuing these accounts, the Covid-19 pandemic was in full flow. The business outlook was very uncertain after undertaking and so after some financial modelling we undertook a number of significant cost savings to reduce our fixed overheads. These included:-

- Significantly reducing our internal entertainment budget (i.e. Christmas party, quarterly events)
- Reducing our client / candidate entertainment when lock down is over and ensuring all costs will need sign off prior to booking
- Project office re-furb is on hold until further notice
- Shareholders pay cut
- Significant reduction in marketing activities (including review of job boards and utilisation of them)
- All financial rewards associated with promotions and other pay-rises are on hold for the remainder of 2020

In addition, we furloughed 10 of our 75 staff.

As the company's income is generated by placing professional contractors within the Life Sciences, IT and Renewable Energy sector, a high percentage of the contractors could work from home. After 7 weeks of lockdown the company has maintained a steady platform of contractors working with new requirements being generated every week. The company continued to work well within its banking covenants and within its overdraft limits.

#### Principal risks and uncertainties

The company is exposed to a variety of risks. These range from the effects of the general economy across the wide range of geographical locations that we operate into more specific internal issues such as continued recruitment and training. The largest uncertainty to the business was created by the BREXIT negotiations. Whilst the effect of BREXIT on the business for the past year has been slightly negative, the directors continually review the situation and the potential impact of any decisions made.

Addendum: At the time of issuing these accounts, the Covid-19 pandemic was in full flow. The company is exposed to the financial challenges brought about by this and has taken the appropriate steps to ensure the ongoing continuation of the business.

#### Financial key performance indicators

The directors monitor the company's performance using regular financial information and management reports. This includes a focus on the company's level of profitability, liquidity, and the management of foreign exchange risk together with balance sheet strength. The results of key performance indicators can be seen on the profit and loss account and balance sheet.

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QUANTA CONSULTANCY SERVICES LIMITED

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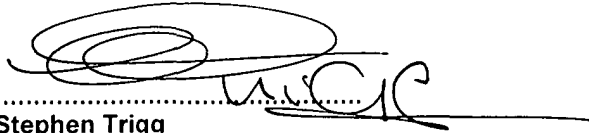
STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019

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**Future developments**

The Company continues to seek new business opportunities within its niche business areas and to continue the development of a strong management team.

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



.....

**Stephen Trigg**  
Director

Date: 10/07/2020

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**QUANTA CONSULTANCY SERVICES LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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The directors present their report and the financial statements for the year ended 31 December 2019.

**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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

**Results and dividends**

The profit for the year, after taxation, amounted to £1,132,033 (2018 - £1,539,159).

During the year the company paid dividends of £859,600 (2018 - £859,600).

**Directors**

The directors who served during the year were:

Stephen Trigg  
David Broome  
Spencer Trigg

**Future developments**

The Company continues to seek new business opportunities within its niche business areas and to continue the development of a strong management team.

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QUANTA CONSULTANCY SERVICES LIMITED

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DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019

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**Disclosure of information to auditor**

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

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

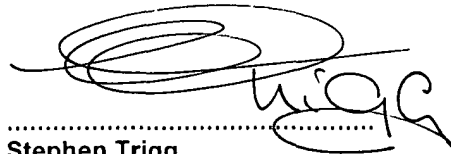
**Post balance sheet events**

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

**Auditor**

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

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



.....  
**Stephen Trigg**  
Director

Date: 10/07/2020

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## QUANTA CONSULTANCY SERVICES LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUANTA CONSULTANCY SERVICES LIMITED

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#### Opinion

We have audited the financial statements of Quanta Consultancy Services Limited (the 'Company') for the year ended 31 December 2019, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of cash flows, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### Conclusions relating to going concern

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

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

#### Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our

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## QUANTA CONSULTANCY SERVICES LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUANTA CONSULTANCY SERVICES LIMITED (CONTINUED)

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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.

#### **Opinion on other matters prescribed by the Companies Act 2006**

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

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

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

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

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QUANTA CONSULTANCY SERVICES LIMITED

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUANTA CONSULTANCY SERVICES  
LIMITED (CONTINUED)

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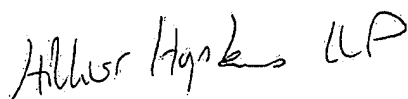
**Auditor's responsibilities for the audit of the financial statements**

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 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 for our audit work, for this report, or for the opinions we have formed.



Richard Malone ACA (Senior statutory auditor)

for and on behalf of  
**Hillier Hopkins LLP**

Chartered Accountants  
Statutory Auditor

Radius House  
51 Clarendon Road  
Watford  
Herts  
WD17 1HP

15 July 2020

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QUANTA CONSULTANCY SERVICES LIMITED

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STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019

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	Note	2019 £	2018 £
Turnover	4	57,141,881	61,946,906
Cost of sales		(49,537,755)	(54,349,600)
<b>Gross profit</b>		<b>7,604,126</b>	<b>7,597,306</b>
Administrative expenses		(6,097,447)	(5,506,242)
<b>Operating profit</b>	5	<b>1,506,679</b>	<b>2,091,064</b>
Interest receivable and similar income	9	1,500	-
Interest payable and expenses	10	(120,746)	(161,195)
<b>Profit before tax</b>		<b>1,387,433</b>	<b>1,929,869</b>
Tax on profit	11	(255,400)	(390,710)
<b>Profit for the financial year</b>		<b>1,132,033</b>	<b>1,539,159</b>

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

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

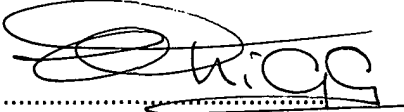
The notes on pages 13 to 27 form part of these financial statements.

**QUANTA CONSULTANCY SERVICES LIMITED**  
**REGISTERED NUMBER: 02704245**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	13	505,384	553,240
		<u>505,384</u>	<u>553,240</u>
<b>Current assets</b>			
Debtors Within One Year	14	13,041,950	16,427,644
Cash at bank and in hand	15	1,051,767	794,981
		<u>14,093,717</u>	<u>17,222,625</u>
Creditors: amounts falling due within one year	16	(7,993,303)	(10,824,226)
<b>Net current assets</b>		<u>6,100,414</u>	<u>6,398,399</u>
<b>Total assets less current liabilities</b>		<u>6,605,798</u>	<u>6,951,639</u>
Creditors: amounts falling due after more than one year	17	(1,155,287)	(1,771,631)
<b>Provisions for liabilities</b>			
Deferred tax	21	(28,943)	(30,873)
<b>Net assets</b>		<u><u>5,421,568</u></u>	<u><u>5,149,135</u></u>
<b>Capital and reserves</b>			
Called up share capital	22	568	568
Share premium account	23	99,708	99,708
Capital redemption reserve	23	1,500	1,500
Profit and loss account	23	5,319,792	5,047,359
		<u>5,421,568</u>	<u>5,149,135</u>

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



.....  
**Stephen Trigg**  
 Director

Date: 10/07/2020

The notes on pages 13 to 27 form part of these financial statements.

**QUANTA CONSULTANCY SERVICES LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total equity £
<b>At 1 January 2018</b>	568	99,708	1,500	4,367,800	4,469,576
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	1,539,159	1,539,159
Dividends: Equity capital	-	-	-	(859,600)	(859,600)
<b>At 1 January 2019</b>	<u>568</u>	<u>99,708</u>	<u>1,500</u>	<u>5,047,359</u>	<u>5,149,135</u>
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	1,132,033	1,132,033
Dividends: Equity capital	-	-	-	(859,600)	(859,600)
<b>At 31 December 2019</b>	<u><u>568</u></u>	<u><u>99,708</u></u>	<u><u>1,500</u></u>	<u><u>5,319,792</u></u>	<u><u>5,421,568</u></u>

The notes on pages 13 to 27 form part of these financial statements.

**QUANTA CONSULTANCY SERVICES LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 £	2018 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	1,132,033	1,539,159
<b>Adjustments for:</b>		
Depreciation of tangible assets	151,940	140,536
Loss on disposal of tangible assets	14,107	14,360
Interest paid	120,746	161,195
Interest received	(1,500)	-
Taxation charge	255,400	390,710
Decrease/(increase) in debtors	3,358,028	(879,902)
Decrease in amounts owed by groups	27,441	145,165
(Decrease) in creditors	(837,640)	(270,500)
Corporation tax (paid)	(409,843)	(298,922)
<b>Net cash generated from operating activities</b>	<b>3,810,712</b>	<b>941,801</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(118,191)	(381,038)
Sale of tangible fixed assets	-	19,137
Interest received	1,500	-
HP interest paid	(7,632)	(5,892)
<b>Net cash from investing activities</b>	<b>(124,323)</b>	<b>(367,793)</b>
<b>Cash flows from financing activities</b>		
Repayment of loans	(600,000)	(600,000)
Repayment of/new finance leases	(12,288)	118,394
Dividends paid	(859,600)	(859,600)
Interest paid	(113,114)	(155,303)
<b>Net cash used in financing activities</b>	<b>(1,585,002)</b>	<b>(1,496,509)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,101,387</b>	<b>(922,501)</b>
Cash and cash equivalents at beginning of year	(3,302,744)	(2,380,243)
<b>Cash and cash equivalents at the end of year</b>	<b>(1,201,357)</b>	<b>(3,302,744)</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	1,051,767	794,981
Bank overdrafts	(2,253,124)	(4,097,725)
	<b>(1,201,357)</b>	<b>(3,302,744)</b>

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QUANTA CONSULTANCY SERVICES LIMITED

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ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 31 DECEMBER 2019

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	At 1 January 2019 £	Cash flows £	Other non- cash changes £	At 31 December 2019 £
Cash at bank and in hand	794,981	256,786	-	1,051,767
Bank overdrafts	(4,097,725)	1,911,290	(66,689)	(2,253,124)
Debt due after 1 year	(1,650,000)	39,715	560,285	(1,050,000)
Debt due within 1 year	(600,000)	600,000	(600,000)	(600,000)
Finance leases	(131,149)	19,920	(7,632)	(118,861)
	<u>(5,683,893)</u>	<u>2,827,711</u>	<u>(114,036)</u>	<u>(2,970,218)</u>

The notes on pages 13 to 27 form part of these financial statements.

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## QUANTA CONSULTANCY SERVICES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1. General information

Quanta Consultancy Services Limited is a company incorporated in England and Wales under the Companies Act. The address of the registered office is Redwood House, Rectory Lane, Berkhamsted, Hertfordshire, United Kingdom, HP4 2DH.

The nature of the company's operations is that of a consultancy specialising in the supply of experienced engineering and technical contractors.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

##### 2.2 Going concern

The financial statements have been prepared on the going concern basis which assumes that the company will continue in operational existence for a period of at least 12 months following the approval of these financial statements.

Whilst the economy is currently facing unprecedented circumstances due to the impacts of Covid-19, the company continues to generate revenues as global workforces adjust to remote working. Furthermore, the directors consider the company to be able to withstand potential impacts on operations due to the significant reserves of the company, available financial headroom, and the government support packages on offer. As such, the directors consider it appropriate to prepare the financial statements on the going concern basis.

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## QUANTA CONSULTANCY SERVICES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 2. Accounting policies (continued)

##### 2.3 Foreign currency translation

###### Functional and presentation currency

The Company's functional and presentational currency is GBP.

###### Transactions and balances

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

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

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

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

##### 2.4 Revenue

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

###### Rendering of services

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

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

##### 2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

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## QUANTA CONSULTANCY SERVICES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 2. Accounting policies (continued)

##### 2.6 Interest income

Interest income is recognised in profit or loss using the effective interest method.

##### 2.7 Finance costs

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

##### 2.8 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

##### 2.9 Pensions

###### Defined contribution pension plan

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

##### 2.10 Current and deferred taxation

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

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

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**QUANTA CONSULTANCY SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)**

**2.11 Tangible fixed assets**

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

S/Term Leasehold Property	-	Over the period of the lease
Motor vehicles	-	25%
Fixtures & fittings	-	25%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**2.12 Debtors**

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

**2.13 Cash and cash equivalents**

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

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

**2.14 Creditors**

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

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**QUANTA CONSULTANCY SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)**

**2.15 Provisions for liabilities**

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

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

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QUANTA CONSULTANCY SERVICES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
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2. Accounting policies (continued)

2.16 Financial instruments

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

2.17 Dividends

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

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

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgments (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Trade debtors: The recoverability of trade debtors has been assessed as at the year end and up until the date of signing these financial statements. Management have based the decision to provide for any amounts based on their judgment of all the available information, and their experience of the specific nature of trade debtor in question.

4. Turnover

The whole of the turnover is attributable to recruitment consultancy.

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	21,454,732	22,382,525
Rest of Europe	33,078,799	36,508,468
Rest of the world	2,608,350	3,055,913
	<u>57,141,881</u>	<u>61,946,906</u>

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QUANTA CONSULTANCY SERVICES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
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5. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	151,940	140,536
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	24,000	24,000
Exchange differences	30,203	(40,765)
Other operating lease rentals	174,635	139,964
Defined contribution pension cost	121,155	92,961
	<u>151,940</u>	<u>140,536</u>

6. Auditor's remuneration

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	24,000	24,000
	<u>24,000</u>	<u>24,000</u>

7. Employees

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

	2019 £	2018 £
Wages and salaries	3,722,758	3,236,712
Social security costs	466,572	399,464
Cost of defined contribution scheme	121,155	92,961
	<u>4,310,485</u>	<u>3,729,137</u>

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

	2019 No.	2018 No.
	75	68
	<u>75</u>	<u>68</u>

**QUANTA CONSULTANCY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**8. Directors' remuneration**

	2019 £	2018 £
Directors' emoluments	171,481	142,525
Company contributions to defined contribution pension schemes	36,000	41,000
	207,481	183,525

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

**9. Interest receivable**

	2019 £	2018 £
Other interest receivable	1,500	-
	1,500	-

**10. Interest payable and similar expenses**

	2019 £	2018 £
Bank interest payable	46,425	61,907
Finance leases and hire purchase contracts	7,632	5,892
Other interest payable	66,689	93,396
	120,746	161,195

**11. Taxation**

	2019 £	2018 £
<b>Corporation tax</b>		
Current tax on profits for the year	263,853	384,123
Adjustments in respect of previous periods	(6,523)	-
	257,330	384,123
<b>Deferred tax</b>		
Origination and reversal of timing differences	(1,930)	6,587
	255,400	390,710

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11. Taxation (continued)

**Factors affecting tax charge for the year**

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

	2019 £	2018 £
Profit on ordinary activities before tax	<u>1,387,433</u>	<u>1,929,869</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	263,612	366,675
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	21,420	17,186
Capital allowances for year in excess of depreciation	2,137	4,395
Adjustments on profit/(loss) on disposal of fixed assets	-	2,729
Adjustments to tax charge in respect of prior periods	(6,523)	-
Enhanced research and expenditure	-	(920)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(429)	-
Book loss on chargeable assets	2,681	-
Changes in provisions leading to an increase (decrease) in the tax charge	(22,437)	4,586
Non-trade charges	(5,061)	(3,941)
<b>Total tax charge for the year</b>	<u>255,400</u>	<u>390,710</u>

QUANTA CONSULTANCY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
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11. Taxation (continued)

**Factors that may affect future tax charges**

At Budget 2020, the government announced that the Corporation Tax main rate (for all profits except ring fence profits) for the years starting 1 April 2020 and 2021 would remain at 19%.

12. Dividends

	2019 £	2018 £
Dividends paid on Ordinary shares	<u>859,600</u>	<u>859,600</u>

13. Tangible fixed assets

	S/Term Leasehold Property £	Motor vehicles £	Fixtures & fittings £	Total £
<b>Cost or valuation</b>				
At 1 January 2019	245,859	196,655	431,425	873,939
Additions	8,608	-	109,583	118,191
Disposals	-	-	(55,414)	(55,414)
At 31 December 2019	<u>254,467</u>	<u>196,655</u>	<u>485,594</u>	<u>936,716</u>
<b>Depreciation</b>				
At 1 January 2019	88,467	50,337	181,895	320,699
Charge for the year on owned assets	32,049	38,811	81,080	151,940
Disposals	-	-	(41,307)	(41,307)
At 31 December 2019	<u>120,516</u>	<u>89,148</u>	<u>221,668</u>	<u>431,332</u>
<b>Net book value</b>				
At 31 December 2019	<u>133,951</u>	<u>107,507</u>	<u>263,926</u>	<u>505,384</u>
At 31 December 2018	<u>157,392</u>	<u>146,318</u>	<u>249,530</u>	<u>553,240</u>

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QUANTA CONSULTANCY SERVICES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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13. Tangible fixed assets (continued)

The net book value of land and buildings may be further analysed as follows:

	2019 £	2018 £
S/Term Leasehold Property	<u>133,951</u>	<u>157,392</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2019 £	2018 £
Motor vehicles	<u>107,507</u>	<u>146,318</u>

14. Debtors

	2019 £	2018 £
Trade debtors	9,131,312	12,262,398
Amounts owed by group undertakings	3,326,885	3,354,326
Other debtors	211,866	311,219
Prepayments and accrued income	371,887	499,701
	<u>13,041,950</u>	<u>16,427,644</u>

15. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	1,051,767	794,981
Less: bank overdrafts	(2,253,124)	(4,097,725)
	<u>(1,201,357)</u>	<u>(3,302,744)</u>

**QUANTA CONSULTANCY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**16. Creditors: Amounts falling due within one year**

	2019 £	2018 £
Bank overdrafts	2,253,124	4,097,725
Bank loans	600,000	600,000
Trade creditors	4,028,853	4,388,899
Corporation tax	145,925	298,438
Other taxation and social security	110,562	106,182
Obligations under finance lease and hire purchase contracts	13,574	9,518
Other creditors	246,233	456,860
Accruals	595,032	866,604
	<b>7,993,303</b>	<b>10,824,226</b>

**17. Creditors: Amounts falling due after more than one year**

	2019 £	2018 £
Bank loans	1,050,000	1,650,000
Net obligations under finance leases and hire purchase contracts	105,287	121,631
	<b>1,155,287</b>	<b>1,771,631</b>

Included in bank overdrafts is an outstanding invoice discounting creditor of £2,253,124 (2018: £4,097,725) secured by a fixed and floating charge over all the assets of the company present and future.

Hire purchase liabilities are secured over the assets that they fund.

The loan is secured by an unlimited debenture between the bank and Quanta Consultancy Services Limited and an omnibus guarantee between the bank, Quanta Consultancy Services Limited and Quanta Consultancy Services Group Limited.

**18. Loans**

Analysis of the maturity of loans is given below:

	2019 £	2018 £
<b>Amounts falling due within one year</b>		
Bank loans	600,000	600,000
<b>Amounts falling due 2-5 years</b>		
Bank loans	1,050,000	1,650,000
	<b>1,650,000</b>	<b>2,250,000</b>

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NOTES TO THE FINANCIAL STATEMENTS  
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19. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2019 £	2018 £
Within one year	13,574	9,518
Between 1-5 years	105,287	121,631
	<u>118,861</u>	<u>131,149</u>

20. Financial instruments

	2019 £	2018 £
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	1,051,767	794,981
Financial assets that are debt instruments measured at amortised cost	12,957,709	16,312,151
	<u>14,009,476</u>	<u>17,107,132</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(8,545,380)</u>	<u>(11,781,324)</u>

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

21. Deferred taxation

	2019 £
At beginning of year	(30,873)
Charged to the profit or loss	1,930
At end of year	<u>(28,943)</u>

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QUANTA CONSULTANCY SERVICES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
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**21. Deferred taxation (continued)**

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(30,350)	(32,242)
Pension surplus	1,407	1,369
	<u>(28,943)</u>	<u>(30,873)</u>

**22. Share capital**

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
568 (2018 - 568) Ordinary shares of £1.00 each	<u>568</u>	<u>568</u>

**23. Reserves**

**Share premium account**

Represents the excess in nominal value of allotted shares.

**Capital redemption reserve**

Represents the nominal value of shares repurchased by the company.

**Profit & loss account**

Includes all the current and prior period retained profits and losses.

**24. Pension commitments**

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an *independently administered fund*. The pension cost charge represents contributions payable by the company to the fund and amounted to £121,155 (2018: £92,961). Contributions totalling £16,967 (2018: £11,082) were payable to the fund at the balance sheet date and are included in creditors.

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25. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	232,343	162,048
Later than 1 year and not later than 5 years	505,059	536,207
Later than 5 years	-	21,750
	<u>737,402</u>	<u>720,005</u>

26. Related party transactions

During the year, the company entered into the following related party transactions:

	2019 £	2018 £
<b>Other related parties</b>		
Sales to other related parties	816	-
Purchases from other related parties	-	52,470
Balances owed by other related parties at year end	291,867	354,862
Balances owed to other related parties at year end	-	-
<b>Entities over which the entity has control</b>		
Expenses incurred on behalf of subsidiaries	-	5,904
Expenses refunded on behalf of subsidiaries	-	-
<b>Key management personnel</b>		
Remuneration	974,557	819,912
Balances owed by directors at year end	-	157,654
Balances owed to directors at year end	-	-

27. Controlling party

Quanta Consultancy Services Group Ltd are the company's ultimate parent entity, by virtue of the majority shareholding in the company.

The company has taken advantage of the exemption conferred by paragraph 31.A of FRS 102 "Related Party Disclosures" not to disclose transactions with other group entities, whose voting rights are 100% controlled within the group, and where consolidated financial statements of the group are publicly available.