

COMPANY REGISTRATION NUMBER: 5288420

Registrar of  
Companies

**Red Eagle Limited**  
**Financial Statements**  
**31 December 2016**

**BURGESS HODGSON LLP**  
Chartered Accountants & statutory auditor  
Camburgh House  
27 New Dover Road  
Canterbury  
Kent  
CT1 3DN

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**Red Eagle Limited**  
**Financial Statements**  
**Year ended 31 December 2016**

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# Red Eagle Limited

## Strategic Report

### Year ended 31 December 2016

The directors present their strategic report for the year ended 31 December 2016 below.

#### Business Review

The company is pleased to report a successful 2016 and once again we were extremely proud to continue the company's trend of annual growth year on year.

The recruitment industry continued to face challenging market conditions during the year. The introduction of National Living Wage in April has increased charge rates across the industry which has resulted in an increased charge for customers and additional work load for our internal staff. Unemployment is also at a record low whilst Kent has more businesses than ever. These factors result in an extremely competitive market for both customers and workers.

Fortunately Red Eagle is well placed to adapt to changes in legislation and our internal payroll department is able to quickly incorporate any changes into our existing processes so that our clients can be certain that workers supplied are always paid via PAYE with all of the correct tax and national insurance contributions and are always compliant with legislation. Red Eagle is proud that we do not operate any controversial schemes designed to circumvent legislation and make additional profit at the expense of the workers - something which unfortunately is still prevalent in our industry. We welcome future legislation designed to prevent the underpayment of tax or underpayment of employees and look forward to a level playing field in future where all are paid standard PAYE contracts throughout the industry.

Red Eagle has a good reputation with our customers, workers and in the local area generally and this is a message we have taken active steps to promote during the year. We were short listed for numerous awards, have hosted various PR and charity events and have worked alongside an external marketing agency to update our brand identity, logo and website and also prepare monthly newsletters to ensure that the good work which we are doing is known by our clients.

#### Key Performance Indicators

Turnover £15,903,870 (2015: £15,489,766)

Gross profit £1,509,647 (2015: £1,470,534)

Gross profit margin 9.5% (2015: 9.5%)

% loaned against debts 27.2% (2015: 39.1%)

Debtor days 38 days (2015: 28 days)

Strong controls are maintained on debtors and any overdue balances are chased regularly.

#### Future plans

Moving forwards to 2017 we are looking to continue to develop our relationships with our existing customers and provide excellent customer service in order to secure additional Sole Agency Agreements and consolidate our position in the market as well as providing our clients with the staffing flexibility to expand and grow when demand dictates.

The uncertainty as a result of Brexit has decreased confidence in the market as well as the number of people seeking work however thanks to our marketing efforts in 2016 and our continued investment in 2017 we are confident that we are in a strong position to continue to provide excellent service and meet the needs of both our customers and our workers. In April 2017 the Apprenticeship Levy was introduced and we have a strong working relationship with local training providers to ensure that our workforce (and therefore our clients) benefit as much as possible from this increased funding.

## Red Eagle Limited

### Strategic Report *(continued)*

Year ended 31 December 2016

In May 2017 Red Eagle has continued this trend of reinvesting in the business and relocated to a brand new, modern head office. The additional space and better working environment is an investment for the future and enables us to continue on our path of planned yearly growth.

This report was approved by the board of directors on .....24/7/17..... and signed on behalf of the board by:



W Hodgson  
Director

Registered office:  
Shakespeare House  
147 Sandgate Road  
Folkestone  
Kent  
United Kingdom  
CT20 2DA

# Red Eagle Limited

## Directors' Report

### Year ended 31 December 2016

The directors present their report and the financial statements of the company for the year ended 31 December 2016.

#### Directors

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

J Hodgson  
W Hodgson  
W M J Cotter  
J Alderson

(Appointed 12 May 2016)

#### Dividends

Particulars of recommended dividends are detailed in note 11 to the financial statements.

#### Employment of disabled persons

It is the policy of the company that applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of employees becoming disabled all reasonable effort is made to ensure that their employment within the company continues. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of an able bodied person.

#### Employee involvement

During the year, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas. During the year, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

#### Directors' responsibilities statement

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

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

## Red Eagle Limited

### Directors' Report *(continued)*

#### Year ended 31 December 2016

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 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 company's auditor is aware of that information.

This report was approved by the board of directors on .....24/7/17..... and signed on behalf of the board by:



W Hodgson  
Director

Registered office:  
Shakespeare House  
147 Sandgate Road  
Folkestone  
Kent  
United Kingdom  
CT20 2DA

## **Red Eagle Limited**

### **Independent Auditor's Report to the Members of Red Eagle Limited**

#### **Year ended 31 December 2016**

We have audited the financial statements of Red Eagle Limited for the year ended 31 December 2016, on pages 7 to 18. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

#### **Respective responsibilities of directors and auditor**

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 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.

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

In our opinion 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.

## Red Eagle Limited

### Independent Auditor's Report to the Members of Red Eagle Limited *(continued)*

Year ended 31 December 2016

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

We have nothing to report in respect of the following matters where 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.

2/8/2017

Colin Reid (Senior Statutory Auditor)

Burgess Hodgson LLP

For and on behalf of  
Burgess Hodgson LLP  
Chartered Accountants & statutory auditor  
Camburgh House  
27 New Dover Road  
Canterbury  
Kent  
CT1 3DN



**Red Eagle Limited**  
**Statement of Comprehensive Income**  
**Year ended 31 December 2016**

	Note	2016 £	2015 £
<b>Turnover</b>	<b>4</b>	15,903,870	15,489,766
Cost of sales		<u>14,394,223</u>	<u>14,019,232</u>
<b>Gross profit</b>		1,509,647	1,470,534
Administrative expenses		<u>1,143,925</u>	<u>1,110,802</u>
<b>Operating profit</b>	<b>5</b>	365,722	359,732
Interest receivable	<b>8</b>	515	3,239
Interest payable	<b>9</b>	<u>19,602</u>	<u>18,496</u>
<b>Profit before taxation</b>		346,635	344,475
Taxation on ordinary activities	<b>10</b>	<u>72,990</u>	<u>79,430</u>
<b>Profit for the financial year and total comprehensive income</b>		<u><u>273,645</u></u>	<u><u>265,045</u></u>

All the activities of the company are from continuing operations.

**Red Eagle Limited**  
**Statement of Financial Position**  
**31 December 2016**

	Note	2016 £	£	2015 £
<b>Fixed assets</b>				
Tangible assets	12		37,165	32,376
<b>Current assets</b>				
Debtors	13	1,953,972		1,334,145
Cash at bank and in hand		80,168		145,367
		<u>2,034,140</u>		<u>1,479,512</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>1,736,394</u>		<u>1,205,587</u>
<b>Net current assets</b>			<u>297,746</u>	<u>273,925</u>
<b>Total assets less current liabilities</b>			334,911	306,301
<b>Provisions</b>				
Taxation including deferred tax	15		<u>3,528</u>	<u>5,563</u>
<b>Net assets</b>			<u>331,383</u>	<u>300,738</u>
<b>Capital and reserves</b>				
Called up share capital	18		2	2
Profit and loss account	19		<u>331,381</u>	<u>300,736</u>
<b>Members funds</b>			<u>331,383</u>	<u>300,738</u>

These financial statements were approved by the board of directors and authorised for issue on ~~24.7.17~~, and are signed on behalf of the board by:



W Hodgson  
Director

Company registration number: 5288420

**Red Eagle Limited**  
**Statement of Changes in Equity**  
**Year ended 31 December 2016**

		Called up share capital £	Profit and loss account £	Total £
<b>At 1 January 2015</b>		2	263,691	263,693
Profit for the year		<u>—</u>	<u>265,045</u>	<u>265,045</u>
<b>Total comprehensive income for the year</b>		—	265,045	265,045
Dividends paid and payable	<b>11</b>	<u>—</u>	<u>(228,000)</u>	<u>(228,000)</u>
<b>Total investments by and distributions to owners</b>		—	(228,000)	(228,000)
<b>At 31 December 2015</b>		2	300,736	300,738
Profit for the year		<u>—</u>	<u>273,645</u>	<u>273,645</u>
<b>Total comprehensive income for the year</b>		—	273,645	273,645
Dividends paid and payable	<b>11</b>	<u>—</u>	<u>(243,000)</u>	<u>(243,000)</u>
<b>Total investments by and distributions to owners</b>		—	(243,000)	(243,000)
<b>At 31 December 2016</b>		<u>2</u>	<u>331,381</u>	<u>331,383</u>

**Red Eagle Limited**  
**Statement of Cash Flows**  
**Year ended 31 December 2016**

	2016 £	2015 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	273,645	265,045
<i>Adjustments for:</i>		
Depreciation of tangible assets	17,525	15,555
Interest receivable	(515)	(3,239)
Interest payable	19,602	18,496
Taxation on ordinary activities	72,990	79,430
Accrued expenses	98,737	13,664
<i>Changes in:</i>		
Trade and other debtors	(619,827)	1,048,478
Trade and other creditors	155,894	(1,225,506)
Cash generated from operations	18,051	211,923
Interest paid	(19,602)	(18,496)
Interest received	515	3,239
Tax paid	(50,405)	(141,707)
Net cash (used in)/from operating activities	<u>(51,441)</u>	<u>54,959</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(22,314)	(18,001)
Net cash used in investing activities	<u>(22,314)</u>	<u>(18,001)</u>
<b>Cash flows from financing activities</b>		
Proceeds from loans from group undertakings	251,556	103,368
Dividends paid	(243,000)	(228,000)
Net cash from/(used in) financing activities	<u>8,556</u>	<u>(124,632)</u>
<b>Net decrease in cash and cash equivalents</b>	(65,199)	(87,674)
<b>Cash and cash equivalents at beginning of year</b>	<u>145,367</u>	<u>233,041</u>
<b>Cash and cash equivalents at end of year</b>	<u>80,168</u>	<u>145,367</u>

# Red Eagle Limited

## Notes to the Financial Statements

Year ended 31 December 2016

### 1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Shakespeare House, 147 Sandgate Road, Folkestone, Kent, CT20 2DA, 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, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

#### Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Significant judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Determine whether leases entered into by the company either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

# Red Eagle Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 December 2016

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

##### Judgements and key sources of estimation uncertainty *(continued)*

###### Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

###### Allowance for doubtful debts

The Company makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable.

###### Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

##### Revenue recognition

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

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

##### 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.

## Red Eagle Limited

### Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

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

##### Income tax *(continued)*

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.

##### 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.

##### Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

##### 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:

Motor vehicles	-	20% straight line
Office equipment	-	33% straight line

##### Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

# Red Eagle Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

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

#### Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

#### Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### 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.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

### 4. Turnover

Turnover arises from:

	2016	2015
	£	£
Rendering of services	15,903,870	15,489,766

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

### 5. Operating profit

Operating profit or loss is stated after charging:

	2016	2015
	£	£
Depreciation of tangible assets	17,525	15,555
Impairment of trade debtors	3,527	263



## Red Eagle Limited

### Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

#### 6. Auditor's remuneration

	2016	2015
	£	£
Fees payable for the audit of the financial statements	<u>2,790</u>	<u>2,660</u>
Fees payable to the company's auditor and its associates for other services:		
Taxation advisory services	<u>3,040</u>	<u>2,890</u>

#### 7. Particulars of employees

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

	2016	2015
	No.	No.
Production staff	1,317	1,640
Administrative staff	<u>14</u>	<u>13</u>
	<u>1,331</u>	<u>1,653</u>

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

	2016	2015
	£	£
Wages and salaries	10,642,158	11,705,381
Social security costs	537,141	545,682
Other pension costs	<u>56,590</u>	<u>45,476</u>
	<u>11,235,889</u>	<u>12,296,539</u>

#### 8. Interest receivable

	2016	2015
	£	£
Interest on cash and cash equivalents	<u>515</u>	<u>3,239</u>

#### 9. Interest payable

	2016	2015
	£	£
Interest on banks loans and overdrafts	<u>19,602</u>	<u>18,496</u>

#### 10. Taxation on ordinary activities

##### Major components of tax expense

	2016	2015
	£	£
<b>Current tax:</b>		
UK current tax expense	75,025	73,560
Adjustments in respect of prior periods	-	307
Total current tax	<u>75,025</u>	<u>73,867</u>

## Red Eagle Limited

### Notes to the Financial Statements *(continued)*

#### Year ended 31 December 2016

#### 10. Taxation on ordinary activities *(continued)*

	2016 £	2015 £
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(2,035)	5,563
<b>Taxation on ordinary activities</b>	<u>72,990</u>	<u>79,430</u>

#### Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2015: higher than) the standard rate of corporation tax in the UK of 20% (2015: 20.21%).

	2016 £	2015 £
Profit on ordinary activities before taxation	346,635	344,475
Profit on ordinary activities by rate of tax	69,327	69,627
Effect of expenses not deductible for tax purposes	156	(697)
Effect of capital allowances and depreciation	5,542	4,630
Deferred tax	(2,035)	5,563
(Over)/under provision in prior year	-	307
Tax on profit	<u>72,990</u>	<u>79,430</u>

#### 11. Dividends

	2016 £	2015 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year )	<u>243,000</u>	<u>228,000</u>

#### 12. Tangible assets

	Motor vehicles £	Equipment £	Total £
<b>Cost</b>			
At 1 January 2016	12,443	67,274	79,717
Additions	9,854	12,460	22,314
<b>At 31 December 2016</b>	<u>22,297</u>	<u>79,734</u>	<u>102,031</u>
<b>Depreciation</b>			
At 1 January 2016	4,776	42,565	47,341
Charge for the year	3,492	14,033	17,525
<b>At 31 December 2016</b>	<u>8,268</u>	<u>56,598</u>	<u>64,866</u>
<b>Carrying amount</b>			
<b>At 31 December 2016</b>	<u>14,029</u>	<u>23,136</u>	<u>37,165</u>
At 31 December 2015	<u>7,667</u>	<u>24,709</u>	<u>32,376</u>

## Red Eagle Limited

### Notes to the Financial Statements *(continued)*

#### Year ended 31 December 2016

#### 13. Debtors

	2016	2015
	£	£
Trade debtors	1,656,595	1,194,050
Amounts owed by group undertakings	–	91,134
Prepayments and accrued income	237,526	38,249
Other debtors	59,851	10,712
	<u>1,953,972</u>	<u>1,334,145</u>

The trade debtors figure of £1,656,595 all relate to invoice discounted debts (2015: £1,194,050).

#### 14. Creditors: amounts falling due within one year

	2016	2015
	£	£
Trade creditors	37,409	56,242
Amounts owed to group undertakings	354,924	103,368
Accruals and deferred income	304,473	205,736
Corporation tax	48,180	23,560
Social security and other taxes	381,659	342,796
Other creditors	609,749	473,885
	<u>1,736,394</u>	<u>1,205,587</u>

Within other creditors is £451,351 (2015: £467,199) secured against the invoice discounted debts of the company.

#### 15. Provisions

	Deferred tax (note 16)
	£
At 1 January 2016	5,563
Charge against provision	(2,035)
<b>At 31 December 2016</b>	<u>3,528</u>

#### 16. Deferred tax

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

	2016	2015
	£	£
Included in provisions (note 15)	<u>3,528</u>	<u>5,563</u>

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

	2016	2015
	£	£
Accelerated capital allowances	<u>3,528</u>	<u>5,563</u>

## Red Eagle Limited

### Notes to the Financial Statements *(continued)*

#### Year ended 31 December 2016

#### 17. Employee benefits

##### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £56,590 (2015: £45,476).

#### 18. Called up share capital

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

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

#### 19. Reserves

Called up share capital - This reserve records the amount paid for shares at their nominal value.

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

#### 20. Commitments under operating leases

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

	2016	2015
	£	£
Not later than 1 year	49,633	39,217
Later than 1 year and not later than 5 years	<u>27,586</u>	<u>47,125</u>
	<u>77,219</u>	<u>86,342</u>

#### 21. Related party transactions

The company has not disclosed transactions with other companies in the same group as consolidated accounts are prepared by the ultimate holding company, The Red Eagle Group Limited.

At the year end the company was owed £4,675 (2015: £3,725) by Red Eagle Training Limited, a company related by virtue of common control.

At the year end the company was owed £1,925 (2015: £950) by SLS Construction Limited, a company related by virtue of common control.

During the year the company paid rent of £30,000 (2015: £30,000) to W Hodgson and J Hodgson for use of the commercial property.

#### 22. Controlling party

The ultimate controlling parties are W Hodgson and J Hodgson, who are the controlling parties of the parent company The Red Eagle Group Limited.