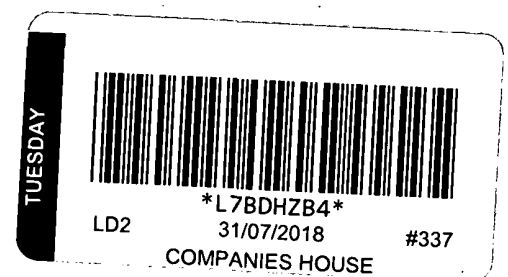


COMPANY REGISTRATION NUMBER: 05288420

**Registrar of
Companies**

**Red Eagle Limited
Financial Statements
31 December 2017**



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

Red Eagle Limited
Financial Statements
Year ended 31 December 2017

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Red Eagle Limited

Strategic Report

Year ended 31 December 2017

The directors present their strategic report for the year ended 31 December 2017 below.

Business Review

The recruitment industry continued to face extremely challenging market conditions during the year. The impact of Brexit has caused increased competition for the remaining European workforce for both recruiters and our clients and we have also seen reductions in the number of candidates coming to the UK. Brexit uncertainty also caused concern for a number of our clients, especially those who export goods, and we saw a temporary drop in orders whilst they analysed how they were going to proceed in the new economic market.

Unemployment in Kent remains at an all-time low and spend required to promote the brand, attract candidates and customers has increased.

The introduction of Apprenticeship Levy in April has increased payroll costs across the industry which has resulted in an increased charge for customers and further pressure on margin.

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.

The company changed its growth strategy during 2017 and focused on acquisition and development of joint ventures in order to increase our geographic reach and promote our brand across Kent and further afield. At the start of the forthcoming year these joint ventures were merged into The Red Eagle Group with their trade and assets passed to Red Eagle Ltd.

During the year Red Eagle moved into a brand new head office based on Sandgate Road in Folkestone. The office is a purpose built business centre which includes a shop front with reception area for attracting candidates, various offices for each of our departments and plenty of room for the businesses future growth plans.

Financially 2017 was a challenging year for the company. The additional joint ventures increased the companies administration costs whilst the corresponding turnover is not shown in these financial statements. In the final quarter of the year significant effort was made into reducing overheads. Every area of expenditure was analysed and reduced where possible and we are happy to report that we have been ahead of budget for both turnover and profit for every month of 2018 to date.

Red Eagle has a good reputation with our customers, workers and in the local area generally and we have continued to promote this during the year. We were approached by a number of prospective clients during the year as we are known to take worker welfare extremely seriously and the results of the meetings came to fruition in 2018.

Key Performance Indicators

Turnover £15,503,201 (2016: £15,903,870)

Gross profit £1,113,735 (2016: £1,509,647)

Gross profit margin 7.2% (2016: 9.5%)

Red Eagle Limited
Strategic Report *(continued)*
Year ended 31 December 2017

% loaned against debts 64.8% (2016: 27.2%)

Debtor days 32 days (2016: 38 days)

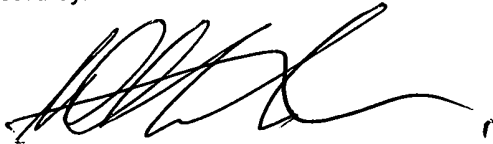
Strong controls are maintained on debtors and any overdue balances are chased regularly.

Future plans

Moving forwards to 2018 we have consolidated our Sittingbourne and Bexley branches into Red Eagle Ltd which has streamlined our admin process and allowed us to significantly reduce costs. We have maintained strict control of overheads whilst at the same time exceeding our forecasted turnover for the first 6 months of the year. Our focus for 2018 is on building the company's reserves and returning to the pattern of year on year growth.

We continue to promote the Red Eagle brand both domestically and abroad and continue to promote worker welfare.

This report was approved by the board of directors on^{16/7/18}..... 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 2017

The directors present their report and the financial statements of the company for the year ended 31 December 2017.

Directors

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

J Hodgson
W Hodgson
W M J Cotter
J Alderson

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 2017

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 18/1/18 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 2017

Opinion

We have audited the financial statements of Red Eagle Limited (the 'company') for the year ended 31 December 2017 which comprise the statement of income and retained earnings, statement of financial position, 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 company's affairs as at 31 December 2017 and of its loss 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.

Red Eagle Limited

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

Year ended 31 December 2017

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 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, 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.

Red Eagle Limited

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

Year ended 31 December 2017

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Red Eagle Limited

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

Year ended 31 December 2017

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.



Colin Reid (Senior Statutory Auditor)

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

30/7/18

Red Eagle Limited
Statement of Income and Retained Earnings
Year ended 31 December 2017

	Note	2017 £	2016 £
Turnover	4	15,503,201	15,903,870
Cost of sales		14,389,466	14,394,223
Gross profit		<u>1,113,735</u>	<u>1,509,647</u>
Administrative expenses		1,121,359	1,143,925
Operating (loss)/profit	5	<u>(7,624)</u>	<u>365,722</u>
Interest receivable	8	–	515
Interest payable	9	19,470	19,602
(Loss)/profit before taxation		<u>(27,094)</u>	<u>346,635</u>
Taxation on ordinary activities	10	7,790	72,990
(Loss)/profit for the financial year and total comprehensive income		<u>(34,884)</u>	<u>273,645</u>
Dividends paid and payable	11	–	(243,000)
Retained earnings at the start of the year		<u>331,381</u>	<u>300,736</u>
Retained earnings at the end of the year		<u>296,497</u>	<u>331,381</u>

All the activities of the company are from continuing operations.

Red Eagle Limited
Statement of Financial Position
31 December 2017

	Note	2017		2016
		£	£	£
Fixed assets				
Tangible assets	12		77,012	37,165
Current assets				
Debtors	13	2,218,693		1,953,972
Cash at bank and in hand		16,239		80,168
		<u>2,234,932</u>		<u>2,034,140</u>
Creditors: amounts falling due within one year	14	<u>2,005,022</u>		<u>1,736,394</u>
Net current assets			<u>229,910</u>	<u>297,746</u>
Total assets less current liabilities			<u>306,922</u>	<u>334,911</u>
Provisions				
Taxation including deferred tax	15		10,423	3,528
Net assets			<u>296,499</u>	<u>331,383</u>
Capital and reserves				
Called up share capital	18		2	2
Profit and loss account	19		<u>296,497</u>	<u>331,381</u>
Shareholders funds			<u>296,499</u>	<u>331,383</u>

These financial statements were approved by the board of directors and authorised for issue on16/7/18, and are signed on behalf of the board by:



W Hodgson
Director

Company registration number: 05288420

Red Eagle Limited
Statement of Cash Flows
Year ended 31 December 2017

	2017 £	2016 £
Cash flows from operating activities		
(Loss)/profit for the financial year	(34,884)	273,645
<i>Adjustments for:</i>		
Depreciation of tangible assets	26,368	17,525
Interest receivable	–	(515)
Interest payable	19,470	19,602
Taxation on ordinary activities	7,790	72,990
Accrued (income)/expenses	(138,864)	98,737
<i>Changes in:</i>		
Trade and other debtors	(264,721)	(619,827)
Trade and other creditors	702,494	155,894
Cash generated from operations	317,653	18,051
Interest paid	(19,470)	(19,602)
Interest received	–	515
Tax paid	(49,075)	(50,405)
Net cash from/(used in) operating activities	<u>249,108</u>	<u>(51,441)</u>
Cash flows from investing activities		
Purchase of tangible assets	(66,215)	(22,314)
Net cash used in investing activities	<u>(66,215)</u>	<u>(22,314)</u>
Cash flows from financing activities		
Proceeds from loans from group undertakings	(246,822)	251,556
Dividends paid	–	(243,000)
Net cash (used in)/from financing activities	<u>(246,822)</u>	<u>8,556</u>
Net decrease in cash and cash equivalents	(63,929)	(65,199)
Cash and cash equivalents at beginning of year	80,168	145,367
Cash and cash equivalents at end of year	<u>16,239</u>	<u>80,168</u>

The notes on pages 12 to 19 form part of these financial statements.

Red Eagle Limited
Notes to the Financial Statements
Year ended 31 December 2017

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 2017

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 and represents amounts receivable for services rendered, stated net of discounts and of Value Added Tax.

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.

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.

Red Eagle Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

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.

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:

Fixtures and fittings	-	10% straight line
Motor vehicles	-	20% straight line
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.

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.

Red Eagle Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

3. Accounting policies *(continued)*

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangements entered into.

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value.

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.

4. Turnover

Turnover arises from:

	2017	2016
	£	£
Rendering of services	15,503,201	15,903,870

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:

	2017	2016
	£	£
Depreciation of tangible assets	26,368	17,525
Impairment of trade debtors	4,542	3,527

6. Auditor's remuneration

	2017	2016
	£	£
Fees payable for the audit of the financial statements	2,930	2,790
Fees payable to the company's auditor and its associates for other services:		
Taxation advisory services	3,200	3,040

Red Eagle Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

7. Particulars of employees

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

	2017 No.	2016 No.
Production staff	1,190	1,317
Administrative staff	14	14
	1,204	1,331

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

	2017 £	2016 £
Wages and salaries	11,799,954	10,670,453
Social security costs	696,396	537,141
Other pension costs	30,164	28,295
	12,526,514	11,235,889

8. Interest receivable

	2017 £	2016 £
Interest on cash and cash equivalents	–	515
	–	515

9. Interest payable

	2017 £	2016 £
Interest on banks loans and overdrafts	19,470	19,602
	19,470	19,602

10. Taxation on ordinary activities

Major components of tax expense

	2017 £	2016 £
Current tax:		
UK current tax expense	–	75,025
Adjustments in respect of prior periods	895	–
Total current tax	895	75,025
Deferred tax:		
Origination and reversal of timing differences	6,895	(2,035)
Taxation on ordinary activities	7,790	72,990

Red Eagle Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

10. Taxation on ordinary activities *(continued)*

Reconciliation of tax expense

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than (2016: higher than) the standard rate of corporation tax in the UK of 19.25% (2016: 20%).

	2017 £	2016 £
(Loss)/profit on ordinary activities before taxation	(27,094)	346,635
(Loss)/profit on ordinary activities by rate of tax	–	69,327
Effect of expenses not deductible for tax purposes	–	156
Effect of capital allowances and depreciation	–	5,542
Deferred Tax	6,895	(2,035)
(Over)/under provision in prior year	895	–
Tax on (loss)/profit	<u>7,790</u>	<u>72,990</u>

11. Dividends

	2017 £	2016 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	–	<u>243,000</u>

12. Tangible assets

	Fixtures and fittings £	Motor vehicles £	Equipment £	Total £
Cost				
At 1 January 2017	–	22,297	79,734	102,031
Additions	<u>18,009</u>	<u>–</u>	<u>48,206</u>	<u>66,215</u>
At 31 December 2017	<u>18,009</u>	<u>22,297</u>	<u>127,940</u>	<u>168,246</u>
Depreciation				
At 1 January 2017	–	8,268	56,598	64,866
Charge for the year	<u>1,195</u>	<u>4,459</u>	<u>20,714</u>	<u>26,368</u>
At 31 December 2017	<u>1,195</u>	<u>12,727</u>	<u>77,312</u>	<u>91,234</u>
Carrying amount				
At 31 December 2017	<u>16,814</u>	<u>9,570</u>	<u>50,628</u>	<u>77,012</u>
At 31 December 2016	<u>–</u>	<u>14,029</u>	<u>23,136</u>	<u>37,165</u>

Red Eagle Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

13. Debtors

	2017	2016
	£	£
Trade debtors	1,472,723	1,656,595
Amounts owed by group undertakings	534,280	–
Prepayments and accrued income	200,893	237,526
Other debtors	10,797	59,851
	<u>2,218,693</u>	<u>1,953,972</u>

The trade debtors figure of £1,472,723 all relate to invoice discounted debts (2016: £1,656,595).

14. Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	17,853	37,409
Amounts owed to group undertakings	108,102	354,924
Accruals and deferred income	165,609	304,473
Corporation tax	–	48,180
Social security and other taxes	584,644	381,659
Other creditors	1,128,814	609,749
	<u>2,005,022</u>	<u>1,736,394</u>

Within other creditors is £941,641 (2016: £451,351) secured against the invoice discounted debts of the company.

15. Provisions

	Deferred tax (note 16)
	£
At 1 January 2017	3,528
Additions	6,895
At 31 December 2017	<u>10,423</u>

16. Deferred tax

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

	2017	2016
	£	£
Included in provisions (note 15)	<u>10,423</u>	<u>3,528</u>

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

	2017	2016
	£	£
Accelerated capital allowances	<u>10,423</u>	<u>3,528</u>

Red Eagle Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

17. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £30,164 (2016: £28,295).

18. Called up share capital

Issued, called up and fully paid

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	2	2	2	2

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:

	2017	2016
	£	£
Not later than 1 year	28,271	49,633
Later than 1 year and not later than 5 years	16,520	27,586
	44,791	77,219

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.

During the year the company paid rent of £10,000 (2016: £30,000) to the Directors for use of the commercial property.

22. Controlling party

The company is a subsidiary of The Red Eagle Group Limited which is the ultimate parent company incorporated in the United Kingdom.

The results of the company are consolidated in the group headed by The Red Eagle Group Limited incorporated in the United Kingdom. The registered office of The Red Eagle Group Limited is Shakespeare House, 147 Sandgate Road, Folkestone, Kent, CT20 2DA, United Kingdom.