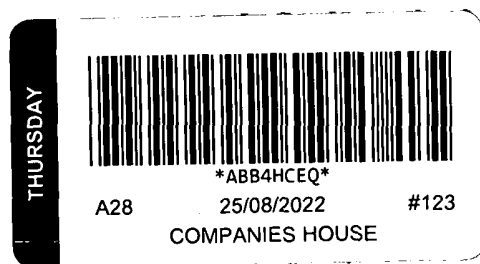


Company registration number 05509015 (England and Wales)

QUEST EMPLOYMENT LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021



QUEST EMPLOYMENT LIMITED

COMPANY INFORMATION

Directors	Mr M A Russell Mr D Parker Mrs L Banks Mr J Bluck Mr J E Cole Mr T S Shingler
Secretary	Mr M A Russell
Company number	05509015
Registered office	7-9 The Avenue Eastbourne East Sussex BN21 3YA
Auditor	Humphrey & Co Audit Services Ltd 7-9 The Avenue Eastbourne East Sussex BN21 3YA
Business address	Royal House Queenswood Newport Pagnell Road West Northampton NN4 7JJ

QUEST EMPLOYMENT LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 6
Independent auditor's report	7 - 9
Profit and loss account	10
Statement of comprehensive income	11
Balance sheet	12
Statement of changes in equity	13
Statement of cash flows	14
Notes to the financial statements	15 - 28

QUEST EMPLOYMENT LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report and financial statements for the year ended 31 December 2021.

Fair review of the business

2021 saw a 7% increase in turnover, driven mainly by our online and food production clients and the return of clients that suffered during the pandemic. Permanent placements doubled reflecting the bounce back from the pandemic and the underlying shortage of applicants. During the various lockdowns in the first half of 2021 we continued to keep our branches open to assist in the recruitment of key workers in industries such as food processing. We feel this decision contributed to the successes we achieved. Our Head Office staff continued to work remotely until they returned in August 2021. The increase in sales resulted in a 25% increase in staff headcount to assist in the recruitment of the workers needed and the managing of clients.

2022 could see a small increase in turnover, although we will still be substantially ahead of 2019. As a result of Brexit, and to a lesser extent the pandemic, we are still seeing increased pressure on the availability of labour to fulfil our clients' increasing demands. This will result in another increase in staff headcount to assist in the fulfilment of these orders. As in previous years, this will be spread across our branch network, Senior Account Team, National Recruitment Team, Social Media and Head Office. The shortage of available labour means we are seeing pay rates, and the margin we can command, increasing.

The cost of the various online job boards we use to attract staff has increased considerably post-pandemic and these costs have been forwarded on.

Principal risks and uncertainties

The principal risks and uncertainties affecting the company still relate to the implications of Brexit on the availability of temporary workers. A proportion of our EU workers returned to their home country during the pandemic and have not returned to the UK, causing a shortage of available labour. The current global unrest is also causing raw material and supply chain issues for some clients. There is also industry specific risk in relation to legislative changes affecting employment agencies.

Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Interest rate risk

The company is exposed to interest rate risk on all of its borrowing facilities in addition to on its floating bank rate deposits.

Credit risk

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Section 172 statement

Duty to promote the success of the company

The directors consider the successful running of the company in terms of achieving its long-term strategy which centres on building a resilient company that is great to work for and known for the quality of our services. The ongoing success of the company centres around positive and effective dealings with all the stakeholders of the company and the directors were mindful of the long term consequences of key commercial decisions made during the year, and determined that these were in the interests of the company's owners, employees, agency staff, clients, suppliers and other stakeholders, as they were all aligned with the company's strategy.

QUEST EMPLOYMENT LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

The principal decisions made in the year

- The continued expansion of our National Recruitment Team to assist with the sourcing of temporary workers for our key clients, branch network and remote locations.
- The launch of the Quest App, which in conjunction with our remote registration process, candidate portal, client induction videos and workforce engagement greatly enhances our temporary workers' journey from application to assignment.
- The continued expansion of our Senior Accounts Team to assist our key clients with the challenges experienced as a result of Brexit and the pandemic.
- In 2021 we decided to upgrade our CRM systems, the groundwork for this is taking place in 2022 with rollout in 2023.
- Training and induction are back to pre-pandemic levels, with most courses now being conducted in person rather than remotely.

The company takes employee involvement very seriously and we ensure that we engage with our staff at all levels on a wide range of matters. The company also regularly engages with its clients and suppliers to maintain these important relationships.

The directors confirm that throughout the year they have acted in the way they consider, in good faith, to be most likely to promote the continued success of the company for the benefit of its members as a whole.

On behalf of the board



Mr M A Russell
Director

16 August 2022

QUEST EMPLOYMENT LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the company continued to be that of an employment agency.

Results and dividends

The results for the year are set out on page 10.

The directors do not recommend payment of a final ordinary dividend on the ordinary 'A' shares and have recommended payment of a final dividend of £196.9868 (2020 £319.583) per ordinary 'B' share.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr M A Russell
Mr D Parker
Mrs L Banks
Mr J Bluck
Mr J E Cole
Mr T S Shingler

Auditor

The auditor, Humphrey & Co Audit Services Ltd, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Energy and carbon report

The company has consumed more than 40,000 kWh of energy in this reporting period and is required to report on its emissions, energy consumption or energy efficiency activities.

	2021 kWh	2020 kWh
<i>Energy consumption</i>		
Aggregate of energy consumption in the year		
- Gas combustion	26,249	37,881
- Electricity purchased	155,879	119,709
	<u>182,128</u>	<u>157,590</u>

QUEST EMPLOYMENT LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

<i>Emissions of CO2 equivalent</i>	2021 metric tonnes	2020 metric tonnes
Scope 1 - direct emissions		
- Gas combustion	9.95	16.35
- Fuel consumed for owned transport	2.20	1.38
	<hr/>	<hr/>
	12.15	17.73
Scope 2 - indirect emissions		
- Electricity purchased	131.07	99.07
Scope 3 - other indirect emissions		
- Fuel consumed for transport not owned by the	3,462.98	2,532.40
	<hr/>	<hr/>
Total gross emissions	3,606.20	2,649.20
	<hr/> <hr/>	<hr/> <hr/>
<i>Intensity ratio</i>		
Tonnes CO2 per full time and flexible employee	0.49	0.53
	<hr/> <hr/>	<hr/> <hr/>

Quantification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2021 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per full time and flexible employee.

QUEST EMPLOYMENT LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Measures taken to improve energy efficiency

In 2020 we noticed a reduction in fuel costs of around 20% due to less travel to client sites during the pandemic. We have seen fuel costs increase in 2021, as we have more clients, and are able to visit clients more regularly in the second half of 2021.

Due to the ongoing pandemic, we continued to have a number of people working from home through the pandemic, remote working at short notice in 2020 meant dialing into PCs in the office, in order to connect directly to software on the servers, so this has had an adverse effect on consumption, with energy being consumed both at home and in the office. All workers returned to the offices at the end of July 2021.

Due to an increase in business we have moved one further office to larger premises, in order to allow for more staff. We have also opened 3 further branches in 2021, so this will have an effect on energy consumption, as we continue to grow as a business.

We have increased the number of hybrid cars by 57% against 2020. Due to the shortage of cars at the present time, we are waiting for replacements for expired leases. We are actively looking into hybrid and fully electric cars for all replacement vehicles.

We are still encouraging more conversations about saving energy, to promote behavioural changes in our employees.

We have reduced the number of printers in our head office location by 80%, after investment in cloud based storage.

We are looking into the possibility of replacing lighting for low energy lighting.

We have been liaising with power suppliers to replace meters with smart meters where possible, and have achieved this at several locations.

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

QUEST EMPLOYMENT LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of treasury operations, financial instruments and principal risks and uncertainties.

Statement of disclosure to auditor

Each director at the date of the approval of this report confirms that:

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



Mr M A Russell
Director

16 August 2022

QUEST EMPLOYMENT LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF QUEST EMPLOYMENT LIMITED

Opinion

We have audited the financial statements of Quest Employment Limited (the 'company') for the year ended 31 December 2021 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including 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 2021 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

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 contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

QUEST EMPLOYMENT LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF QUEST EMPLOYMENT LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

QUEST EMPLOYMENT LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF QUEST EMPLOYMENT LIMITED

Extent to which the audit was considered capable of detecting irregularities, including fraud

We obtained an understanding of the company and the laws and regulations that could reasonably be expected to have a direct effect on the financial statements through discussion with the directors and management and the application of our knowledge and experience. We discussed with management whether there were any known or suspected instances of fraud and/or non-compliance with relevant laws and regulations. We also obtained an understanding of the company's accounting systems and internal controls.

We audited the risk of management override of controls, by testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business. Our other audit procedures included, but were not limited to, carrying out detailed substantive testing of a sample of income, wages and expenditure transactions arising in the year and a sample of balance sheet items such as intangible assets, debtors, creditors, etc. We also reviewed the financial statements and checked disclosures to supporting documentation to assess compliance with applicable law and regulation.

Because of the inherent risk of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. The risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements as we will be less likely to become aware of instances of non-compliance. The risk is greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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



Mr Andrew Robinson (Senior Statutory Auditor)
For and on behalf of Humphrey & Co Audit Services Ltd

Date: *24 August 2022*

Chartered Accountants
Statutory Auditor

7-9 The Avenue
Eastbourne
East Sussex
BN21 3YA

QUEST EMPLOYMENT LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover	3	98,571,924	92,013,019
Cost of sales		(86,817,701)	(82,468,299)
Gross profit		<u>11,754,223</u>	<u>9,544,720</u>
Administrative expenses		(9,949,344)	(8,080,202)
Other operating income		516,643	715,468
Operating profit	4	<u>2,321,522</u>	<u>2,179,986</u>
Interest receivable and similar income	8	91	1,234
Interest payable and similar expenses	9	(16,375)	(26,636)
Profit before taxation		<u>2,305,238</u>	<u>2,154,584</u>
Tax on profit	10	(458,254)	(401,172)
Profit for the financial year		<u><u>1,846,984</u></u>	<u><u>1,753,412</u></u>

The Profit and Loss Account has been prepared on the basis that all operations are continuing operations.

QUEST EMPLOYMENT LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	2020 £
Profit for the year	1,846,984	1,753,412
Other comprehensive income	-	-
Total comprehensive income for the year	<u>1,846,984</u>	<u>1,753,412</u>

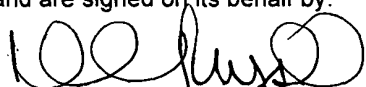
QUEST EMPLOYMENT LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021		2020	
		£	£	£	£
Fixed assets					
Goodwill	12		600,000		750,000
Tangible assets	13		181,385		126,862
			<u>781,385</u>		<u>876,862</u>
Current assets					
Stocks	14	13,163		13,163	
Debtors	15	22,918,322		14,290,288	
Cash at bank and in hand		-		62,843	
		<u>22,931,485</u>		<u>14,366,294</u>	
Creditors: amounts falling due within one year	16	(19,875,665)		(12,016,363)	
Net current assets			<u>3,055,820</u>		<u>2,349,931</u>
Total assets less current liabilities			<u>3,837,205</u>		<u>3,226,793</u>
Provisions for liabilities					
Deferred tax liability	18	43,500		22,393	
		<u>(43,500)</u>		<u>(22,393)</u>	
Net assets			<u>3,793,705</u>		<u>3,204,400</u>
Capital and reserves					
Called up share capital	20		25,000		25,000
Share premium account			400		400
Profit and loss reserves			3,768,305		3,179,000
Total equity			<u>3,793,705</u>		<u>3,204,400</u>

The financial statements were approved by the board of directors and authorised for issue on 16 August 2022 and are signed on its behalf by:



Mr M A Russell
Director

Company Registration No. 05509015

QUEST EMPLOYMENT LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2020		25,000	400	1,993,621	2,019,021
Year ended 31 December 2020:					
Profit and total comprehensive income for the year		-	-	1,753,412	1,753,412
Dividends	11	-	-	(568,033)	(568,033)
Balance at 31 December 2020		25,000	400	3,179,000	3,204,400
Year ended 31 December 2021:					
Profit and total comprehensive income for the year		-	-	1,846,984	1,846,984
Dividends	11	-	-	(1,257,679)	(1,257,679)
Balance at 31 December 2021		25,000	400	3,768,305	3,793,705

QUEST EMPLOYMENT LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	24		(7,513,771)		4,448,598
Interest paid			(16,375)		(26,636)
Income taxes paid			(505,938)		(261,292)
			<u> </u>		<u> </u>
Net cash (outflow)/inflow from operating activities			(8,036,084)		4,160,670
Investing activities					
Purchase of tangible fixed assets		(125,627)		(36,483)	
Interest received		91		1,234	
		<u> </u>		<u> </u>	
Net cash used in investing activities			(125,536)		(35,249)
Financing activities					
Increase in/(repayment of) bank loans		9,289,428		(3,523,873)	
Dividends paid		(1,257,681)		(568,034)	
		<u> </u>		<u> </u>	
Net cash generated from/(used in) financing activities			8,031,747		(4,091,907)
			<u> </u>		<u> </u>
Net (decrease)/increase in cash and cash equivalents			(129,873)		33,514
Cash and cash equivalents at beginning of year			62,843		29,329
			<u> </u>		<u> </u>
Cash and cash equivalents at end of year			(67,030)		62,843
			<u> </u>		<u> </u>
Relating to:					
Cash at bank and in hand			-		62,843
Bank overdrafts included in creditors payable within one year			(67,030)		-
			<u> </u>		<u> </u>

QUEST EMPLOYMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Quest Employment Limited is a private company limited by shares incorporated in England and Wales. The registered office is 7-9 The Avenue, Eastbourne, East Sussex, BN21 3YA. The company registration number is 05509015.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

1.4 Intangible fixed assets - goodwill

Goodwill represents the client list acquired in 2006 and is written off in equal annual instalments over its estimated useful economic life of twenty years. The directors review the client list and estimated useful economic life on an annual basis.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Computer equipment	20% straight line basis
Fixtures, fittings & equipment	20% straight line basis
Motor vehicles	25% reducing balance basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

QUEST EMPLOYMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Stocks

Stock relates to brochures, leaflets and work wear held by the company for future use and is stated at cost.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest rate method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

QUEST EMPLOYMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method.

Other financial liabilities

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

QUEST EMPLOYMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

QUEST EMPLOYMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Useful life of fixed assets

The directors estimate the expected useful lives of the company's fixed assets which in turn impacts on the amount of depreciation charged in the year.

Valuation of goodwill

The directors estimate the value of goodwill based on the contracts retained since the company was incorporated. This impacts on the amount of amortisation charged in the year.

Holiday Pay

The directors estimate the accrued holiday pay at the year end based on actual unused holiday.

Key sources of estimation uncertainty

In the opinion of the directors there are no estimates or assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

QUEST EMPLOYMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2021 £	2020 £
Turnover analysed by class of business		
Temporary Placement	98,504,007	91,985,932
Permanent Placement	67,917	27,087
	<u>98,571,924</u>	<u>92,013,019</u>
	2021 £	2020 £
Turnover analysed by geographical market		
United Kingdom	98,571,924	92,013,019
	<u>98,571,924</u>	<u>92,013,019</u>
	2021 £	2020 £
Other revenue		
Interest income	91	1,234
Grants received	9,303	167,780
	<u>9,394</u>	<u>169,014</u>

4 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	(9,303)	(167,780)
Depreciation of owned tangible fixed assets	71,104	103,205
Amortisation of intangible assets	150,000	150,000
Operating lease charges	426,112	191,003
	<u>537,913</u>	<u>276,428</u>

5 Auditor's remuneration

	2021 £	2020 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	17,500	17,500
For other services		
Audit-related assurance services	8,000	7,500
Taxation compliance services	1,250	1,000
Other taxation services	1,000	900
All other non-audit services	5,291	6,323
	<u>15,541</u>	<u>15,723</u>

QUEST EMPLOYMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Full Time Employees	130	106

The aggregate remuneration of all full-time employees and temporary workers comprised:

	2021 £	2020 £
Wages and salaries	32,426,238	30,029,867
Social security costs	2,382,372	1,885,849
Pension costs	753,718	884,909
	<u>35,562,328</u>	<u>32,800,625</u>

Coronavirus Job Retention Scheme

Due to the ongoing Covid-19 pandemic, the company furloughed staff under the UK Government Job Retention Scheme.

For the year to 31 December 2021, the company was entitled to claim £9,303 (2020 - £167,780), all of which was received in the year.

7 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	875,928	576,477
Company pension contributions to defined contribution schemes	146,004	237,699
	<u>1,021,932</u>	<u>814,176</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 6 (2020 - 6).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2021 £	2020 £
Remuneration for qualifying services	351,472	203,454

QUEST EMPLOYMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

8	Interest receivable and similar income	2021	2020
		£	£
	Interest income		
	Other interest income	91	1,234
		<u>91</u>	<u>1,234</u>
9	Interest payable and similar expenses	2021	2020
		£	£
	Interest on financial liabilities measured at amortised cost:		
	Other interest on financial liabilities	16,222	25,636
	Other finance costs:		
	Other interest	153	1,000
		<u>153</u>	<u>1,000</u>
		<u>16,375</u>	<u>26,636</u>
10	Taxation	2021	2020
		£	£
	Current tax		
	UK corporation tax on profits for the current period	488,132	458,011
	Adjustments in respect of prior periods	(50,985)	(44,538)
		<u>437,147</u>	<u>413,473</u>
	Total current tax	<u>437,147</u>	<u>413,473</u>
	Deferred tax		
	Origination and reversal of timing differences	21,107	(12,301)
		<u>21,107</u>	<u>(12,301)</u>
	Total tax charge	<u>458,254</u>	<u>401,172</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021	2020
	£	£
Profit before taxation	<u>2,305,238</u>	<u>2,154,584</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	437,995	409,371
Tax effect of expenses that are not deductible in determining taxable profit	71,243	36,339
Adjustments in respect of prior years	(50,984)	(44,538)
	<u>458,254</u>	<u>401,172</u>
Taxation charge for the year	<u>458,254</u>	<u>401,172</u>

QUEST EMPLOYMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

10 Taxation (Continued)

The adjustment in respect of prior year tax liabilities relates to research and development tax credit claims.

11 Dividends

	2021 £	2020 £
Final paid	319,583	80,520
Interim paid	938,097	487,514
	<u>1,257,680</u>	<u>568,034</u>

12 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2021 and 31 December 2021	3,024,000
Amortisation and impairment	
At 1 January 2021	2,274,000
Amortisation charged for the year	150,000
At 31 December 2021	<u>2,424,000</u>
Carrying amount	
At 31 December 2021	<u>600,000</u>
At 31 December 2020	<u>750,000</u>

QUEST EMPLOYMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

13 Tangible fixed assets

	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2021	292,711	319,013	44,448	656,172
Additions	75,210	50,417	-	125,627
At 31 December 2021	<u>367,921</u>	<u>369,430</u>	<u>44,448</u>	<u>781,799</u>
Depreciation and impairment				
At 1 January 2021	254,583	251,284	23,443	529,310
Depreciation charged in the year	22,534	41,757	6,813	71,104
At 31 December 2021	<u>277,117</u>	<u>293,041</u>	<u>30,256</u>	<u>600,414</u>
Carrying amount				
At 31 December 2021	<u>90,804</u>	<u>76,389</u>	<u>14,192</u>	<u>181,385</u>
At 31 December 2020	<u>38,128</u>	<u>67,729</u>	<u>21,005</u>	<u>126,862</u>

14 Stocks

	2021	2020
	£	£
Stationery and workwear stock	<u>13,163</u>	<u>13,163</u>

15 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	22,424,742	13,907,021
Other debtors	196,020	220,000
Prepayments and accrued income	297,560	163,267
	<u>22,918,322</u>	<u>14,290,288</u>

QUEST EMPLOYMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

16 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Bank loans and overdrafts	17	10,097,974	741,516
Trade creditors		1,865,799	1,818,071
Corporation tax		249,220	318,011
Other taxation and social security		3,184,137	4,102,759
Other creditors		1,033,458	536,104
Accruals and deferred income		3,445,077	4,499,902
		<u>19,875,665</u>	<u>12,016,363</u>

17 Loans and overdrafts

	2021 £	2020 £
Bank loans	10,030,944	741,516
Bank overdrafts	67,030	-
	<u>10,097,974</u>	<u>741,516</u>
Payable within one year	<u>10,097,974</u>	<u>741,516</u>

Included within bank loans is the invoice discounting facility which has a balance of £10,030,944 (2020 - £741,516).

The invoice discounting facility is secured by a debenture over the company's assets.

18 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2021 £	Liabilities 2020 £
Balances:		
Accelerated capital allowances	<u>43,500</u>	<u>22,393</u>

QUEST EMPLOYMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

18 Deferred taxation **(Continued)**

	2021
	£
Movements in the year:	
Liability at 1 January 2021	22,393
Charge to profit or loss	21,107
Liability at 31 December 2021	<u>43,500</u>

The deferred tax liability set out above is expected to reverse in line with the depreciation of the fixed assets and relates to accelerated capital allowances that are expected to mature within the same period.

19 Retirement benefit schemes

	2021	2020
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>753,718</u>	<u>884,909</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

20 Share capital

	2021	2020
	£	£
Ordinary share capital		
Issued and fully paid		
24,000 Ordinary 'A' shares of £1 each	24,000	24,000
1,000 Ordinary 'B' shares of £1 each	1,000	1,000
	<u>25,000</u>	<u>25,000</u>

All shares are entitled to one vote in any circumstance.

QUEST EMPLOYMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

21 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for certain of its properties and motor vehicles.

The property leases are negotiated for an average term of ten years with a break clause after five years. Rentals are fixed for an average of five years.

The motor vehicle leases are usually for a three year term with fixed rental payments.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £	2020 £
Within one year	151,796	165,049
Between two and five years	265,224	449,354
In over five years	-	7,500
	<u>417,020</u>	<u>621,903</u>

22 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2021 £	2020 £
Aggregate compensation	<u>1,086,408</u>	<u>861,794</u>

23 Directors' transactions

Dividends totalling £1,257,680 (2020 - £568,033) were paid in the year in respect of shares held by the company's directors.

As at 31 December 2021, the company owed the directors a total of £381,948 (2020 - £117,790).

The company has made a loan to Insight Employment Limited. The loan balance owed to the company at the year end was £196,020 (2020 - £220,000). Mr M Russell and Mr D Parker are directors and shareholders of Insight Employment Limited.

Advances or credits have been granted by the company to its directors as follows:-

QUEST EMPLOYMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

23 Directors' transactions (Continued)					
Description	% Rate	Opening balance £	Amounts advanced £	Amounts repaid £	Closing balance £
Mr D Parker -	-	12,574	242,775	(340,000)	(84,651)
Mr M A Russell -	-	12,187	239,140	(340,000)	(88,673)
		24,761	481,915	(680,000)	(173,324)
		24,761	481,915	(680,000)	(173,324)

24 Cash (absorbed by)/generated from operations		
	2021 £	2020 £
Profit for the year after tax	1,846,984	1,753,412
Adjustments for:		
Taxation charged	458,254	401,172
Finance costs	16,375	26,636
Investment income	(91)	(1,234)
Amortisation and impairment of intangible assets	150,000	150,000
Depreciation and impairment of tangible fixed assets	71,104	103,205
Movements in working capital:		
Increase in stocks	-	(635)
Increase in debtors	(8,628,032)	(1,362,381)
(Decrease)/increase in creditors	(1,428,365)	3,378,423
Cash (absorbed by)/generated from operations	(7,513,771)	4,448,598

25 Analysis of changes in net debt		
	1 January 2021 £	Cash flows 31 December 2021 £
Cash at bank and in hand	62,843	(62,843)
Bank overdrafts	-	(67,030)
	62,843	(129,873)
Borrowings excluding overdrafts	(741,516)	(9,289,428)
	(678,673)	(9,419,301)