

Company Registration No. 02855561 (England and Wales)

MANE CONTRACT SERVICES LTD AND SUBSIDIARY UNDERTAKINGS
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

**Faulkner House
Victoria Street
St Albans
Hertfordshire
AL1 3SE**

**Rayner Essex LLP
Chartered Accountants**

MANE CONTRACT SERVICES LTD AND SUBSIDIARY UNDERTAKINGS

COMPANY INFORMATION

Directors	Mr L Pacelli Mr G Shayler
Secretary	Ms H Patel (resigned 02 December 2021)
Company number	02855561
Registered office	3rd Floor 6 Hercules Way Watford Hertfordshire WD25 7GS
Auditor	Rayner Essex LLP Faulkner House Victoria Street St Albans Hertfordshire AL1 3SE

MANE CONTRACT SERVICES LTD AND SUBSIDIARY UNDERTAKINGS

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MANE CONTRACT SERVICES LTD AND SUBSIDIARY UNDERTAKINGS

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

The directors present the strategic report for the year ended 31 August 2021.

Fair review of the business

The directors can report that business levels having experienced a drop, primarily due to Covid-19 and Brexit, stabilised towards the end of the year. Bad debts contributed to a loss for the year, stronger credit control procedures have been implemented to minimise any reoccurrence. Aggressive action was taken to improve client spread across all four divisions and remove dependency on individual clients. The furlough and CBIL schemes have helped to navigate through this difficult time and the business is now well positioned to capitalise on the recovery of our key recruitment markets.

Principal risks and uncertainties

The directors cannot see any risks or uncertainties other than the normal commercial risks associated with running a business of this size in the recruitment sector. The principal risks and uncertainties being detailed below:

Liquidity risk

The directors manages liquidity risk by a combination of controls such as monitoring gearing levels and ensuring facilities are readily available for future use.

Competition risk

The directors considers that following a detailed review, the group is in a good position to attract new clients and ultimately capitalise on new opportunities which may arise in the coming year.

Development and performance

The group continues to develop the business in accordance with plans and projections.

Key performance indicators

The key performance indicators (KPI's) of the group reviewed by the directors are the gross profit margin, operating profit margin, and net profit margin. The directors approves forecasts for the coming year and these together with the expected KPI's are compared against the actual figures throughout the financial year.

The group's financial performance for the year is monitored using the KPI's detailed above:

- Turnover for the year - £24.6m (2020: £38.7m)
- Gross profit % - 12.94% (2020: 11.1%)
- Operating profit % - (1.99)% (2020: 0.2%)
- Net profit % - (2.05)% (2020: 0.0%)

On behalf of the board

Mr L Pacelli

Director

4 May 2022

MANE CONTRACT SERVICES LTD AND SUBSIDIARY UNDERTAKINGS

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

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

Principal activities

The principal activity of the company and group during the year was that of a staff employment agency for the supply of technical staff.

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Directors

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

Mr L Pacelli
Mr G Shayler

Financial instruments

Treasury operations and Financial instruments

The group uses financial instruments comprising of bank loans and asset based financing facilities, together with various items such as trade debtors and trade creditors that arise directly from its operations. It is the objective of the board to ensure that the group has ready access to the level of funds that the board deems necessary at any time during the year. The board reviews future projections to highlight any times when requirements may exceed current levels of funding to ensure that facilities are in place and available.

The main risks arising from the financial instruments used by the group are liquidity risk and competition risk. The board reviews and agrees policies for managing these risks, as detailed in the strategic report to minimise exposure.

Auditor

The auditor, Rayner Essex LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

MANE CONTRACT SERVICES LTD AND SUBSIDIARY UNDERTAKINGS

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

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 group and company, and of the profit or loss of the group 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 ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

Mr L Pacelli
Director

4 May 2022

MANE CONTRACT SERVICES LTD AND SUBSIDIARY UNDERTAKINGS

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MANE CONTRACT SERVICES LTD AND SUBSIDIARY UNDERTAKINGS

Opinion

We have audited the financial statements of Mane Contract Services Ltd and Subsidiary Undertakings (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 August 2021 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 August 2021 and of the group's loss 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of uncertainties due to Covid-19 on our audit

Uncertainties related to the global effects of Covid-19 are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as impairment of fixed assets, recoverability of debtors, intangibles assets and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 is one of the most significant global economic events presently and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. No audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Covid-19

Conclusions relating to going concern

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

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

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

However, as not all future events or conditions can be predicted, such as the impact of Covid-19 and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation as a going concern.

MANE CONTRACT SERVICES LTD AND SUBSIDIARY UNDERTAKINGS

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MANE CONTRACT SERVICES LTD AND SUBSIDIARY UNDERTAKINGS

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.

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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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 parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the 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.

MANE CONTRACT SERVICES LTD AND SUBSIDIARY UNDERTAKINGS

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MANE CONTRACT SERVICES LTD AND SUBSIDIARY UNDERTAKINGS

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

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

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with the directors and other management, and from our commercial knowledge and experience of the recruitment sector.
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment law, Agency Workers Regulations 2011, Employment Business Regulations 2003 and other relevant regulations;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

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

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

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

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

- agreeing financial statement disclosures to underlying supporting documentation
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and relevant regulators.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

MANE CONTRACT SERVICES LTD AND SUBSIDIARY UNDERTAKINGS

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MANE CONTRACT SERVICES LTD AND SUBSIDIARY UNDERTAKINGS

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.

Antony Federer FCA FCCA CF (Senior Statutory Auditor)
For and on behalf of Rayner Essex LLP

4 May 2022

Chartered Accountants
Statutory Auditor

Faulkner House
Victoria Street
St Albans
Hertfordshire
AL1 3SE

MANE CONTRACT SERVICES LTD AND SUBSIDIARY UNDERTAKINGS

GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 £	2020 £
Turnover	3	24,646,508	38,652,144
Cost of sales		(21,456,517)	(34,374,150)
Gross profit		<u>3,189,991</u>	<u>4,277,994</u>
Administrative expenses		(4,221,398)	(4,808,359)
Other operating income		540,462	620,276
Operating (loss)/profit	4	<u>(490,945)</u>	<u>89,911</u>
Interest receivable and similar income	8	-	680
Interest payable and similar expenses	9	(13,455)	(104,544)
Loss before taxation		<u>(504,400)</u>	<u>(13,953)</u>
Tax on loss	10	53,312	(13,195)
Loss for the financial year		<u><u>(451,088)</u></u>	<u><u>(27,148)</u></u>

Loss for the financial year is all attributable to the owners of the parent company.

MANE CONTRACT SERVICES LTD AND SUBSIDIARY UNDERTAKINGS

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2021

	2021	2020
	£	£
Loss for the year	(451,088)	(27,148)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(451,088)</u>	<u>(27,148)</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

MANE CONTRACT SERVICES LTD AND SUBSIDIARY UNDERTAKINGS

GROUP BALANCE SHEET

AS AT 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	11		321,625		350,750
Current assets					
Debtors	15	5,987,396		4,602,519	
Cash at bank and in hand		132,528		140,864	
		<u>6,119,924</u>		<u>4,743,383</u>	
Creditors: amounts falling due within one year	16	<u>(4,339,836)</u>		<u>(2,916,332)</u>	
Net current assets			1,780,088		1,827,051
Total assets less current liabilities			<u>2,101,713</u>		<u>2,177,801</u>
Creditors: amounts falling due after more than one year	17		<u>(375,000)</u>		<u>-</u>
Net assets			<u>1,726,713</u>		<u>2,177,801</u>
Capital and reserves					
Called up share capital	22		298,620		298,620
Share premium account			45,000		45,000
Capital redemption reserve			63,158		63,158
Profit and loss reserves			1,319,935		1,771,023
Total equity			<u>1,726,713</u>		<u>2,177,801</u>

The financial statements were approved by the board of directors and authorised for issue on 4 May 2022 and are signed on its behalf by:

Mr L Pacelli
Director

MANE CONTRACT SERVICES LTD AND SUBSIDIARY UNDERTAKINGS

COMPANY BALANCE SHEET

AS AT 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	11	321,625		350,750	
Investments	12	100		100	
			<u>321,725</u>		<u>350,850</u>
Current assets					
Debtors	15	5,613,745		3,735,742	
Cash at bank and in hand		128,119		138,956	
		<u>5,741,864</u>		<u>3,874,698</u>	
Creditors: amounts falling due within one year	16	<u>(3,840,616)</u>		<u>(2,096,685)</u>	
Net current assets			<u>1,901,248</u>		<u>1,778,013</u>
Total assets less current liabilities			<u>2,222,973</u>		<u>2,128,863</u>
Creditors: amounts falling due after more than one year	17		<u>(375,000)</u>		<u>-</u>
Net assets			<u><u>1,847,973</u></u>		<u><u>2,128,863</u></u>
Capital and reserves					
Called up share capital	22	298,620		298,620	
Share premium account		45,000		45,000	
Capital redemption reserve		63,158		63,158	
Profit and loss reserves		1,441,195		1,722,085	
Total equity			<u><u>1,847,973</u></u>		<u><u>2,128,863</u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £280,890 (2020 - £76,086 loss).

The financial statements were approved by the board of directors and authorised for issue on 4 May 2022 and are signed on its behalf by:

Mr L Pacelli
Director

Company Registration No. 02855561

MANE CONTRACT SERVICES LTD AND SUBSIDIARY UNDERTAKINGS

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 September 2019		292,646	45,000	63,158	1,798,171	2,198,975
Year ended 31 August 2020:						
Loss and total comprehensive income for the year		-	-	-	(27,148)	(27,148)
Issue of share capital	22	5,974	-	-	-	5,974
Balance at 31 August 2020		298,620	45,000	63,158	1,771,023	2,177,801
Year ended 31 August 2021:						
Loss and total comprehensive income for the year		-	-	-	(451,088)	(451,088)
Balance at 31 August 2021		298,620	45,000	63,158	1,319,935	1,726,713

MANE CONTRACT SERVICES LTD AND SUBSIDIARY UNDERTAKINGS

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 September 2019		292,646	45,000	63,158	1,798,171	2,198,975
Year ended 31 August 2020:						
Loss and total comprehensive income for the year		-	-	-	(76,086)	(76,086)
Issue of share capital	22	5,974	-	-	-	5,974
Balance at 31 August 2020		298,620	45,000	63,158	1,722,085	2,128,863
Year ended 31 August 2021:						
Loss and total comprehensive income for the year		-	-	-	(280,890)	(280,890)
Balance at 31 August 2021		298,620	45,000	63,158	1,441,195	1,847,973

MANE CONTRACT SERVICES LTD AND SUBSIDIARY UNDERTAKINGS

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	26		(135,547)		278,912
Interest paid			(13,455)		(104,544)
Income taxes refunded/(paid)			68,059		(122,444)
Net cash (outflow)/inflow from operating activities			(80,943)		51,924
Investing activities					
Purchase of tangible fixed assets		(48,893)		(2,430)	
Receipts arising from loans made		(378,500)		57,729	
Interest received		-		680	
Net cash (used in)/generated from investing activities			(427,393)		55,979
Financing activities					
Proceeds from issue of shares		-		5,974	
Repayment of bank loans		500,000		-	
Net cash generated from financing activities			500,000		5,974
Net (decrease)/increase in cash and cash equivalents			(8,336)		113,877
Cash and cash equivalents at beginning of year			140,864		26,987
Cash and cash equivalents at end of year			132,528		140,864

MANE CONTRACT SERVICES LTD AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

Company information

Mane Contract Services Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 3rd Floor, 6 Hercules Way, Watford, Hertfordshire, WD25 7GS.

The group consists of Mane Contract Services Limited and all of its subsidiaries.

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 under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

MANE CONTRACT SERVICES LTD AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

The consolidated group financial statements consist of the financial statements of the parent company Mane Contract Services Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 August 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 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.

In adopting the going concern basis for preparing the financial statements, the directors have considered the business activities and the company's principle risks and uncertainties, including those arising from the current Covid-19 pandemic and the government's response to it. The company meets its day-to-day working capital requirements through use of its cash and banking facilities. During the year the company has secured additional bank funding under the government backed Coronavirus Business Interruption Loan scheme. This additional facility is available to the company which has also taken advantage of government backed initiatives such as the furlough scheme to assist with its day to day cash management.

In assessing the appropriateness of the going concern assumption, the directors have prepared detailed cash flow forecasts for the company. In the modelled forecast scenarios the directors are satisfied that the company can continue to operate within its current cash and other facilities. However, the directors acknowledge that the environment is continuously changing and, as such, projecting the impacts of COVID-19 is challenging.

1.4 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.

Revenue in respect of recruitment services provided is recognised in full at the point a customer has authorised timesheets for labour provided.

Income received from placing permanent staff is recognised at the point a candidate accepts an offer of placement by signing the terms and conditions of employment and commences that period of employment.

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.

MANE CONTRACT SERVICES LTD AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

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:

Leasehold land and buildings	over the term of the lease
Fixtures and fittings	over 2-5 years

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 recognised in the profit and loss account.

1.6 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.7 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

MANE CONTRACT SERVICES LTD AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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.

1.8 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 group 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 group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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 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.

MANE CONTRACT SERVICES LTD AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 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 group 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 group 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 method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

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.

MANE CONTRACT SERVICES LTD AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

Derecognition of financial liabilities

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

1.10 Equity instruments

Equity instruments issued by the group 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 group.

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 group'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 if, and only if, there is 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.

MANE CONTRACT SERVICES LTD AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

1.14 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the option pricing model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

1.15 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.

1.16 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.

1.17 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 group'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.

There are not considered to be any estimates or assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities of the group and company.

MANE CONTRACT SERVICES LTD AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

3 Turnover and other revenue

	2021 £	2020 £
Turnover analysed by class of business		
Temporary placements	23,966,373	37,786,895
Permanent placements	644,193	790,127
Other	35,942	75,122
	<u>24,646,508</u>	<u>38,652,144</u>
	2021 £	2020 £
Turnover analysed by geographical market		
United Kingdom	22,458,188	35,622,855
Europe	2,163,820	3,029,289
Rest of the World	24,500	-
	<u>24,646,508</u>	<u>38,652,144</u>
	2021 £	2020 £
Other significant revenue		
Interest income	-	680
Grants received	481,344	616,775
	<u></u>	<u></u>

4 Operating (loss)/profit

	2021 £	2020 £
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	22,961	(10,168)
Government grants	(481,344)	(616,775)
Depreciation of owned tangible fixed assets	78,018	63,803
(Profit)/loss on disposal of tangible fixed assets	-	873
Operating lease charges	252,617	237,316
	<u></u>	<u></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 group and company	12,250	12,250
Audit of the financial statements of the company's subsidiaries	7,635	6,750
	<u>19,885</u>	<u>19,000</u>

MANE CONTRACT SERVICES LTD AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

5 Auditor's remuneration (Continued)

For other services

All other non-audit services	7,638	7,638
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6 Employees

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

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Management	13	15	13	15
Administration	35	47	35	47
Total	48	62	48	62

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	2,138,771	2,520,433	1,979,117	2,436,392
Social security costs	269,127	298,038	248,454	289,001
Pension costs	56,219	79,703	54,616	77,497
	2,464,117	2,898,174	2,282,187	2,802,890

7 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	271,275	220,088
Company pension contributions to defined contribution schemes	19,351	19,302
	290,626	239,390

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2020 - 2).

MANE CONTRACT SERVICES LTD AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

7 Directors' remuneration

(Continued)

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

	2021 £	2020 £
Remuneration for qualifying services	120,629	121,084
Company pension contributions to defined contribution schemes	1,351	18,000
	<u>121,980</u>	<u>139,084</u>

8 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	-	680
	<u>-</u>	<u>680</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	-	680
	<u>-</u>	<u>680</u>

9 Interest payable and similar expenses

	2021 £	2020 £
Interest on financial liabilities measured at amortised cost:		
Interest on invoice finance arrangements	13,403	103,586
Other finance costs:		
Other interest	52	958
Total finance costs	<u>13,455</u>	<u>104,544</u>

10 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	-	13,195
Adjustments in respect of prior periods	(53,312)	-
Total current tax	<u>(53,312)</u>	<u>13,195</u>

MANE CONTRACT SERVICES LTD AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

10 Taxation

(Continued)

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

	2021 £	2020 £
Loss before taxation	(504,400)	(13,953)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(95,836)	(2,651)
Tax effect of expenses that are not deductible in determining taxable profit	4,842	4,904
Unutilised tax losses carried forward	34,379	-
Permanent capital allowances in excess of depreciation	2,664	8,334
Depreciation on assets not qualifying for tax allowances	-	2,442
Group adjustment	639	166
Taxation (credit)/charge	(53,312)	13,195

11 Tangible fixed assets

Group	Leasehold land and buildings	Fixtures and fittings	Total
	£	£	£
Cost			
At 1 September 2020	342,696	133,300	475,996
Additions	-	48,893	48,893
At 31 August 2021	342,696	182,193	524,889
Depreciation and impairment			
At 1 September 2020	64,485	60,761	125,246
Depreciation charged in the year	34,269	43,749	78,018
At 31 August 2021	98,754	104,510	203,264
Carrying amount			
At 31 August 2021	243,942	77,683	321,625
At 31 August 2020	278,211	72,539	350,750

MANE CONTRACT SERVICES LTD AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

11 Tangible fixed assets (Continued)

Company	Leasehold land and buildings	Fixtures and fittings	Total
	£	£	£
Cost			
At 1 September 2020	342,696	133,300	475,996
Additions	-	48,893	48,893
At 31 August 2021	342,696	182,193	524,889
Depreciation and impairment			
At 1 September 2020	64,485	60,761	125,246
Depreciation charged in the year	34,269	43,749	78,018
At 31 August 2021	98,754	104,510	203,264
Carrying amount			
At 31 August 2021	243,942	77,683	321,625
At 31 August 2020	278,211	72,539	350,750

12 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	13	-	-	100	100

Movements in fixed asset investments

Company	Shares in subsidiaries £
Cost or valuation	
At 1 September 2020 and 31 August 2021	100
Carrying amount	
At 31 August 2021	100
At 31 August 2020	100

13 Subsidiaries

Details of the company's subsidiaries at 31 August 2021 are as follows:

MANE CONTRACT SERVICES LTD AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

13 Subsidiaries (Continued)

Name of undertaking	Registered office	Class of shares held	% Held Direct
Socium Total Talent Management Ltd	UK	Ordinary	100.00

Investments in subsidiaries are recorded at cost.

The registered office of the subsidiary listed above is:

3rd Floor, 6 Hercules Way, Watford, Hertfordshire, WD25 7GS.

14 Financial instruments

	Group 2021 £	2020 £	Company 2021 £	2020 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	5,631,248	4,199,369	5,274,314	3,334,067
Carrying amount of financial liabilities				
Measured at amortised cost	4,063,816	2,111,905	3,587,332	1,304,051

15 Debtors

	Group 2021 £	2020 £	Company 2021 £	2020 £
Amounts falling due within one year:				
Trade debtors	4,579,641	3,531,210	3,851,075	2,524,131
Corporation tax recoverable	239,082	266,972	227,526	266,972
Amounts owed by group undertakings	-	-	371,632	141,777
Other debtors	1,003,447	616,838	999,941	616,838
Prepayments and accrued income	108,554	131,172	106,899	129,697
	5,930,724	4,546,192	5,557,073	3,679,415
Amounts falling due after more than one year:				
Other debtors	51,666	51,321	51,666	51,321
Deferred tax asset (note 19)	5,006	5,006	5,006	5,006
	56,672	56,327	56,672	56,327
Total debtors	5,987,396	4,602,519	5,613,745	3,735,742

MANE CONTRACT SERVICES LTD AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

16 Creditors: amounts falling due within one year

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans	18	125,000	-	125,000	-
Trade creditors		227,377	310,952	227,280	205,559
Corporation tax payable		52	13,195	-	1,639
Other taxation and social security		650,968	791,232	628,284	790,995
Other creditors		2,496,070	1,481,086	2,060,048	853,736
Accruals and deferred income		840,369	319,867	800,004	244,756
		<u>4,339,836</u>	<u>2,916,332</u>	<u>3,840,616</u>	<u>2,096,685</u>

Included in other creditors is £2,462,250 (2020: £1,060,820) for commercial finance facilities. The company element is £2,026,228 (2020: £433,470).

The liability is secured by fixed and floating charges, alongside a negative pledge on all undertakings of the company.

17 Creditors: amounts falling due after more than one year

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans and overdrafts	18	375,000	-	375,000	-

18 Loans and overdrafts

	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans	500,000	-	500,000	-
Payable within one year	125,000	-	125,000	-
Payable after one year	375,000	-	375,000	-

The long-term loans are secured by fixed and floating charges, alongside a negative pledge on all undertakings of the company.

The loan facility taken by Mane Contract Services Limited is a CBIL loan facility. The loan is repayable over 8 equal quarters starting from 12 months after the initial draw down. Interest is charged on a floating rate basis and will be charged at a rate not below 3.95%.

MANE CONTRACT SERVICES LTD AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Assets 2021 £	Assets 2020 £
Group		
Accelerated capital allowances	5,006	5,006
	<u>5,006</u>	<u>5,006</u>
	Assets 2021 £	Assets 2020 £
Company		
Accelerated capital allowances	5,006	5,006
	<u>5,006</u>	<u>5,006</u>

There were no deferred tax movements in the year.

The deferred tax asset set out above is expected to reverse within 12 months.

20 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	56,219	79,703
	<u>56,219</u>	<u>79,703</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

21 Share-based payment transactions

The company operates a tax authority approved Enterprise Management Incentive Share Option Scheme for certain senior personnel at the discretion of the directors.

Group and company	Number of share options		Weighted average exercise price	
	2021 Number	2020 Number	2021 £	2020 £
Outstanding at 1 September 2020	-	5,974	-	1.00
Exercised	-	(5,974)	-	1.00
	<u>-</u>	<u>(5,974)</u>	<u>-</u>	<u>1.00</u>
Outstanding at 31 August 2021	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Exercisable at 31 August 2021	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

MANE CONTRACT SERVICES LTD AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

21 Share-based payment transactions (Continued)

There were nil options outstanding at 31 August 2021.

22 Share capital

Group and company	2021	2020	2021	2020
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary shares of £1 each	298,620	298,620	298,620	298,620

During the year nil (2020: 5,974) shares were issued as part of the Enterprise Management Incentive Share Option Scheme as disclosed in note 20.

23 Operating lease commitments

Lessee

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

	Group 2021 £	2020 £	Company 2021 £	2020 £
Within one year	315,535	354,572	315,535	354,572
Between two and five years	109,173	548,695	109,173	548,695
	<u>424,708</u>	<u>903,267</u>	<u>424,708</u>	<u>903,267</u>

24 Directors' transactions

Dividends totalling £0 (2020 - £0) were paid in the year in respect of shares held by the company's directors.

The company has granted loan facilities to the directors of the company which were interest free and have no fixed term repayment period. The analysis of the loans are shown below:

Description	% Rate	Opening balance £	Amounts advanced £	Closing balance £
Mr L Pacelli -	-	594,966	378,500	973,466
		<u>594,966</u>	<u>378,500</u>	<u>973,466</u>

25 Controlling party

The ultimate controlling part is Mr L Pacelli by virtue of his shareholding and voting rights.

MANE CONTRACT SERVICES LTD AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

26 Cash (absorbed by)/generated from group operations

	2021 £	2020 £
Loss for the year after tax	(451,088)	(27,148)
Adjustments for:		
Taxation (credited)/charged	(53,312)	13,195
Finance costs	13,455	104,544
Investment income	-	(680)
(Gain)/loss on disposal of tangible fixed assets	-	873
Depreciation and impairment of tangible fixed assets	78,018	63,803
Movements in working capital:		
(Increase)/decrease in debtors	(1,034,267)	6,085,612
Increase/(decrease) in creditors	1,311,647	(5,961,287)
Cash (absorbed by)/generated from operations	(135,547)	278,912

27 Analysis of changes in net funds/(debt) - group

	1 September 2020 £	Cash flows £	31 August 2021 £
Cash at bank and in hand	140,864	(8,336)	132,528
Borrowings excluding overdrafts	-	(500,000)	(500,000)
	<u>140,864</u>	<u>(508,336)</u>	<u>(367,472)</u>

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