

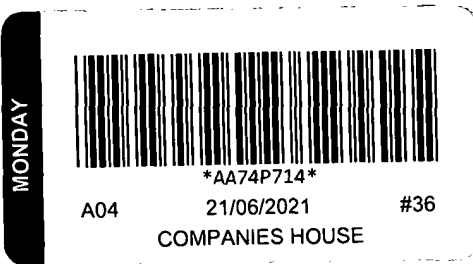
Huntswood CTC Limited

Report and Financial Statements

Year Ended

30 September 2020

Company number 03969379



Huntswood CTC Limited

Report and financial statements for the year ended 30 September 2020

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Directors

Lord Brownlow
M Bonfield
B Rawson
D Knight
M R Dodd

Secretary and registered office

D Knight, Abbey Gardens, Abbey Street, Reading, RG1 3BA

Company number

03969379

Auditors

BDO LLP, Level 12, Thames Tower, Station Road, Reading, RG1 1LX

Bankers

Lloyds TSB Bank, The Atrium, Davidson House, Forbury Square, Reading, Berkshire, RG1 3EU

Solicitors

Osborne Clarke, 3 Forbury Place, 23 Forbury Road, Reading, RG1 3JH

Huntswood CTC Limited

Strategic report for the year ended 30 September 2020

The directors present their strategic report together with the audited consolidated financial statements for the year ended 30 September 2020.

Principal activities

The principal activities and core services of the group during the year were the provision of resourcing and outsourcing solutions backed by expert advisory capability to help our clients deliver better compliance and commercial outcomes along with the provision of payroll services. Our clients are mainly in regulated industries including the financial services and utilities sectors.

Results and dividends

The consolidated profit for the year, after taxation, amounted to £17,265,347 (2019 - £18,152,883).

Dividends declared and paid during the year on Ordinary shares and 'A' Ordinary shares amounted to £20,194,413 (2019 - £15,804,929). (see note 19).

Review of developments

Some of the group's key financial performance indicators during the year were as follows:

	2020	2019	Movement
Consolidated turnover	£210,507,372	£196,406,377	£14,100,995
Operating profit	£21,236,157	£22,218,357	(£982,200)
EBITDA	£22,059,766	£24,369,950	(£2,310,184)
Return to shareholders	£20,194,413	£15,804,929	£4,389,484
Current assets as a proportion of current liabilities	1.13	1.34	(0.21)

Whilst the demand from clients required to manage PPI complaints was slightly up from 2019 to 2020 (c.5%) the group saw an increase in its core activities during the year which was up c.13% on 2019.

On the 11 March 2020, the World Health Organisation made the assessment that COVID-19 should be characterised as a pandemic. The effects of COVID-19 on the global human population, the global economy, and the orderly functioning of markets, supply chains, banking and other systems has been substantial.

Initially the group's operations were impacted by the pandemic but the expeditious action taken by the group (changing the way it delivered operations for its clients) ensured that there was minimal impact to its operations and trading performance. As a result, overall revenue from the group increased by 7% from 2019 to 2020.

During the year, the group incorporated Husp Limited, a wholly owned subsidiary of the group. Husp is an umbrella payroll service which was incorporated and invested in to supplement the business of Huntswood as an offering to clients in light of the IR35 changes which were due to come into effect in April -20 in the private sector but have subsequently been delayed to April-21.

During the pandemic, Government assistance was originally taken in the form of furlough support and the group furloughed employees that qualified for the Coronavirus Job Retention Scheme (CJRS) for both Huntswood and Husp, totalling c.£910k (of which c.£855k was claimed and subsequently repaid and c.£55k wasn't claimed). Of the £910k furlough funds paid out to employees and umbrella employees, c.£130k related to Huntswood employees and c.£780k related to Husp umbrella employees. However, once a revised delivery solution for clients was implemented and subsequently trading picked up the group made the decision to repay the CJRS funds back to the Government in full.

During the year, Husp Limited made an operating loss of c.£672k which was due to the company paying CJRS funds to its umbrella employees and the company funding the furlough payments in full. The impact of COVID-19 and the

Huntswood CTC Limited

Strategic report for the year ended 30 September 2020 (continued)

Review of developments (continued)

subsequent funding of the furlough monies paid by the company impacted Husp Limited's first year of trading and what would have been a c.£108k operating profit resulted in a net loss.

Despite the impact the pandemic had on the group operations during the year, the group was still able to maintain a similar gross profit % in 2020 (22.7%) compared to 2019 (22.9%) despite increased cost challenges from clients. The group still maintains a healthy EBITDA % ratio of c.10.5% (12.4% in 2019) which is due to a continued focus on its cost base.

The directors continue to invest in the infrastructure and operating model to allow the company to support its future client needs whilst maintaining a focus on costs and efficiencies. The aim is to have the appropriate mix of contracted labour and employed staff, and the ability to work on client's sites or our own, as demanded by the size, nature, location and duration of the client assignment.

The financial performance of the group was assessed throughout the year by the provision of detailed monthly management financial statements and forecasts of future sales pipeline. The key measures used to manage the company included operating profitability by business unit, EBITDA %, project profitability and staff utilisation by department. The group also monitored its balance sheet position by assessing detailed daily cash flows and overall current assets as a proportion of current liabilities. The directors are satisfied with the group's performance against plan, as measured by these key financial performance indicators.

Investment continues to be made in respect of the group's employee's by way of training and recruitment, upgrading core IT systems, improving general office and operating infrastructure and investing in new software. This investment has enabled the group to build capacity, introduce technology and improve its ability to service its clients. Following this investment surplus cash has then been distributed back to the shareholders.

In addition to financial KPIs, the company also assesses the performance using a variety of non-financial KPIs throughout the year. Some of these are based on quantitative data, whilst others rely on qualitative data such as opinion surveys.

Some of the company's non-financial key performance indicators during the year were as follows:

	2020	2019	Movement
Number of issued proposals	129	168	(39)
Brand awareness measured by average monthly website visits	28,859	34,521	(5,662)

Share issues and repurchases

During the current and prior year, several repurchases and cancellations of shares took place. These are detailed in note 16 to the financial statements.

Risk management

The directors believe that key to the group's ability to deliver its services successfully is the identification and management of risk and the ability to respond to changes in the external operating environment.

Managing risk is a critical element of the group's corporate responsibility and underpins the safe delivery of the Board's business plans and strategic objectives. It protects the group's reputation, supports the group's ability to do business and helps to create long-term competitive advantage. Risk management is embedded in the group's organisation structure, operations and performance management tools. The business has a systematic approach to risk identification and management, which combines the Board's assessment of risk with risk factors originating from and identified by the individual business units.

Huntswood CTC Limited

Strategic report for the year ended 30 September 2020 (*continued*)

Monitored quarterly

Overall responsibility for risk management resides with the group's Board of directors. Key risks are monitored by the Board by reviewing a quarterly operational and financial management report for the business, which includes operational, financial and external market progress against predefined performance indicators. In this report, progress in implementing plans to mitigate and manage risks are reported by a narrative commentary and a traffic light system. In this way it is clear whether risk mitigation has been achieved, is in progress or has escalated and requires immediate attention. This provides a dynamic risk management process where new risks are identified and mitigation processes are refined in the context of the current external operating environment.

Clear accountability

The group has nominated executive directors with responsibility for key risks and this approach is closely aligned with the company's business model, which integrates and coordinates operational, finance, legal and governance decision making.

Part of group strategy

Whilst risk management operates on a rolling calendar basis, key risks for strategic delivery of the group's business plans and objectives are identified as part of the Board's annual review of group strategy. The Board's review sets out the business' growth strategy, strategic objective and strategic priorities.

Embedded in the business

The executive directors meet monthly to discuss strategy implementation and separately with senior management committees. This reporting and communication structure between the executive directors and senior management leads to an effective two-way exchange of information and ensures co-ordinated decision-making takes place with a premium placed on risk management.

In each area of risk, the executive directors are supported by members of the senior management team or senior managers with functional or business unit roles. Accountability for managing risk is assigned to individual managers and each employee is personally responsible for managing risk within the remit of their role.

Quarterly risk and assurance committee

The risk reporting process is co-ordinated independently by the group's risk and assurance committee, chaired by the Executive Chairman with input from a non-executive director, the executive directors and senior managers accountable for managing risks. This provides the Board with an active, action-oriented process that closely monitors key risks. The system also validates progress being made in mitigating risk throughout the year across the business.

The committee also plays a key role in reviewing the effectiveness of the group's internal control procedures and financial risk management systems. The committee monitors the integrity of the financial statements and the work of the external auditors together with the arrangements in place for managing Information Technology risk relating to the group's critical business systems.

Appropriate policies and procedures

The group has detailed policies, procedures and systems in place to support risk management across the group. These include the group's risk management policy and information security policy in relation to its ISO27001 accreditation.

Huntswood CTC Limited

Strategic report for the year ended 30 September 2020 (*continued*)

Principal risks and uncertainties

The group regularly reviews developments within the financial services and utilities sectors and where appropriate the findings are factored into the group's planning cycle.

The principal risks to be managed by the business are:

- i) The group is unable to deliver a solution for its clients due to the restrictions imposed by the COVID-19 pandemic.

The group manages this risk by:

- Close monitoring of the government guidance
- Implementing safety measures such as social distancing
- Implementing a working from home solution for employees and resource on client engagements
- Investing in technology and infrastructure

- ii) Customer demand for the group's solutions is insufficient to cover its required level of staff utilisation for group profitability.

The group manages this risk by:

- Close monitoring of the sales pipeline
- Appropriate use of contracted labour to provide workforce flexibility
- Targeting longer term contracts wherever possible to provide maximum visibility of sales pipeline
- Ongoing development of new outsourcing and consulting services to meet evolving client needs
- Identifying other opportunities outside of the financial services sector which are complementary to our core skill sets

- ii) The quality of work delivered by the group fails to match the client's expectations

The group manages this risk by:

- Ensuring that all solutions sold are covered by a contract which clearly sets out both parties expectations of each other
- Ensuring that our solutions are staffed with appropriately skilled personnel and managed by our experienced project and operational managers
- An ongoing training and development programme for all group employees
- Actively seeking feedback from the customer throughout and beyond the engagement to ensure that Huntswood continues to meet and exceed the customer's expectations

As the group only has operations within the UK, the directors believe that the impact of Brexit will be minimal to its operations

Details relating to financial risks that affect the group are included in the directors' report.

S172 Statement

A director of the group must act in the way they consider, in good faith, would most likely promote the long-term success of the group for the benefits of the members as a whole, taking into account the factors as listed in section 172 of the Companies Act 2006. The directors are fully aware of their responsibilities to promote the success of the group in accordance section 172 of the Companies Act 2006.

The group aims to work responsibly with its stakeholders and develop strong business relationships with them, including its suppliers.

The group's engagement strategy and how feedback from stakeholders influences the Board agenda and decision making is set out within the below table.

Huntswood CTC Limited

Strategic report for the year ended 30 September 2020 (continued)

In addition to this, there were a few key decisions the Board of Directors took during the year.

The first one was the incorporation of Husp Limited an umbrella payroll service. The decision was made to invest and incorporate this subsidiary to supplement the business of Huntswood as an offering to its clients in light of the IR35 changes which were due to come into effect in April-21.

The second decision was in relation to initially claiming CJRS funds from the Government and then subsequently repaying the funds back in full. The initial decision to claim furlough funds was due to client operations having to close due to the pandemic as the resource were working on either the groups or the client's site. At the start of the pandemic, the impact on the group and its employees was uncertain, therefore the group furloughed resource which qualified for the scheme. However, as noted in the strategic report (on page 3), once a revised delivery solution for clients was worked through and trading picked up, the Board of Directors made the decision to repay the CJRS funds back to the Government in full.

Stakeholder	Board/Company engagement strategy	How feedback influences the Board agenda and decision making
Clients	<ul style="list-style-type: none"> The group directly engages with clients through a qualitative and quantitative survey, which is undertaken during the delivery of the client engagement. The group's CEO meets with clients whose engagements have completed (or reached a significant milestone) throughout the course of the year. The group engages in industry research, including surveying clients (and prospective clients) and delivering bespoke reports back to participants. The group engages in ad-hoc hospitality events when and where appropriate for clients, partners, and prospects. The group engages in industry events e.g., exhibitions, trade association forums etc. The group hosts industry and sector round-table discussion groups. 	The group gives significant consideration to client engagement which plays a pivotal part in Board discussions / decisions. The activities resulting from feedback aim to strengthen the client partnerships by re-enforcing successful delivery / relationship approaches as well as providing an early understanding of any intervention required where there may be challenges.
Employees	<ul style="list-style-type: none"> People Engagement of the group was reviewed and subsequently changed throughout the year, with the main driver for change being driven by the impact of COVID on the group's operations. The intent from the group is to align all employees by putting in place 5 objectives aligned to the group's overall corporate goals. The group has undertaken Succession Planning reviews in all areas and implemented development & coaching plans in order to ensure as many roles as possible are filled internally. A companywide engagement survey 'Your Voice Matters' (YVM) was undertaken across the groups permanent population. From the survey the group has established action plans at both department 	The Your Voice Matters Survey is used to identify and drive changes across the group and adapt, improve and evolve group culture. The survey results have led focus on: <ul style="list-style-type: none"> -enhanced communication particularly with employees working from home -a revised flexible working policy to support families during COVID-19 -clearer guidance around performance reviews and career progression The results of the survey have been reported at Board level and actions coming out of the

Huntswood CTC Limited

Strategic report for the year ended 30 September 2020 (continued)

	<p>and company levels with key champions ensuring that action plans are met.</p> <ul style="list-style-type: none"> Engagement has been looked at differently now that employees are no longer working face to face in an office environment. As a group we have monthly People Manager and All hands calls giving the Senior Leadership Team (SLT) the opportunity to engage with all employees to allow a two way flow of communication and the opportunity for employees to raise issues and ask questions. In addition to this the CEO holds virtual lunches with employees who wouldn't normally have the opportunity to engage with him during their day-to-day roles. In addition to this the group encourages engagement between teams by giving 'H' cards, recognition awards for those employees who have demonstrated the key group values. Employees are also encouraged to nominate their 'players player' for the quarter. The group also issues a weekly employee newsletter (The Muse) The group is very much aware of the impact that COVID-19 can have / has had on the mental health and wellbeing of its employees, therefore, some of the additional initiatives offered to employees throughout the year are; extra training to managers to spot signs of stress and anxiety, EAP scheme, regular reminders with hints and tips provided on wellbeing and more regular catchups and team meetings In order to support employees home working, the group has provided additional tech equipment (monitors, keyboards etc) as required and have also delivered to employee's homes where needed. In addition to this, office chairs have been provided upon request and there has been an increased use of Microsoft Teams to facilitate remote collaborative working. Where employees have had to work from the office, in line with Government guidelines, the group has undertaken a full COVID-19 Workplace Risk Assessment which is available on the Huntswood website and details the steps and actions that are in place to protect those working in the office, including cleaning measures, social distancing guidelines and the management of visitors on site. 	<p>survey have full support of the Board and the Senior Leadership Team. The group has "YVM" volunteers from each department to support the roll out of the actions.</p> <p>The monthly All Hands Calls, are a way for all employees to engage with the Senior Leadership Team (SLT) and Founder and allows a two-way flow of communication with the SLT and Founder providing updates and employees being able to raise any issues or ask questions.</p>
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Huntswood CTC Limited

Strategic report for the year ended 30 September 2020 (continued)

Associates	<ul style="list-style-type: none"> • A companywide engagement survey 'Your Voice Matters' (YVM) was undertaken across the groups associate populations and actions are being worked through. • The group issues a monthly associate newsletter to enhance associate communication / engagement. • In order to support associates home working, the group has provided the technology (when required) to enable client operations to operate from home in the form of laptops, monitors, keyboards, office chairs etc and have also delivered to associate's homes where needed. 	The Board is committed to ensuring that regular engagement continues with associates in the form of surveys and monthly newsletters in order to provide feedback to the group on any areas which can be improved in order to ensure a high level of associate satisfaction and enjoyment whilst working for the group.
Suppliers	<ul style="list-style-type: none"> • This year the group has increased and enhanced its engagement with suppliers through the use of its procurement module and designated procurement team which are engaged in carrying out due diligence on the groups suppliers and nature of goods and services procured. • The group Board annually approves the modern slavery statement. 	The group is committed to sourcing products ethically and sustainably, and establishing long-term, open and fair relationships with its suppliers.
Communities, Charities and environment	<ul style="list-style-type: none"> • The group is a member of the Berkshire Community Foundation (BCF) Business Philanthropy Club and the group's Founder is Vice President of the Charity. • The group support and fundraises for BCF and other charitable organisations, identifying a variety of support opportunities for example donating unwanted office furniture to small charities for reuse. • As a result of the majority of the groups employees working from home, the opportunities to fundraise and volunteer have significantly diminished. The Community Committee are reviewing and developing options on how this can be addressed as we move into a more blended approach to working from home and in the office in the future. • The group completes both SECR and ESOS assessments and utilises these as an opportunity to understand and implement energy-saving opportunities resulting in a reduction in greenhouse gas emissions. An example of this is the introduction of video conferencing facilities in all meeting rooms to reduce business travel. 	The Corporate Social Responsibility Steering Group includes Board members and meets biannually. The Steering Group owns the community engagement strategy and is responsible for approving as well as reviewing recommendations in respect of improving environmental impact and the annual Modern Slavery Statement.

On behalf of the Board



M Bonfield
Director

Date: 4 February 2021

Huntswood CTC Limited

Report of the directors for the year ended 30 September 2020

The directors present their report together with the audited consolidated financial statements for the year ended 30 September 2020. Certain elements of the directors' report have been disclosed in the strategic report, if directors feel it of strategic importance.

Dividends

Dividends declared and paid during the year on Ordinary shares and 'A' Ordinary shares amounted to £20,194,413 (2019 - £15,804,929) (see note 19). The board do not recommend a final dividend (2019 –Nil).

Future prospects

The financial services and utilities sector, as well as other regulated businesses, continue to face the challenges of complying with existing and new regulations resulting in increased compliance demands. The directors believe that with the group's specialist knowledge, delivery expertise and technology capability, it continues to be well positioned to assist and drive better outcomes for its clients utilising its resourcing, solutions, and advisory services.

The group is continuing to recognise PPI revenue and 2021 will see a significant decline in PPI revenue which will ultimately come to an end during the year. The strategy and focus of the directors is to continue to drive further growth in respect of its well-established core revenue streams with a key focus on delivering more longer term client engagements and securing partnerships.

Going Concern

The group has considerable financial resources together with long-term contracts across a range of clients as well as a flexible working solution providing optionality to its clients. Throughout the year, the group invested in its technology which has enabled the group to build capacity and improve its ability to service its clients with the ability to offer different solutions, the main solution being working from home. Having this solution enables client engagements to continue throughout the pandemic where there are lockdown restrictions. As a result, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors believe that the group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Financial risk

The principal financial risks applicable to and managed by the group are:

- i) *Price risk*
Price risk is the risk of a decline in the value of a security or a portfolio. The group manages this risk by only holding cash deposits as detailed below and by not investing in financial instruments that are exposed to price risk.
- ii) *Credit risk*
Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The group is mainly exposed to credit risk from credit sales.

The group manages this risk by:

- Ensuring that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures
- Ensuring that cash reserves are at a level that should the base rate increase they would be able to settle a large portion of their borrowing facility
- Cash is maintained at a level sufficient to meet the expected working capital requirements of the business in accordance with latest forecast.

Huntswood CTC Limited

Report of the directors for the year ended 30 September 2020 (continued)

Financial risk (continued)

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating 'A' are accepted.

Cash is held with the following institutions:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Lloyds Banking Group	8,074,682	6,646,775	5,891,395	6,646,774
Santander	1,500,630	1,002,661	1,500,630	1,002,661

iii) Liquidity risk

Liquidity risk arises from the group's management of working capital. It is the risk that the group will encounter difficulty in meeting its financial obligations as they fall due.

The group manages this risk by:

- Applying cash collection targets
- Utilising credit facilities where necessary
- Reviewing rolling 12-month cash flow projections on a monthly basis

iv) Cash flow interest rate risk

Cash flow interest rate risk is the exposure to cash flow interest rate fluctuations on long term borrowings at variable rate. The group is mainly exposed to interest rate fluctuations. The group manages this risk by constantly monitoring its working capital requirements.

Directors

The directors of the group during the year and up to the date of signature of the accounts were:

A C Lane (Chairman)	(resigned 30 th June 2020)
Lord Brownlow	
C S Coffield	(resigned 30 th June 2020)
M Bonfield	
B Rawson	
D Knight	
M R Dodd	

Huntswood CTC Limited

Report of the directors for the year ended 30 September 2020 (continued)

Directors' indemnity

The group has indemnified the directors of the group against liability in respect of proceedings brought about by third parties, subject to conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision was in force throughout the period and at the date of signing these accounts.

Employee involvement

Communication - A Staff Forum, consisting of a mixture of democratically elected employee representatives and directors, meets regularly to discuss a wide range of issues affecting employees' interests. Members of the Staff Forum are involved and consulted regarding key business changes. The delegates encourage a two-way flow of information between the employees and management. Furthermore, the Huntswood intranet (Yammer) is an effective communication tool across our geographical locations and includes features such as an open discussion board and regular business updates.

Reward - Every employee is eligible to make choices regarding their own benefits. An easy-to-access online service provides information about the range and value of their comprehensive reward package.

Training – The group positively encourages the continuous personal development of each employee and offers proactive services from the Learning and Development team which enable employees to excel.

Wellbeing – The group offers Employee Wellbeing which involves five interconnected elements; physical / mental, community, social, financial and career, which are commonly referred to as the '5 Pillars' of wellbeing. The group has Wellbeing Champions, which represent all areas of the business who meet regularly to discuss all aspects of Employee Wellbeing and assist with initiatives and events. The Champions provide feedback to the business to help ensure the ongoing strategy continues to be relevant and flexible to employees' requirements.

Disabled persons

We are dedicated to creating and maintaining a culturally and socially diverse workplace that offers the best opportunities to the widest range of talented individuals. The group is committed to offering continuous support, assistance and training to encourage participation and career development for all employees, both able-bodied and disabled.

Where existing employees become disabled, it is the group's policy, wherever practicable, to provide continuing employment under normal terms and conditions and provide training and career development and promotion wherever it is deemed appropriate.

Research & Development

During the year, a net amount of £1,092,448 was capitalised as intangible asset in respect of software related research & development costs.

Political donations

During the year, no political donations were made by group companies (2019 - £Nil).

Post balance sheet events

Material post balance sheet events are disclosed in note 21 of the consolidated financial statements.

Directors' statement as to disclosure of information to auditors

All of the directors as at the date of this report have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the group's auditor is unaware.

Huntswood CTC Limited

Report of the directors for the year ended 30 September 2020 (continued)

Energy and Carbon Report

Quantification and reporting methodology

The group has followed the 2019 HM Government Environmental Reporting Guidelines and has also used the GHG Reporting Protocol – Corporate Standard along with the 2020 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in Kgs CO₂ equivalent per M²

Measures taken to improve energy efficiency

This has been an exceptional year due to COVID-19 and the group have had staff working from home for over half of the reporting period. As the offices were mostly unused the group took the opportunity to ensure that all non-essential office equipment was switched off.

During this period video conferencing equipment was also installed reducing the need to travel for meetings once restrictions are lifted, both measures were taken to reduce their impact on the environment.

The group's data is as follows:

Streamlined energy and carbon reporting for period October 2019 to September 2020

Energy consumption	kWh
Aggregate of energy consumption in the year	
- Grid Electricity	306,631
- Natural Gas	522,961
- Grey Fleet	76,673
	<hr/>
	906,264
	<hr/>
Emissions of CO ₂ equivalent	metric tonnes
Scope 1 - direct emissions	
- Natural Gas	96.16
Scope 2 - indirect emissions	
- Electricity purchased	71.49
Scope 3 - other indirect emissions	
- Fuel consumed for transport not owned by Huntswood and Electricity T&D	32.12
Total gross emissions	199.76
Intensity ratio	
Kgs CO ₂ e per M ²	22.25

Huntswood CTC Limited

Report of the directors for the year ended 30 September 2020 (*continued*)

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and company 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 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 group's transactions and disclose with reasonable accuracy at any time the financial position of the group 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

A resolution to reappoint BDO LLP as auditor will be put to the members at the Annual General Meeting in accordance with Section 485 of the Companies Act 2006.

On behalf of the Board



M Bonfield
Director

Date: 4 February 2021

Huntswood CTC Limited

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF HUNTSWOOD CTC LIMITED

Opinion

We have audited the financial statements of Huntswood CTC Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 30 September 2020 which comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flows, the company balance sheet and the company statement of changes in equity, and the 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 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 Group's and of the Parent Company's affairs as at 30 September 2020 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Huntswood CTC Limited

Independent auditor's report (*continued*)

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and 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 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 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, 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 Group's and 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Huntswood CTC Limited

Independent auditor's report (*continued*)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

<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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Christopher Pooles (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Reading, UK
Date: 04 February 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Huntswood CTC Limited

Consolidated statement of comprehensive income for the year ended 30 September 2020

	Note	2020 £	2019 £
Turnover	3	210,507,372	196,406,377
Cost of sales		(162,728,707)	(151,366,614)
Gross profit		47,778,665,	45,039,763
Other operating income		129,808	-
Administrative expenses		(26,672,316)	(22,821,406)
Operating profit	6	21,236,157	22,218,357
Interest receivable and similar income	7	70,175	80,827
Interest payable and similar charges	8	(3,220)	(68)
Profit on ordinary activities before taxation		21,303,112	22,299,116
Tax on profit on ordinary activities	9	(4,037,765)	(4,146,233)
Profit and total comprehensive income for the year		17,265,347	18,152,883

All recognised gains and losses in the current and prior year are included in the statement of comprehensive income; accordingly, no separate statement of other comprehensive income has been prepared.

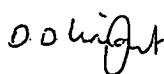
The notes on pages 26 to 43 form part of these financial statements.

Huntswood CTC Limited

Consolidated balance sheet
at 30 September 2020

<i>Company number 03969379</i>	Note	2020 £	2019 £
Fixed assets			
Intangible assets	10	1,881,604	819,572
Tangible fixed assets	11	1,138,545	1,578,152
Current assets			
Cash		9,575,313	7,649,436
Debtors	13	32,046,486	23,441,429
Total current assets		41,621,799	31,090,865
Creditors: amounts falling due within one year	14	(36,812,187)	(23,261,997)
Net current assets		4,809,612	7,828,868
Total assets less current liabilities		7,829,761	10,226,592
Provision for liabilities and charges	15	(937,334)	(405,099)
Net assets		6,892,427	9,821,493
Capital and reserves			
Called up share capital	16	33,199	37,820
Share premium		3,316	3,316
Capital redemption		37,208	32,587
Profit and loss account		6,818,704	9,747,770
Shareholders' funds		6,892,427	9,821,493

The financial statements were approved by the Board of Directors and authorised for issue on: 4 February 2021



D Knight
Director

The notes on pages 26 to 43 form part of these financial statements.

Huntswood CTC Limited

Consolidated statement of changes in equity for the year ended 30 September 2020

	Share Capital £	Share premium £	Capital redemption £	Profit and loss account £	Total Equity £
1 October 2019	37,820	3,316	32,587	9,747,770	9,821,493
Comprehensive income for the year					
Profit for the year	-	-	-	17,265,347	17,265,347
Total comprehensive income for the year	-	-	-	17,265,347	17,265,347
Contributions by and distributions to owners					
Dividends (note 19)	-	-	-	(20,194,413)	(20,194,413)
Repurchase and cancellation of ordinary shares (note 16)	(4,621)	-	4,621	-	-
Total contributions by and distributions to owners	(4,621)	-	4,621	(20,194,413)	(20,194,413)
30 September 2020	33,199	3,316	37,208	6,818,704	6,892,427

The notes on pages 26 to 43 form part of these financial statements.

Huntswood CTC Limited

Consolidated statement of changes in equity for the year ended 30 September 2020 *(continued)*

	Share Capital £	Share premium £	Capital redemption £	Profit and loss account £	Total Equity £
1 October 2018	39,481	3,316	30,926	7,399,816	7,473,539
Comprehensive income for the year					
Profit for the year	-	-	-	18,152,883	18,152,883
Total comprehensive income for the year	-	-	-	18,152,883	18,152,883
Contributions by and distributions to owners					
Dividends (note 19)	-	-	-	(15,804,929)	(15,804,929)
Repurchase and cancellation of ordinary shares (note 16)	(1,661)	-	1,661	-	-
Total contributions by and distributions to owners	(1,661)	-	1,661	(15,804,929)	(15,804,929)
30 September 2019	37,820	3,316	32,587	9,747,770	9,821,493

The notes on pages 26 to 43 form part of these financial statements.

Huntswood CTC Limited

Consolidated statement of cash flows for the year ended 30 September 2020

		2020 £	2019 £
Cash flows from operating activities			
Profit for the financial year		17,265,347	18,152,883
Adjustments for:			
Depreciation, impairment and amortisation of fixed assets	10,11	823,608	2,151,593
Net interest receivable	7,8	(66,955)	(80,759)
Taxation expense	9	4,037,765	4,146,233
(Increase)/Decrease in trade and other debtors		(8,374,013)	911,054
(Increase)/Decrease in trade and other creditors		15,652,788	(1,159,392)
Increase/(Decrease) in provisions		532,236	(254,901)
Cash from operations		29,870,776	23,866,711
Interest paid	8	(3,221)	(68)
Taxation paid		(6,366,783)	(4,852,018)
Net cash generated from operating activities		23,500,772	19,014,625
Cash flows from investing activities			
Purchases of tangible fixed assets	11	(337,596)	(176,623)
Purchase of Intangible asset in progress	10	(1,108,438)	(823,053)
Interest received	7	70,175	80,827
Net cash from investing activities		(1,375,859)	(918,849)
Cash flows from financing activities			
Equity dividends paid		(20,194,413)	(15,804,929)
Company repurchase of own shares		(4,622)	(1,661)
Net cash used in financing activities		(20,199,035)	(15,806,590)
Net increase in cash and cash equivalents		1,925,878	2,289,186
Cash and cash equivalents at beginning of year		7,649,435	5,360,250
Cash and cash equivalents at end of year		9,575,313	7,649,436
Cash and cash equivalents comprise:			
Cash at bank and in hand		9,575,313	7,649,436
		9,575,313	7,649,436

The notes on pages 26 to 43 form part of these financial statements.

Huntswood CTC Limited

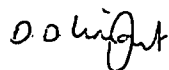
Company balance sheet at 30 September 2020

<i>Company number 03969379</i>	Note	2020 £	2019 £
Fixed assets			
Intangible assets	10	1,881,604	819,572
Tangible fixed assets	11	1,126,313	1,578,152
Current assets			
Cash		7,392,025	7,649,435
Debtors	13	24,288,071	23,441,429
Total current assets		31,680,096	31,090,864
Creditors: amounts falling due within one year	14	(26,185,919)	(23,261,997)
Net current assets		5,494,177	7,828,867
Total assets less current liabilities		8,502,094	10,226,591
Provision for liabilities and charges	15	(937,334)	(405,099)
Net assets		7,564,760	9,821,492
Capital and reserves			
Called up share capital	16	33,199	37,820
Share premium		3,316	3,316
Capital redemption		37,208	32,587
Profit and loss account		7,491,037	9,747,769
Shareholders' funds		7,564,760	9,821,492

The company's individual profit and loss account has been approved in accordance with section 414(1) (approval by directors) of the Companies Act 2006 but the company has taken advantage of the exemptions allowed under s408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements.

The consolidated profit for the year includes the company's individual profit after tax of £17,937,681 (2019 - £18,152,883).

The financial statements were approved by the Board of Directors and authorised for issue on: 4 February 2021



D Knight
Director

The notes on pages 26 to 43 form part of these financial statements.

Huntswood CTC Limited

Company statement of changes in equity for the year ended 30 September 2020

	Share Capital £	Share premium £	Capital redemption £	Profit and loss account £	Total Equity £
1 October 2019	37,820	3,316	32,587	9,747,769	9,821,492
Comprehensive income for the year					
Profit for the year	-	-	-	17,937,681	17,937,681
Total comprehensive income for the year	-	-	-	17,937,681	17,937,681
Contributions by and distributions to owners					
Dividends (note 19)	-	-	-	(20,194,413)	(20,194,413)
Repurchase and cancellation of ordinary shares (note 16)	(4,621)	-	4,621	-	-
Total contributions by and distributions to owners	(4,621)	-	4,621	(20,194,413)	(20,194,413)
30 September 2020	33,199	3,316	37,208	7,491,037	7,564,760

The notes on pages 26 to 43 form part of these financial statements.

Huntswood CTC Limited

Company statement of changes in equity for the year ended 30 September 2020 *(continued)*

	Share Capital £	Share premium £	Capital redemption £	Profit and loss account £	Total Equity £
1 October 2018	39,481	3,316	30,926	7,399,815	7,473,538
Comprehensive income for the year					
Profit for the year	-	-	-	18,152,883	18,152,883
Total comprehensive income for the year	-	-	-	18,152,883	18,152,883
Contributions by and distributions to owners					
Dividends (note 19)	-	-	-	(15,804,929)	(15,804,929)
Repurchase and cancellation of ordinary shares (note 16)	(1,661)	-	1,661	-	-
Total contributions by and distributions to owners	(1,661)	-	1,661	(15,804,929)	(15,804,929)
30 September 2019	37,820	3,316	32,587	9,747,769	9,821,492

The notes on pages 26 to 43 form part of these financial statements.

Huntswood CTC Limited

Notes forming part of the financial statements for the year ended 30 September 2020

1 Accounting policies

Huntswood CTC Limited is a private company limited by shares and incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the Group's operations and its principal activities are set out in the strategic report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 2).

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

Going concern

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the group and parent company can continue in operational existence for the foreseeable future.

The group made a profit before tax of £21.3m for the year ended 30 September 2020 (2019: £22.3m) and had cash balances of £9.6m (2019: £7.6m) and net assets of £6.8m (£9.8m) as at 30 September 2020. The group had no bank debt at 30 September 2020 (2019: Nil) and an undrawn bank overdraft facility of £10m due for renewal on 28th February 2022.

Since the announcement of COVID as a global pandemic in March 2020 it has impacted the Huntswood business in a number of ways. The nature of work; providing resource for clients; made it extremely difficult for the resource to work on client sites during lockdown. The business worked in partnership with its clients in order to provide a new way of working and quickly mobilized a working from home solution. This then enabled the majority of projects to operate throughout the period of COVID impact and will continue to do so through the next 12 months.

The group's primary markets are the financial services and utilities sectors as well as other regulated businesses. The directors have assessed the impact of COVID on these markets and consider that they have largely continued to operate through the pandemic. The group has continued to trade through this period and continues to see opportunities in its key markets.

The directors believe that the business is best placed to offer different solutions to its clients aligned with the client's appetite on how they want the operations to be delivered dependent upon COVID restrictions in place, such as; in the clients office; on a Huntswood site; or home working with laptops being provided by either the client or Huntswood and even a BYOD (bring your own device) offering. This range of solutions provides flexibility to clients in the current environment.

Huntswood CTC Limited

Notes forming part of the financial statements for the year ended 30 September 2020 (*continued*)

1 Accounting policies (*continued*)

Despite the announcement of the PPI deadline of 29th August 2019, the business continues to recognize PPI revenue as the backlog of cases are worked through.

The financial strength of the group allowed it to trade through the lockdown periods in a relatively strong financial position.

The directors have prepared cash flow forecasts for the group for a period including 12 months from the date of approval of these financial statements. These cash flow forecasts show that the group and parent company are able to operate within the existing facilities available.

Continued uncertainty around the scale, timing and impact of COVID means that forecasting the impact with any degree of accuracy is difficult. The directors have therefore performed stress testing to model a significant level of sales decline to assess the impact on cash flows. The results of this stress testing is that the Directors are confident that the business has sufficient cash liquidity to sustain very significant and prolonged reductions in trading revenue.

As well as the impact of COVID the directors have considered the impact of Brexit on the group. Due to the group's operations being based in the UK, the directors believe that there is no major impact on the business posed primarily by the current Brexit environment.

Having prepared cash flow forecasts and given due consideration to the impact of COVID on the group's Markets, Operations and Financial Risk, as well as the expected impact of Brexit, the directors have assessed that there is no material uncertainty with regards the group's and parent company's ability to continue operating as a going concern for a period in excess of 12 months from the date of signing these Financial Statements.

The directors consider that the group and parent company have adequate resources to continue in operational existence for the foreseeable future and they therefore continue to adopt the going concern basis of accounting in preparing these financial statements.

Basis of consolidation

The group financial statements consolidate the financial statements of Huntswood CTC Limited and its subsidiary undertaking drawn up to 30 September 2020. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated financial statements from the date of acquisition or up to the date of disposal. Intercompany transactions and balances between group companies are therefore eliminated in full.

No company profit and loss account is presented as permitted under Section 408 of the Companies Act 2006.

Turnover

Turnover is accounted for on the majority of our contracts to a day rate (typically a time and material basis), which is recognised at the point when the service is provided to the end customer.

In the case of contracts which are in progress at the year end and where billing is rendered on account, revenue is recognised based on the estimated stage of completion of the contract. To the extent that revenue recognised is in excess of billings on account, this is included in accrued income. Where billings are made in advance of work done this is included in deferred income.

Turnover related to the subsidiary Husp Limited represents the charge to the employees for the provision of their payroll services. The revenue is recognised monthly in line with the provision of the payroll service.

Huntswood CTC Limited

Notes forming part of the financial statements for the year ended 30 September 2020 (continued)

1 Accounting policies (continued)

Investments

Fixed asset investments are carried at cost less provisions for any permanent diminution in value.

The carrying value of investments is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Intangible Assets

Costs which are directly attributable to the development of computer software are capitalised as intangible assets only when the technical feasibility of the project is demonstrated, the Group has an intention and ability to use the software and the costs can be measured reliably. Such costs include purchases of materials and services and payroll-related costs of employees' time spent directly involved in the project.

Amortisation

Amortisation is provided from the date of acquisition to write off the cost less estimated residual value of each asset on a straight-line basis over their useful economic life, as follow:

Software	3 years
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Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such costs include costs directly attributable to making the asset capable of operating as intended. The carrying value of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Fixtures, fittings and equipment	-	15-33.3% per annum
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'administrative expenses' in the statement of comprehensive income.

Impairment of assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

Huntswood CTC Limited

Notes forming part of the financial statements for the year ended 30 September 2020 (continued)

1 Accounting policies (continued)

Financial assets

Financial assets, other than investments, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Finance costs

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount.

Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Leases

Operating lease rentals are charged to profit or loss on a straight-line basis over the term of the lease.

Huntswood CTC Limited

Notes forming part of the financial statements for the year ended 30 September 2020 *(continued)*

1 Accounting policies *(continued)*

Provisions

All contracts in progress at the year-end are reviewed to identify any which may be loss making. Where such contracts are identified, a provision is made in full for the estimated losses beyond the year end.

Pensions and other post-retirement benefits

Contributions to defined contribution schemes are recognised in the profit and loss account in the period in which they become payable.

Dividends

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

Dividends on shares wholly recognised as liabilities are recognised as expenses and classified within interest payable.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Reserves

The group and company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- The share premium account includes the premium on issue of equity shares, net of any issue costs.
- The capital redemption reserve contains the nominal value of own shares that have been acquired by the company and cancelled.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

Huntswood CTC Limited

Notes forming part of the financial statements for the year ended 30 September 2020 (continued)

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether there are indicators of impairment of the group's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Judgements have been made as to when in the stage of development of software assets all the criteria required for the recognition of internally generated intangibles have been met, in accordance with FRS 102.

Other key sources of estimation uncertainty

- *Tangible and intangible fixed assets (see note 10 & 11)*

Tangible and intangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets may vary depending on a number of factors. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

3 Turnover

Turnover is predominantly derived within the United Kingdom through the provision of customer service back office processing and compliance solutions, learning and development, recruitment and consultancy solutions to third parties predominantly in the regulated retail financial services industry and utilities sectors.

Within the year, the group incorporated Husp Limited which is an entity that provides an umbrella payroll service. Turnover is derived within the United Kingdom from the provision of payroll services to third parties.

Turnover is stated exclusive of value added tax.

4 Directors remuneration

	2020	2019
	£	£
Wages and salaries	4,450,908	2,393,887
Other pension costs	41,255	41,796

The amount in respect of the highest paid director was £1,748,437 (2019 - £838,208). Pension cost for the highest paid director was £Nil (2019 -£8,276). 5 directors were members of a company pension scheme during the year at a cost of £41,255 (2019 - £41,796).

Huntswood CTC Limited

Notes forming part of the financial statements
for the year ended 30 September 2020 (continued)

5 Employee costs

Employee costs (including directors) during the year consist of:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Wages and salaries	59,806,778	17,790,948	17,749,064	17,790,948
Social security costs	6,268,713	1,694,004	1,961,595	1,694,004
Other pension costs	843,787	543,640	514,849	543,640
	<u>66,919,278</u>	<u>20,028,592</u>	<u>20,225,508</u>	<u>20,028,592</u>

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

	Group 2020 Number	Group 2019 Number	Company 2020 Number	Company 2019 Number
Project staff	1,314	65	87	65
Administration	142	158	136	158
	<u>1,456</u>	<u>223</u>	<u>223</u>	<u>223</u>

A defined contribution pension scheme is operated by the group on behalf of the employees. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge represents contributions payable by the group to the fund and are summarised above.

At the year end the group had pension contributions payable of £275,148, which includes an amount of £95,889 relating to Huntswood CTC limited (2019 - £106,276), these are included within the accruals balance in note 14.

6 Operating profit

Operating profit is stated after charging:

	2020 £	2019 £
Amortisation of intangible assets (see note 10)	46,406	263,878
Impairment of intangible asset (see note 10)	-	393,968
Depreciation - owned assets (see note 11)	777,203	1,493,748
Auditors' remuneration:		
- audit fees relating to the parent company	72,500	68,627
- audit fees relating to subsidiary	25,000	-
- Tax services	26,800	21,266
- other services	37,400	718
Operating lease rentals:		
- land and buildings	1,305,595	1,266,754
- other	12,441	16,839
	<u>1,305,595</u>	<u>1,266,754</u>

Huntswood CTC Limited

Notes forming part of the financial statements
for the year ended 30 September 2020 (continued)

7 Interest receivable and similar income

	2020 £	2019 £
Bank interest	15,622	22,573
Other interest	54,553	58,254
	<u>70,175</u>	<u>80,827</u>

Included in other interest receivable are interest amounts received from a related party Huntswood Associates Limited of £54,553 (2019 - £58,254), additional details are included in note 20.

8 Interest payable and similar charges

	2020 £	2019 £
Bank loans and overdrafts	3,220	68
	<u>3,220</u>	<u>68</u>

Huntswood CTC Limited

Notes forming part of the financial statements
for the year ended 30 September 2020 (continued)

9 Taxation

	2020	2019
	£	£
(a) Tax on profit on ordinary activities		
<i>Current tax</i>		
United Kingdom corporation tax at 19% based on the profit for the year (2019 – 19%)	3,839,555	4,216,758
Adjustment in respect of prior years	2,500	310
	<u>3,842,055</u>	<u>4,217,068</u>
<i>Deferred tax</i>		
Timing differences, origination and reversal	216,320	(53,583)
Adjustments in respect of prior periods	(1,776)	(17,252)
Effect of tax rate change on opening balance	(18,834)	
	<u>195,710</u>	<u>(70,835)</u>
Tax on profit on ordinary activities	<u>4,037,765</u>	<u>4,146,233</u>

(b) Factors affecting the current tax charge

The tax assessed for the year is lower (2019 – lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2020	2019
	£	£
Profit on ordinary activities before tax	21,303,112	22,299,116
Profit on ordinary activities at the standard rate Of corporation tax in the UK of 19% (2019 - 19%)	4,047,591	4,236,832
Effects of:		
Expenses not deductible for tax purposes	8,232	31,221
Fixed asset timing differences	-	-
Additional deduction for R&D expenditure	-	(111,181)
Adjustment to tax charge in respect of previous years	2,500	310
Adjustment to tax charge in respect of previous years-deferred tax	(1,776)	(17,252)
Adjust closing deferred tax to average rate of 19%	-	18,625
Adjust opening deferred tax to average rate of 19%	-	(12,322)
Remeasurement of deferred tax for changes in tax rates	(18,782)	
Total current tax	<u>4,037,765</u>	<u>4,146,233</u>

(c) Deferred tax asset

The group has recognised a deferred tax liability of £37,398 (2019 – deferred tax asset of £158,312). Deferred tax assets are recognised only to the extent that directors consider that it is more likely than not that there will be suitable profits from which the future reversal of the underlying timing difference can be deducted.

Huntswood CTC Limited

Notes forming part of the financial statements
for the year ended 30 September 2020 (*continued*)

10	Intangible assets	Software
	Group and company	£
	<i>Cost</i>	
	At 1 October 2019	823,053
	Additions	1,124,188
	Disposals	(15,750)
		<hr/>
	At 30 September 2020	1,931,491
		<hr/>
	<i>Accumulated amortisation</i>	
	At 1 October 2019	3,481
	Charge for the year	46,406
		<hr/>
	At 30 September 2020	49,887
		<hr/>
	<i>Net book value</i>	
	At 30 September 2020	1,881,604
		<hr/>
	At 30 September 2019	819,572
		<hr/>

Huntswood CTC Limited

Notes forming part of the financial statements
for the year ended 30 September 2020 (*continued*)

11 Tangible fixed assets

Group	Fixtures, fittings and equipment £
<i>Cost</i>	
At 1 October 2019	10,135,672
Additions	337,596
	<hr/>
At 30 September 2020	10,473,268
	<hr/>
<i>Accumulated depreciation</i>	
At 1 October 2019	8,557,520
Charge for the year	777,203
	<hr/>
At 30 September 2020	9,334,723
	<hr/>
<i>Net book value</i>	
At 30 September 2020	1,138,545
	<hr/>
At 30 September 2019	1,578,152
	<hr/>
Company	Fixtures, fittings and equipment £
<i>Cost</i>	
At 1 October 2019	10,135,672
Additions	324,237
	<hr/>
At 30 September 2020	10,459,909
	<hr/>
<i>Accumulated depreciation</i>	
At 1 October 2019	8,557,520
Charge for the year	776,076
	<hr/>
At 30 September 2020	9,333,596
	<hr/>
<i>Net book value</i>	
At 30 September 2020	1,126,313
	<hr/>
At 30 September 2019	1,578,152
	<hr/>

Huntswood CTC Limited

Notes forming part of the financial statements
for the year ended 30 September 2020 *(continued)*

12 Investments

The company has the following wholly owned subsidiary undertakings:

Name	Country of incorporation or registration	Class of share capital held	Proportion of share Capital Held	Nature of business
Huntswood Resources Limited	England and Wales	Ordinary	100%	Dormant
Husp Limited	England and Wales	Ordinary	100%	Umbrella Services Provider

Husp Limited was incorporated on the 18th October 2019 one ordinary share was issued for a consideration of £0.01.

The country of incorporation and registered office are identical to those of the parent company.

13 Debtors

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade debtors	11,361,846	14,087,564	11,361,846	14,087,564
Prepayments and accrued income	18,539,173	7,320,895	10,287,926	7,320,895
Other debtors	-	173,000	-	173,000
Deferred tax (see analysis below)	-	158,312	-	158,312
Amounts due from related party (note 20)	1,756,112	1,701,658	1,756,112	1,701,658
Amounts due from Husp Limited (note 20)	-	-	492,832	-
Corporation tax recoverable	389,355	-	389,355	-
	32,046,486	23,441,429	24,288,071	23,441,429

All debtors are due within one year.

Huntswood CTC Limited

Notes forming part of the financial statements
for the year ended 30 September 2020 (continued)

14 Creditors: amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade creditors	289,550	728,331	289,550	728,331
Corporation tax	-	2,139,997	-	2,139,997
Other taxes and social security	11,046,663	2,971,801	8,810,367	2,971,801
Accruals	25,438,576	17,412,871	17,043,444	17,412,871
Deferred income	-	8,997	-	8,997
Deferred tax (see analysis below)	37,398	-	42,558	-
	36,812,187	23,261,997	26,185,919	23,261,997
<i>Deferred tax</i>				
	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
<i>Deferred tax asset / (liability)</i>				
Analysis of the deferred tax balance:				
Capital allowances in excess of depreciation	55,741	(145,657)	55,741	(145,657)
Short term timing differences	(18,343)	(12,655)	(13,183)	(12,655)
	37,398	(158,312)	42,558	(158,312)

15 Provisions for liabilities and charges

	Legal Provision £	Dilapidations £	Total £
At 30 September 2019	-	405,099	405,099
Additions during the year	340,000	192,235	532,235
At 30 September 2020	340,000	192,235	937,334

Provisions for dilapidations are recognised on properties where the terms of the lease require restitution to be made for any changes; the expected maturity date for the provision is at the end of lease terms. The legal provision is an estimated cost of dealing with an outstanding claim.

Huntswood CTC Limited

Notes forming part of the financial statements
for the year ended 30 September 2020 (continued)

16 Called up share capital

	2020 £	2019 £
<i>Allotted, called up and fully paid</i>		
2,459,714 (2019 - 2,921,864) ordinary shares of £0.01 each	24,598	29,219
853,474 "A" ordinary shares of £0.01 each	8,535	8,535
6,600 (2019 – 6,600) 'B' ordinary shares of £0.01 each	66	66
	<hr/>	<hr/>
	33,199	37,820
	<hr/>	<hr/>

Current year

On 30th June 2020, 462,150 ordinary shares in issue were purchased and cancelled by the company at nominal value in line with the company's articles of association.

Prior year

On 15th October 2018, 6,600 ordinary shares in issue were purchased and cancelled by the company at nominal value in line with the company's articles of association.

On 23rd October 2018, 5,500 ordinary shares in issue were purchased and cancelled by the company at nominal value in line with the company's articles of association.

On 11th January 2019, 110,036 ordinary shares and 44,014 ordinary B shares in issue were purchased and cancelled by the company at nominal value in line with the company's articles of association.

17 Commitments under operating leases

The group had minimum lease payments under non-cancellable operating leases as set out below:

	Land and buildings 2020 £	Other 2020 £	Land and Buildings 2019 £	Other 2019 £
Not later than 1 year	1,187,589	1,716	1,378,561	6,126
Later than 1 year and not later than 5 years	3,347,200	2,080	5,079,029	431
Later than 5 years	-	-	246,622	-
	<hr/>	<hr/>	<hr/>	<hr/>
	4,534,789	3,796	6,704,212	6,557
	<hr/>	<hr/>	<hr/>	<hr/>

Huntswood CTC Limited

Notes forming part of the financial statements
for the year ended 30 September 2020 (continued)

18 Financial instruments

The Group's and Company's financial instruments may be analysed as follows:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	22,693,271	23,611,657	21,002,815	23,611,657
	_____	_____	_____	_____
Financial liabilities				
Financial liabilities measured at amortised cost	25,728,126	18,141,203	17,332,994	18,141,203
	_____	_____	_____	_____

Financial assets measured at amortised cost comprise cash, trade debtors and other debtors (also includes the amounts from related party).

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

Huntswood CTC Limited

Notes forming part of the financial statements
for the year ended 30 September 2020 (continued)

19 Dividends

	2020 £	2019 £
Ordinary Shares		
Interim paid of £0.94 on 11 October 2019	2,742,939	-
Interim paid of £1.16 on 09 December 2019	3,393,687	-
Interim paid of £0.091 on 24 January 2020	265,897	-
Interim paid of £1.063 on 08 July 2020	2,615,053	-
Interim paid of £0.49 on 23 October 2018	-	1,477,997
Interim paid of £0.47 on 25 January 2019	-	1,371,469
Interim paid of £0.59 on 24 April 2019	-	1,735,329
Interim paid of £0.62 on 17 July 2019	-	1,807,636
	9,017,576	6,392,431
'A' Ordinary Shares		
Interim paid of £2.30 on 11 October 2019	1,961,061	-
Interim paid of £6.22 on 09 December 2019	5,304,764	-
Interim paid of £0.223 on 24 January 2020	190,103	-
Interim paid of £3.77 on 08 July 2020	3,220,910	-
Interim paid of £0.59 on 23 September 2020	500,000	-
Interim paid of £1.42 on 12 October 2018	-	1,210,003
Interim paid of £3.74 on 19 December 2018	-	3,188,927
Interim paid of £1.15 on 22 January 2019	-	980,531
Interim paid of £0.59 on 15 March 2019	-	500,000
Interim paid of £1.45 on 24 April 2019	-	1,240,671
Interim paid of £0.59 on 14 June 2019	-	500,000
Interim paid of £1.51 on 17 July 2019	-	1,292,366
Interim paid of £0.59 on 10 September 2019	-	500,000
	11,176,838	9,412,498
Total dividends paid during the year	20,194,413	15,804,929

Huntswood CTC Limited

Notes forming part of the financial statements for the year ended 30 September 2020 (*continued*)

20 Related party transactions

The Company's ultimate controlling party is considered to be Lord Brownlow by way of his majority shareholding in the ordinary share capital of the company.

There were no directors' loans during the year ended 30 September 2020.

At 30 September 2020, there was a loan balance owed by Huntswood Associates Limited of £1,756,112 (2019 - 1,701,658) a company of which Lord Brownlow is a director and sole shareholder.

At 30 September 2020, there was a loan balance owed by Husp Limited of £492,832 a company of which Huntswood CTC holds 100% ownership.

Related party loans are interest bearing at 2.75% above base rate. Interest is rolled up and the amount credited to the profit and loss account in the period was £54,553 (2019 - £58,254) as detailed in note 7.

The directors have no reason to believe that Huntswood Associates Limited and Husp Limited will be unable to repay this amount, and as such, no provision has been recorded in the financial statements of the company.

During the year ended 30 September 2020, dividends of £11,176,838 were paid on the 'A' ordinary shares to Huntswood Associates Limited (2019 - £9,412,498).

Key management and director transactions

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the group, including the directors of the group.

The total compensation including pension costs paid to key management personnel for services provided to the group was £4,492,163 (2019 - £2,418,683).

Dividends totaling £ 8,942,399 (2019 - £6,336,485) were paid to directors and key management personnel during the year.

During the year 462,150 shares owned by directors and key management were purchased and cancelled by the company (2019 - Nil)

After the year end dividends totaling £3,060,021 were paid to directors and key management personnel along with Huntswood Associates Limited dividends paid of £5,579,653 (see note 21).

Huntswood CTC Limited

Notes forming part of the financial statements
for the year ended 30 September 2020 (continued)

21 Post balance sheet events

After the year end the following dividends were paid.

	£
Ordinary Shares	
Interim paid of £0.5546 (2019 - £1.16) on 01 December 2020	1,358,175
Interim paid of £0.704 (2019 - £0.091) on 18 January 2021	1,725,394
	<hr/>
	3,083,569
	<hr/>
'A' Ordinary Shares	
Interim paid of £1.94 (2019 - £6.22) on 01 December 2020	1,658,651
Interim paid of £2.87 on 22 December 2020	2,449,078
Interim paid of £1.72 on 18 January 2021	1,471,924
	<hr/>
	5,579,653
	<hr/>

On 31st October 2020, 4,400 ordinary shares in issue were purchased and cancelled by the company at nominal value in line with the company's articles of association.

On 30th November 2020, 6,600 ordinary shares in issue were purchased and cancelled by the company at nominal value in line with the company's articles of association.