

Peninsula Business Services Limited
Financial Statements
For the Year Ended
31 March 2021



BEEVER AND STRUTHERS
Chartered Accountants & statutory auditor
St. George's House
215 - 219 Chester Road
Manchester
M15 4JE

Peninsula Business Services Limited

Financial Statements

Year Ended 31 March 2021

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Peninsula Business Services Limited

Officers and Professional Advisers

The Board of Directors

P E Done
D Chadwick
G Ford
K Palmer
J Potts
A Price
D Price
G Scarr Hall
B Stern-Gillet
P Swift
D Upfold

Company Secretary

P Swift

Registered Office

The Peninsula
Victoria Place
Manchester
M4 4FB

Auditor

Beever and Struthers
Chartered Accountants & statutory auditor
St. George's House
215 - 219 Chester Road
Manchester
M15 4JE

Peninsula Business Services Limited

Strategic Report

Year Ended 31 March 2021

Principal Activities and Business Review

The principal activity of the company is the provision of advice, consultancy and compliance services in the core legislative areas of employment law and health and safety to its clients in the UK.

For what has been a unique year in terms of the challenges faced by all businesses as they negotiated their way through the pandemic, the directors are pleased to present an excellent set of results in the circumstances for the year under review with Operating Profit falling just 2% year-on-year to £27m. Turnover for the year was 5% lower at £97.1m (2020: £102.4m) as a direct result of the financial support given to our SME client base through payment holidays to help them navigate the economic impact of the lockdowns and ongoing restrictions that characterised most of the year under review.

During the year, the demand for the company's services from existing clients increased dramatically by over 400% at the peak, and the company quickly pivoted its operations from being face to face to becoming digital within the space of a few short weeks. This transformation was achieved very successfully and many of the technological advancements made in the year have now been integrated into company's operational model for the future.

The company continues to exercise strong controls over its costs to ensure that its resources are focused on the development and delivery of first-class products and services for its clients. It is these products and services, along with the legal expenses insurance policy that underpins many of its services, that ensure Peninsula maintains its pre-eminent position in the marketplace.

The directors recognise that the key to the company's success is its staff. Their dedication to providing exceptional service throughout the year is at the heart of the excellent client satisfaction scores that the company achieved again this year.

Financial Risk Management Objectives and Policies

The directors recognise that the company's success is reliant on high levels of service and advice being delivered to its client base, and operate a pro-active strategy of monitoring the systems, advice and service levels provided by its consultants.

Reduction in Business Activity

The company, like any other business, is exposed to the risk of downturn in business in its specific commercial sectors, namely employment law and health and safety legislation and compliance. The directors do not anticipate any future detrimental impact on these business sectors and continue to broaden the company's range of services to further reduce the risk of any downturn.

The directors are pro-active in addressing this risk and monitor performance on a daily basis. They consider that their in-depth involvement in the day to day running of the business is a key factor in mitigating any such risk.

Peninsula Business Services Limited

Strategic Report *(continued)*

Year Ended 31 March 2021

Credit Risk

Credit control risk is managed through rigorous credit control processes and ongoing monitoring of trade debtors to identify any bad debt exposures and minimise the impact of such exposures. This risk is further mitigated by the high level of customers paying by direct debit or standing order.

Trade debtors are stated net of provision for doubtful debts. Provision is made where the directors consider there to be a risk that the full amount of the outstanding receivable will not be recoverable.

Interest Rate Risk

Peninsula Business Services Limited generates significant positive cashflow each year and the directors therefore consider that any impact of increased interest rates would be minimal in terms of the financial performance of the company.

Section 172(1) Statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members and stakeholders as a whole. In doing this, Section 172 requires a director to have regard, amongst other matters, to the:

- likely consequences of any decisions in the long-term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- maintenance of its reputation for high standards of business conduct; and
- need to act fairly as between the different stakeholders of the company.

In discharging its section 172 duties, Peninsula Business Services Limited (the 'Company') has regard to the interests and views of its internal and external stakeholders. By considering the Company's purpose, vision and values together with its strategic priorities, the Company aims to make sure its decisions are consistent and equitable.

As is normal for large companies, Peninsula Business Services Limited delegates authority for day-to-day management to its executives and engages management in setting, approving and overseeing the execution of the business strategy and related policies. The Company reviews the financial and operational performance of the business on a monthly basis with formal reporting and review at both board and executive level, supplemented by daily, weekly and monthly reporting and assessment of key KPIs across all areas of the operations. The Company also reviews other areas over the course of the financial year including risk and compliance, environmental, social and corporate governance, legal, pensions, and health and safety matters, as well as stakeholder-related matters, diversity and inclusivity, and corporate responsibility matters.

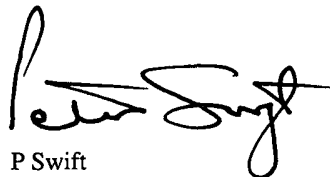
This ensures the Company has an overview of engagement with stakeholders and complies with our Section 172 duty to promote the success of the company.

Peninsula Business Services Limited

Strategic Report *(continued)*

Year Ended 31 March 2021

This report was approved by the board of directors on 12 Oct 2021 and signed on behalf of the board by:



P Swift
Director

Registered office:
The Peninsula
Victoria Place
Manchester
M4 4FB

Peninsula Business Services Limited

Directors' Report

Year Ended 31 March 2021

The directors present their report and the financial statements of the company for the year ended 31 March 2021.

Incorporation

The company is a wholly-owned subsidiary of Peninsula Business Services Group Limited, which is incorporated in Great Britain and registered in England and Wales.

Peninsula Business Services Group Limited is a wholly-owned subsidiary of Rainy City Investments Limited. Rainy City Investments Limited is incorporated in Great Britain and registered in England and Wales.

Directors

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

P E Done	
D Chadwick	
G Ford	
A Price	
D Price	
B Stern-Gillet	
P Swift	
D Upfold	
R Corlett	(Resigned 31 July 2020)
G Scarr Hall	(Appointed 1 September 2020)
K Palmer	(Appointed 12 October 2020)
J Potts	(Appointed 12 October 2020)

Dividends

Particulars of recommended dividends are detailed in note 13 to the financial statements.

Greenhouse Gas Emissions and Energy Consumption

Information Included in Group Accounts

The information required to fulfill the requirements of The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 has been included within the consolidated financial statements of Rainy City Investments Limited in which this company is included.

Employment of Disabled Persons

The company does not discriminate between employees or potential employees on the grounds of colour, race, ethnic or national origin, sex, marital status or religious beliefs. It is the company's policy to encourage the employment, training and career development of disabled persons. If individuals become disabled during employment and they are unable to perform their jobs, consideration is given to retraining for alternative jobs.

Employee Involvement

The company places considerable value on the involvement of its employees and keeps employees informed on matters relevant to them through regular meetings and internal media. Employee engagement and training are key initiatives throughout the business and the directors are proud to be able to report that Peninsula Business Services Limited was again ranked highly in a number of prestigious recruitment, training and leadership surveys.

Peninsula Business Services Limited

Directors' Report *(continued)*

Year Ended 31 March 2021

Disclosure of Information in the Strategic Report

Information with regards to future developments and financial risk management objectives and policies has been included in the Strategic Report.

Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

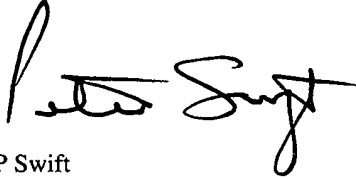
- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Peninsula Business Services Limited

Directors' Report *(continued)*

Year Ended 31 March 2021

This report was approved by the board of directors on 12 03 2021 and signed on behalf of the board by:



P Swift
Director

Registered office:
The Peninsula
Victoria Place
Manchester
M4 4FB

Peninsula Business Services Limited

Independent Auditor's Report to the Member of Peninsula Business Services Limited

Year Ended 31 March 2021

Opinion

We have audited the financial statements of Peninsula Business Services Limited (the 'company') for the year ended 31 March 2021 which comprise the statement of income and retained earnings, statement of financial position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions Relating to Going Concern

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

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

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

Peninsula Business Services Limited

Independent Auditor's Report to the Member of Peninsula Business Services Limited

(continued)

Year Ended 31 March 2021

Other Information

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

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

We have nothing to report in this regard.

Opinions on Other Matters Prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on Which We are Required to Report by Exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Peninsula Business Services Limited

Independent Auditor's Report to the Member of Peninsula Business Services Limited

(continued)

Year Ended 31 March 2021

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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:

- 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 directors and other management, and from our commercial knowledge and experience of the sector in which the business operates;
- 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;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; 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.

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 set out in note 3 are indicative of potential bias; and
 - investigated the rationale behind significant or unusual transactions.
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Peninsula Business Services Limited

Independent Auditor's Report to the Member of Peninsula Business Services Limited (continued)

Year Ended 31 March 2021

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; and
- enquiring of management as to actual and potential litigation and claims.

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

Beever and Struthers

Richard Williams BSc FCA (Senior Statutory Auditor)

For and on behalf of
Beever and Struthers
Chartered Accountants & statutory auditor
St. George's House
215 - 219 Chester Road
Manchester
M15 4JE

12 October 2021

Peninsula Business Services Limited
Statement of Income and Retained Earnings
Year Ended 31 March 2021

	Note	2021 £	2020 £
Turnover	4	97,097,318	102,367,867
Cost of sales		<u>29,544,522</u>	<u>29,592,287</u>
Gross profit		67,552,796	72,775,580
Distribution costs		18,419,152	22,664,210
Administrative expenses		26,874,280	23,788,769
Other operating income	5	<u>4,763,519</u>	<u>1,375,617</u>
Operating profit	6	27,022,883	27,698,218
Interest receivable	10	1,269	15,155
Interest payable	11	<u>23,696</u>	<u>-</u>
Profit before taxation		27,000,456	27,713,373
Taxation on ordinary activities	12	<u>4,408,533</u>	<u>4,046,250</u>
Profit for the financial year and total comprehensive income		<u>22,591,923</u>	<u>23,667,123</u>
Dividends paid and payable	13	(50,000,000)	(20,554,736)
Retained earnings at the start of the year		49,089,241	45,976,854
Retained earnings at the end of the year		<u>21,681,164</u>	<u>49,089,241</u>

All the activities of the company are from continuing operations.

The notes on pages 14 to 24 form part of these financial statements.

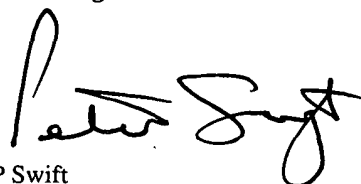
Peninsula Business Services Limited

Statement of Financial Position

31 March 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	14	1,728,090	2,909,825
Tangible assets	15	<u>2,300,379</u>	<u>2,602,574</u>
		4,028,469	5,512,399
Current assets			
Debtors	16	47,985,719	56,447,351
Cash at bank and in hand		<u>6,513,389</u>	<u>5,733,346</u>
		54,499,108	62,180,697
Creditors: amounts falling due within one year	17	<u>36,846,319</u>	<u>18,603,761</u>
Net current assets		<u>17,652,789</u>	<u>43,576,936</u>
Total assets less current liabilities		<u>21,681,258</u>	<u>49,089,335</u>
Net assets		<u>21,681,258</u>	<u>49,089,335</u>
Capital and reserves			
Called up share capital	21	94	94
Profit and loss account	22	<u>21,681,164</u>	<u>49,089,241</u>
Shareholder funds		<u>21,681,258</u>	<u>49,089,335</u>

These financial statements were approved by the board of directors and authorised for issue on 12 Oct 2021 and are signed on behalf of the board by:



P Swift
Director

Company registration number: 01702759

The notes on pages 14 to 24 form part of these financial statements.

Peninsula Business Services Limited

Notes to the Financial Statements

Year Ended 31 March 2021

1. General Information

Peninsula Business Services Limited is a company limited by share capital incorporated in Great Britain and registered in England and Wales. The address of its registered office is The Peninsula, Victoria Place, Manchester, M4 4FB.

2. Statement of Compliance

These financial statements have been prepared in compliance with FRS 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland.

3. Accounting Policies

Basis of Preparation

The financial statements have been prepared on the historical cost basis.

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

Disclosure Exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Rainy City Investments Limited which can be obtained from Companies House. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

Judgements and Key Sources of Estimation Uncertainty

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

Significant judgements

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

- Determination of whether there are indicators of impairment of the company's intangible and tangible fixed assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.
- Determination of whether leases entered into by the company as lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Peninsula Business Services Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2021

3. Accounting Policies *(continued)*

Judgements and Key Sources of Estimation Uncertainty *(continued)*

Key sources of estimation uncertainty

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

- Intangible fixed assets are amortised and tangible fixed assets are depreciated over their useful economic lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- Revenue arises from the provision of services under contractual agreements ranging from one to five years, and services provided on an ad-hoc basis. In order to reflect time and costs incurred in servicing an agreement, the company accounts for sales with reference to the duration of the contract.
- Recoverability of trade debtors. A specific provision is made against certain debts where in the opinion of the directors the debt is not considered to be fully recoverable. A provision of £2,230,797 (2020: £847,557) has been recognised in respect of trade debtors. Furthermore, where a trade debt is considered impaired, a provision is also recognised in respect of any associated accrued income debtors. The accrued income provision at the year end was £1,971,623 (2020: £423,778).

Revenue Recognition

Turnover comprises the value of services provided during the year excluding value added tax.

Revenue from the provision of services is measured by reference to the proportion of the overall services that have been provided at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Income Tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured as the amounts of tax expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing differences.

Peninsula Business Services Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2021

3. Accounting Policies *(continued)*

Foreign Currencies

Foreign currency transactions are initially recorded in the functional currency by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the statement of income and retained earnings.

Operating Leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term on a straight-line basis.

Lease income is recognised in profit or loss on a straight line basis over the lease term. The aggregate cost of lease incentives are recognised as a reduction to income over the lease term on a straight-line basis. Costs, including depreciation, incurred in earning the lease income are recognised as an expense. Any initial direct costs incurred in negotiating and arranging the operating lease are added to the carrying amount of the lease and recognised as an expense over the lease term on the same basis as the lease income.

Intangible Assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Software development - 25% per annum straight line

If there is an indication that there has been a significant change in useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible Assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold improvements - 10% per annum straight line
Fixtures and fittings - 10% per annum straight line
Motor vehicles - 25% per annum straight line
Computer equipment - 25% per annum straight line

Peninsula Business Services Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2021

3. Accounting Policies *(continued)*

Impairment of Fixed Assets

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

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

Government Grants

Government grants are recognised using the accrual model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Financial Instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price unless the arrangement constitutes a financing transaction in which case it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

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 entity after deducting all of its financial liabilities.

Peninsula Business Services Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2021

3. Accounting Policies *(continued)*

Defined Contribution Plans

Contributions to defined contribution plans are recognised as an expense in the period to which the employment related. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

4. Turnover

Turnover arises from:

	2021	2020
	£	£
Provision of services	<u>97,097,318</u>	<u>102,367,867</u>

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

5. Other Operating Income

	2021	2020
	£	£
Government grant income	3,274,987	–
Other operating income	<u>1,488,532</u>	<u>1,375,617</u>
	<u>4,763,519</u>	<u>1,375,617</u>

Grant income relates to income received under the Coronavirus Job Retention Scheme and other Covid support.

Other income relates to rental income receivable.

6. Operating Profit

Operating profit or loss is stated after charging/crediting:

	2021	2020
	£	£
Amortisation of intangible assets	1,181,735	942,569
Depreciation of tangible assets	830,868	1,362,251
(Gains)/loss on disposal of tangible assets	(1,528)	16,163
Impairment of trade debtors	3,640,252	2,185,815
Foreign exchange differences	7,999	337
Property lease charges	4,612,652	4,498,210
Other leasing charges	798,295	897,561
Property lease income	<u>(1,488,532)</u>	<u>(1,375,616)</u>

Peninsula Business Services Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2021

7. Auditor's Remuneration

	2021	2020
	£	£
Fees payable for the audit of the financial statements	<u>30,350</u>	<u>28,580</u>
Fees payable to the company's auditor and its associates for other services: Taxation compliance services	<u>6,005</u>	<u>13,195</u>

8. Particulars of Employees

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

	2021	2020
	No.	No.
Sales and marketing	190	258
Client service and support	550	565
Administration	<u>174</u>	<u>229</u>
	<u>914</u>	<u>1,052</u>

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

	2021	2020
	£	£
Wages and salaries	36,559,645	36,617,811
Social security costs	4,255,125	4,165,267
Other pension costs	<u>1,252,619</u>	<u>1,215,764</u>
	<u>42,067,389</u>	<u>41,998,842</u>

9. Directors' Remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2021	2020
	£	£
Remuneration	1,066,052	872,282
Company contributions to defined contribution pension plans	<u>59,035</u>	<u>57,813</u>
	<u>1,125,087</u>	<u>930,095</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2021	2020
	No.	No.
Defined contribution plans	<u>10</u>	<u>8</u>

Remuneration of the highest paid director in respect of qualifying services:

	2021	2020
	£	£
Aggregate remuneration	<u>287,592</u>	<u>301,248</u>

Peninsula Business Services Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2021

10. Interest Receivable

	2021 £	2020 £
Interest on cash and cash equivalents	<u>1,269</u>	<u>15,155</u>

11. Interest Payable

	2021 £	2020 £
Other interest payable and similar charges	<u>23,696</u>	<u>-</u>

12. Taxation on Ordinary Activities

Major components of tax expense

	2021 £	2020 £
Current tax:		
UK current tax expense	4,434,567	4,113,007
Adjustments in respect of prior periods	119,739	(199,158)
Total current tax	<u>4,554,306</u>	<u>3,913,849</u>
Deferred tax:		
Origination and reversal of timing differences	<u>(145,773)</u>	<u>132,401</u>
Taxation on ordinary activities	<u>4,408,533</u>	<u>4,046,250</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%).

	2021 £	2020 £
Profit on ordinary activities before taxation	<u>27,000,456</u>	<u>27,713,373</u>
Profit on ordinary activities by rate of tax	5,130,087	5,265,541
Adjustment to tax charge in respect of prior periods	119,739	(199,158)
Effect of expenses not deductible for tax purposes	12,453	212,149
Effect of capital allowances and depreciation	(179,610)	(116,230)
Utilisation of tax losses	(886,514)	(1,112,594)
Other short term timing differences	212,378	(3,458)
Tax on profit	<u>4,408,533</u>	<u>4,046,250</u>

Peninsula Business Services Limited

Notes to the Financial Statements (continued)

Year Ended 31 March 2021

13. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2021	2020
	£	£
Dividends on equity shares	<u>50,000,000</u>	<u>20,554,736</u>

14. Intangible Assets

	Software development costs £
Cost	
At 1 April 2020 and 31 March 2021	<u>4,600,203</u>
Amortisation	
At 1 April 2020	1,690,378
Charge for the year	<u>1,181,735</u>
At 31 March 2021	<u>2,872,113</u>
Carrying amount	
At 31 March 2021	<u>1,728,090</u>
At 31 March 2020	<u>2,909,825</u>

15. Tangible Assets

	Leasehold improvements £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
Cost					
At 1 April 2020	1,697,299	1,580,406	95,723	3,782,676	7,156,104
Additions	–	155,247	36,500	343,236	534,983
Disposals	–	(5,903)	–	(2,955)	(8,858)
At 31 March 2021	<u>1,697,299</u>	<u>1,729,750</u>	<u>132,223</u>	<u>4,122,957</u>	<u>7,682,229</u>
Depreciation					
At 1 April 2020	1,593,048	425,174	24,348	2,510,960	4,553,530
Charge for the year	48,971	199,968	28,494	553,435	830,868
Disposals	–	(541)	–	(2,007)	(2,548)
At 31 March 2021	<u>1,642,019</u>	<u>624,601</u>	<u>52,842</u>	<u>3,062,388</u>	<u>5,381,850</u>
Carrying amount					
At 31 March 2021	<u>55,280</u>	<u>1,105,149</u>	<u>79,381</u>	<u>1,060,569</u>	<u>2,300,379</u>
At 31 March 2020	<u>104,251</u>	<u>1,155,232</u>	<u>71,375</u>	<u>1,271,716</u>	<u>2,602,574</u>

Peninsula Business Services Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2021

16. Debtors

	2021	2020
	£	£
Trade debtors	2,515,518	2,928,021
Amounts owed by group undertakings	12,525,755	16,030,005
Deferred tax asset	453,973	308,200
Prepayments and accrued income	31,760,761	36,319,913
Other debtors	729,712	861,212
	<u>47,985,719</u>	<u>56,447,351</u>

17. Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	1,728,097	2,264,943
Amounts owed to group undertakings	8,774,988	-
Accruals and deferred income	13,598,192	11,585,529
Corporation tax	1,715,894	387,892
Social security and other taxes	10,765,079	4,362,153
Other creditors	264,069	3,244
	<u>36,846,319</u>	<u>18,603,761</u>

18. Deferred Tax

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

	2021	2020
	£	£
Included in debtors (note 16)	<u>453,973</u>	<u>308,200</u>

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

	2021	2020
	£	£
Accelerated capital allowances	(58,365)	(116,347)
Deferred tax - other timing differences	<u>(395,608)</u>	<u>(191,853)</u>
	<u>(453,973)</u>	<u>(308,200)</u>

19. Employee Benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £1,252,619 (2020: £1,215,764).

At 31 March 2021 there were accrued contributions amounting to £261,746 (2020: £270,764).

Peninsula Business Services Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2021

20. Government Grants

The amounts recognised in the financial statements for government grants are as follows:

	2021	2020
	£	£
Recognised in other operating income:		
Government grants recognised directly in income	<u>3,274,987</u>	<u>-</u>

Government grant income reflects income received under the Coronavirus Job Retention Scheme and DFE Northern Ireland Business Support Grant. There are no unfulfilled conditions in relation to these grants.

21. Called Up Share Capital

Issued, called up and fully paid

	2021		2020	
	No.	£	No.	£
Ordinary shares of £0.01 each	<u>9,400</u>	<u>94</u>	<u>9,400</u>	<u>94</u>

22. Reserves

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

23. Commitments under Operating Leases

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

	2021	2020
	£	£
Not later than 1 year	5,092,370	4,414,663
Later than 1 year and not later than 5 years	17,976,808	15,192,068
Later than 5 years	<u>30,463,965</u>	<u>31,667,858</u>
	<u>53,533,143</u>	<u>51,274,589</u>

These lease payments relate primarily to the rent payable for the office buildings occupied by Peninsula in Manchester, London, Belfast and Glasgow.

24. Contingencies

On 22 November 2018, the company has provided National Westminster Bank Plc and Lloyds Bank Plc, with an unlimited intercompany guarantee for the following group companies: Rainy City Investments Limited, Peninsula Business Services Group Limited, Peninsula Business Services (Ireland) Limited, Health Assured Limited, Croner Taxwise Limited, Croner Group Limited, Bright HR Limited, Croner-i Limited, Peninsula Employment Services Limited, Graphite HRM Limited and Employsure Pty Limited

On 21 May 2020, the company entered into an agreement to guarantee the CLBILS loan advanced by Lloyds Bank PLC to Rainy City Properties Limited. The loan was also guaranteed by Peninsula Business Services Group Limited, Peninsula Business Services (Ireland) Limited, Health Assured Limited, Croner Taxwise Limited, Croner Group Limited, Bright HR Limited, Croner-i Limited, Graphite HRM Limited, Employsure Pty Limited and Peninsula Employment Services Limited.

At 31 March 2021 the company's maximum exposure was £100,314,413 (2020: £124,693,361).

Peninsula Business Services Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2021

25. Related Party Transactions

The company is a wholly owned subsidiary of Peninsula Business Services Group Limited and has taken advantage of the exemption in FRS 102 Section 33.1A from disclosing transactions or balances with entities which form part of the group. The consolidated financial statements of Rainy City Investments Limited, within which the company is included, can be obtained from Companies House.

F Done & P E Done are directors of, and have a controlling interest in, Irwell Insurance Company Limited ("Irwell"). Irwell underwrites policies taken out by clients of Peninsula Business Services Limited. Insurance premiums were collected by the company on behalf of Irwell during the year. During the year the company earned sales commission of £241,020 (2020: £239,787) and a profit share of £658,403 (2020: £1,569,153). At 31 March 2021 the company was owed £21,452 (2020: £531,768) by Irwell.

F Done & P E Done are directors of, and have a controlling interest in, Rainy City Properties Limited which owns The Peninsula Building. Rent charges totalling £3,290,000 (2020: £3,290,000) were charged by Rainy City Properties Limited during the year. An amount of £nil (2020: £437,607) is due to Rainy City Properties Limited in respect of expenses paid for by the company and £274 (2020: £2,225) is due from Rainy City Properties Limited at year end.

P E Done was a director (until his resignation on 29 May 2020) of Portfolio Payroll Limited which makes placements of permanent and temporary payroll staff. Turnover includes £70,608 (2020: £150,179) invoiced to Portfolio Payroll Limited in respect of administrative services provided by Peninsula. At 31 March 2021 Portfolio Payroll Limited owes £125,634 (2020: £37,270) to Peninsula Business Services Limited. During the year Portfolio Payroll Limited sold services to Peninsula Business Services Limited totalling £645,951 (2020: £274,987). At 31 March 2021 the company owed £19,800 (2020: £50,580) to Portfolio Payroll Limited which is included within trade creditors.

Done Brothers (Cash Betting) Limited is considered to be a related party as it is controlled by the Done family. During the year the company made sales to Done Brothers (Cash Betting) Limited of £85,000 (2020: £85,000). At 31 March 2021 the company was owed £12,000 (2020: £19,500) by Done Brothers (Cash Betting) Limited.

26. Controlling Party

The company is a wholly owned subsidiary of Peninsula Business Services Group Limited which is incorporated in Great Britain and registered in England and Wales.

Peninsula Business Services Group Limited is a wholly owned subsidiary of Rainy City Investments Limited. Rainy City Investments Limited, which is incorporated in Great Britain and registered in England and Wales.

The largest group into which Peninsula Business Services Limited is consolidated is that headed by Rainy City Investments Limited. The smallest group into which Peninsula Business Services Limited is consolidated is that headed by Peninsula Business Services Group Limited.

The company is controlled by the Done family.