

**Company Registration No. 06364614 (England and Wales)**

**Understanding Recruitment Ltd**

**Unaudited financial statements  
for the year ended 31 December 2021**

**Pages for filing with the Registrar**

**Understanding Recruitment Ltd**

**Contents**

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	<b>Page</b>
Statement of financial position	1 - 2
Notes to the financial statements	3 - 12

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Understanding Recruitment Ltd

Statement of financial position

As at 31 December 2021

		2021		2020	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	4		149,373		150,939
Investments	5		16		16
			<u>149,389</u>		<u>150,955</u>
<b>Current assets</b>					
Debtors	6	2,193,489		894,876	
Cash at bank and in hand		1,514,925		1,489,766	
		<u>3,708,414</u>		<u>2,384,642</u>	
<b>Creditors: amounts falling due within one year</b>	7	<u>(2,365,998)</u>		<u>(1,369,835)</u>	
<b>Net current assets</b>			<u>1,342,416</u>		<u>1,014,807</u>
<b>Total assets less current liabilities</b>			<u>1,491,805</u>		<u>1,165,762</u>
<b>Creditors: amounts falling due after more than one year</b>	8		<u>(315,000)</u>		<u>(405,000)</u>
<b>Net assets</b>			<u><u>1,176,805</u></u>		<u><u>760,762</u></u>
<b>Capital and reserves</b>					
Called up share capital	10		417		417
Profit and loss reserves			1,176,388		760,345
<b>Total equity</b>			<u><u>1,176,805</u></u>		<u><u>760,762</u></u>

**Understanding Recruitment Ltd**

**Statement of financial position (continued)**

**As at 31 December 2021**

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The directors of the company have elected not to include a copy of the income statement within the financial statements.

For the financial year ended 31 December 2021 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 25 May 2022 and are signed on its behalf by:

Mr Christopher Jackson  
**Director**

Mr Dale Swords  
**Director**

**Company Registration No. 06364614**

## Understanding Recruitment Ltd

### Notes to the financial statements For the year ended 31 December 2021

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#### 1 Accounting policies

##### Company information

Understanding Recruitment Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Second Floorsuite, Abbeyview, 38-40 The Maltings, St Albans, Hertfordshire, AL1 3HL.

##### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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

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

##### 1.2 Turnover

Turnover, which excludes value added tax, comprises of the value of services undertaken by the company under its principal activity, which is the provision of recruitment consultancy services. This broadly consists of:

- turnover from contractor placements, representing fees billed for the services of contractors including their costs which is recognised when the service has been provided.
- turnover from permanent placements, representing fees billed for placing a candidate which is recognised on the start date of the candidate.

Turnover not invoiced at the balance sheet date is included within accrued income.

##### 1.3 Tangible fixed assets

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

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

Leasehold land and buildings	20% per annum
Fixtures and fittings	25% per annum
Computer equipment	33% per annum

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

## Understanding Recruitment Ltd

### Notes to the financial statements (continued)

For the year ended 31 December 2021

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#### 1 Accounting policies (continued)

##### 1.4 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

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

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

##### 1.5 Impairment of fixed assets

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

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

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

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

## Understanding Recruitment Ltd

### Notes to the financial statements (continued)

For the year ended 31 December 2021

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#### 1 Accounting policies (continued)

##### 1.6 Cash and cash equivalents

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

##### 1.7 Financial instruments

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

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

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

##### **Basic financial assets**

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

##### **Classification of financial liabilities**

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

##### **Basic financial liabilities**

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

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

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

## Understanding Recruitment Ltd

### Notes to the financial statements (continued)

For the year ended 31 December 2021

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#### 1 Accounting policies (continued)

##### 1.8 Equity instruments

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

##### 1.9 Taxation

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

###### *Current tax*

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

###### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

##### 1.10 Employee benefits

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

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

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

##### 1.11 Retirement benefits

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

## Understanding Recruitment Ltd

### Notes to the financial statements (continued)

For the year ended 31 December 2021

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#### 1 Accounting policies (continued)

##### 1.12 Share-based payments

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

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

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

##### 1.13 Leases

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

##### 1.14 Government grants

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

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

##### 1.15 Foreign exchange

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

**Understanding Recruitment Ltd**

**Notes to the financial statements (continued)**

**For the year ended 31 December 2021**

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**2 Critical accounting judgements and key sources of estimation uncertainty**

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

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

**3 Employees**

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

	<b>2021</b>	<b>2020</b>
	<b>Number</b>	<b>Number</b>
Total	51	47
	<u>      </u>	<u>      </u>

**Understanding Recruitment Ltd**

**Notes to the financial statements (continued)**

**For the year ended 31 December 2021**

**4 Tangible fixed assets**

	Leasehold land and buildings	Fixtures and fittings	Computer equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2021	3,217	257,072	120,199	380,488
Additions	-	6,045	68,890	74,935
	<u>3,217</u>	<u>263,117</u>	<u>189,089</u>	<u>455,423</u>
At 31 December 2021	3,217	263,117	189,089	455,423
<b>Depreciation and impairment</b>				
At 1 January 2021	1,126	133,533	94,890	229,549
Depreciation charged in the year	643	52,281	23,577	76,501
	<u>1,769</u>	<u>185,814</u>	<u>118,467</u>	<u>306,050</u>
At 31 December 2021	1,769	185,814	118,467	306,050
<b>Carrying amount</b>				
At 31 December 2021	<u>1,448</u>	<u>77,303</u>	<u>70,622</u>	<u>149,373</u>
At 31 December 2020	<u>2,091</u>	<u>123,539</u>	<u>25,309</u>	<u>150,939</u>

**5 Fixed asset investments**

	2021	2020
	£	£
Shares in group undertakings and participating interests	16	16
	<u>16</u>	<u>16</u>

Understanding Recruitment Limited owns 80% of the shareholding of Understanding Recruitment Inc, a company incorporated in the USA. At 31 December 2021 the company report a profit of \$979,889 and held reserves of \$1,006,752.

Understanding Recruitment Ltd

Notes to the financial statements (continued)

For the year ended 31 December 2021

6 Debtors

	2021	2020
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	1,284,653	454,193
Corporation tax recoverable	880	880
Amounts owed by group undertakings	345,498	-
Other debtors	562,458	279,144
	<u>2,193,489</u>	<u>734,217</u>

	2021	2020
	£	£

Amounts falling due after more than one year:		
Amounts owed by group undertakings	-	160,659
	<u>-</u>	<u>160,659</u>

<b>Total debtors</b>	<u>2,193,489</u>	<u>894,876</u>
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7 Creditors: amounts falling due within one year

	2021	2020
	£	£
Bank loans	90,000	45,000
Trade creditors	66,644	41,360
Corporation tax	314,965	51,242
Other taxation and social security	580,597	449,010
Other creditors	1,313,792	783,223
	<u>2,365,998</u>	<u>1,369,835</u>

8 Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Bank loans and overdrafts	<u>315,000</u>	<u>405,000</u>

## Understanding Recruitment Ltd

### Notes to the financial statements (continued)

For the year ended 31 December 2021

#### 8 Creditors: amounts falling due after more than one year (continued)

The company has a loan with Barclays Bank UK Plc of £405,000 (2020: £450,000). The loan is repayable over the period until 19 July 2027 (72 months from the date in which the loan was drawn down). Interest is charged on a Floating Rate Basis, under which the interest rate will never be less than 3.16% p.a.

#### 9 Share-based payment transactions

During the year share options were granted to two employees over a total of up to 3,325 Ordinary D shares of 1p each. As at 31 December 2021, two employees (2020: no employees) had unexercised vested share options over 787 Ordinary D shares of 1p each of the company (2020: none).

The options will vest on 31 December 2024 and are subject to vesting conditions as detailed in the option scheme rules. The conditions attached to the share options determine the number of shares over which the option will be capable of exercise when the vesting conditions are met.

The total expense recognised in the profit or loss for the year is £798 (2020: £nil).

#### 10 Called up share capital

	2021	2020
	£	£
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
Ordinary A of 1p each	232	232
Ordinary B of 1p each	127	127
Ordinary C of 1p each	21	21
Ordinary D of 1p each	17	17
Ordinary E of 1p each	20	20
	<u>417</u>	<u>417</u>
	<u><u>417</u></u>	<u><u>417</u></u>

#### 11 Operating lease commitments

##### Lessee

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

	2021	2020
	£	£
	195,750	281,910
	<u><u>195,750</u></u>	<u><u>281,910</u></u>

## Understanding Recruitment Ltd

### Notes to the financial statements (continued)

For the year ended 31 December 2021

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#### 12 Related party transactions

Recharges of £62,184 were recorded during the year to Understanding Recruitment Inc, a subsidiary entity incorporated in the USA. At 31 December 2021 Understanding Recruitment Inc owed Understanding Recruitment Limited £163,335 (2020: £92,097).

Also at 31 December 2021, a balance of £182,163 (2020: £160,659) was due in relation to intercompany loans with Understanding Recruitment Inc. Interest of £9,054 was received from Understanding Recruitment Inc. in relation to intercompany loans.

The company also paid expenses totalling £18,000 (2020: £17,850) to Benula Limited for the consulting services of Miles Hunt, a director of the company.

#### 13 Directors' transactions

##### Dividends

Dividends totalling £840,000 (2020: £170,000) were paid in the year in respect of shares held by the company's directors.

##### Directors loans

Description	Opening	Amounts repaid	Closing balance
	balance		
	£	£	£
Mr Christopher Jackson - Director loan	26,530	-	26,530
Mr Dale Swords - Director loan	18,000	(18,000)	-
	<u>44,530</u>	<u>(18,000)</u>	<u>26,530</u>
	<u><u>44,530</u></u>	<u><u>(18,000)</u></u>	<u><u>26,530</u></u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.