

**THE KELLAN GROUP LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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**THE KELLAN GROUP LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	M. E. W. Jackson R. R. Ward M. D. Kumar (appointed 1 May 2022) P. Mallan (appointed 1 January 2023)
<b>Company secretary</b>	M. D. Kumar
<b>Registered number</b>	02228050
<b>Registered office</b>	4th Floor 19-21 Great Tower Street London EC3R 5AR
<b>Independent auditors</b>	Langtons Professional Services Limited Chartered Accountants & Statutory Auditors The Plaza 100 Old Hall Street Liverpool L3 9QJ

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THE KELLAN GROUP LIMITED

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**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**Introduction**

The directors present their strategic report for the year ended 31 December 2022.

**Business review**

Business operations are focused in our core markets of Hospitality & Leisure, Technology and Accounting & Finance. Our aim is to continue to develop our core businesses in major city centres.

Group sales have increased by 31.8% from £18.47 million in 2021 to £24.34 million in 2022, Group NFI has increased by 60.7% from £4.33 million in 2021 to £6.96 million in 2022, while administrative expenses have increased by 68% from £3.55 million in 2021 to £5.97 million in 2022, which includes a bad debt of £0.8 million in 2022. Year-on-year earnings before tax increased from a profit of £0.89 million in 2021 to a profit of £1 million in 2022.

In 2022, the Company agreed terms of a partial purchase of the outstanding loan notes which were due for repayment on 20 September 2022. The Company agreed to purchase, at par, loan notes with a nominal value of £400,000. In June 2022, the Company agreed terms of a full purchase of the outstanding loan notes which were due for repayment on 20 September 2024. The Company agreed to purchase, at par, loan notes with a nominal value of £500,000.

In July 2022, the Group repaid the remaining £333,333 CBIL loan which was due for repayment in monthly instalments up to April 2023.

Following these transactions, the Group no longer have any term loans due for repayment.

Efforts made during and after the pandemic to ensure we could meet our stakeholders' needs has helped deliver continued growth in 2022 compared to 2021. The increases in the interest rates has impacted consumers and therefore so too our hospitality clients in 2023. This event undoubtedly has made trading more challenging, particularly since April. However, more recently, the holding of interest rates in September has seen a marked increase in bookings, and we anticipate the business will see this continue for the rest of 2023.

I would like to thank our loyal customers, suppliers, staff and all our shareholders for their invaluable support.

**Principal risks and uncertainties**

**Competition risk**

The actions of the Group's competitors may adversely affect the Group's performance however the directors believe that the Group is well positioned in the market place and it will seek to continue to improve its competitive position.

**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Ongoing credit evaluation is performed on customers based on payment history and third party credit references.

**Financial key performance indicators**

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

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**THE KELLAN GROUP LIMITED**

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**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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This report was approved by the board on 19 October 2023 and signed on its behalf.

**R. R. Ward**  
Director

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## THE KELLAN GROUP LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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The directors present their report and the financial statements for the year ended 31 December 2022.

#### Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 Group 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 for the Group's financial statements 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 Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Principal activity

The principal activity of the Group continued to be both a Recruitment Agency and Recruitment Business providing staff to Hospitality & Leisure, Technology and Accounting & Finance sectors.

#### Results and dividends

The profit for the year, after taxation, amounted to £508,638 (2021 - £1,111,803).

The directors do not recommend the payment of a dividend for the year.

#### Directors

The directors who served during the year were:

M. E. W. Jackson  
R. Kirpalani (resigned 25 November 2022)  
R. R. Ward  
M. D. Kumar (appointed 1 May 2022)

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**THE KELLAN GROUP LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

**Post balance sheet events**

There have been no significant events affecting the Group since the year end.

**Auditors**

The auditors, Langtons Professional Services Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 19 October 2023 and signed on its behalf.

R. R. Ward  
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE KELLAN GROUP LIMITED

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**Opinion**

We have audited the financial statements of The Kellan Group Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022, which comprise the Consolidated statement of comprehensive income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity 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 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 31 December 2022 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

**Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE KELLAN GROUP LIMITED (CONTINUED)

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**Opinion 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 Group 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 Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement set out on page 3, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE KELLAN GROUP LIMITED (CONTINUED)

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**Auditors' 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 Auditors' 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 Group 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 objectives of our audit, in respect to fraud, are:

- to identify and assess the risks of material misstatement of the financial statements due to fraud;
- to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and
- to respond appropriately to fraud or suspected fraud identified during the audit.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006), the relevant tax compliance regulations in the UK and the EU General Data Protection Regulation (GDPR).
- We understood how the Company is complying with those frameworks by making enquiries of management. Through consideration of the results of our audit procedures we were able to either corroborate or provide contrary evidence which was then followed up.
- Based on our understanding we designed our audit procedures to identify non-compliance with laws and regulations. Our procedures involved:

enquiries of management; and

journal entry testing, with a focus on manual consolidation journals indicating large or unusual transactions based on our understanding of the business.

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where it considered there was susceptibility to fraud. We also considered performance targets and their propensity to influence efforts made by management to manage revenue and earnings. Where the risk was considered to be higher, including areas impacting key performance indicators or management remuneration, we performed audit procedures to address each identified fraud risk or other risk of material misstatement. These procedures included those on revenue recognition detailed above, the assessment of items identified by management as non-recurring and testing manual journals and were designed to provide reasonable assurance that the financial statements were free from material fraud or error.

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THE KELLAN GROUP LIMITED

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE KELLAN GROUP LIMITED (CONTINUED)

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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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' 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 Auditors' 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.

Simon Whalley (Senior statutory auditor)

for and on behalf of

**Langtons Professional Services Limited**

Chartered Accountants

Statutory Auditors

The Plaza

100 Old Hall Street

Liverpool

L3 9QJ

19 October 2023

THE KELLAN GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
Turnover	4	24,340,874	18,472,201
Cost of sales		(17,280,104)	(14,138,058)
<b>Gross profit</b>		<b>7,060,770</b>	<b>4,334,143</b>
Administrative expenses		(5,168,721)	(3,552,623)
Exceptional administrative expenses		(800,001)	-
Other operating income	5	-	236,149
<b>Operating profit</b>		<b>1,092,048</b>	<b>1,017,669</b>
Interest receivable and similar income	9	12,065	-
Interest payable and similar expenses	10	(90,920)	(127,100)
<b>Profit before taxation</b>		<b>1,013,193</b>	<b>890,569</b>
Tax on profit	11	(504,555)	221,234
<b>Profit for the financial year</b>		<b>508,638</b>	<b>1,111,803</b>
<b>Total comprehensive income for the year</b>		<b>508,638</b>	<b>1,111,803</b>
<b>Profit for the year attributable to:</b>			
Owners of the parent Company		508,638	1,111,803
		<b>508,638</b>	<b>1,111,803</b>
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the parent Company		508,638	1,111,803
		<b>508,638</b>	<b>1,111,803</b>

There were no recognised gains and losses for 2022 or 2021 other than those included in the consolidated statement of comprehensive income.

The notes on pages 19 to 41 form part of these financial statements.

THE KELLAN GROUP LIMITED  
REGISTERED NUMBER: 02228050

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Intangible assets	13	2,537,432	2,696,032
Tangible assets	14	122,435	238,413
		<u>2,659,867</u>	<u>2,934,445</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	16	5,045,578	5,014,259
Cash at bank and in hand	17	1,983,361	1,805,519
		<u>7,028,939</u>	<u>6,819,778</u>
Creditors: amounts falling due within one year	18	(6,300,274)	(6,792,984)
<b>Net current assets</b>		<u>728,665</u>	<u>26,794</u>
<b>Total assets less current liabilities</b>		<u>3,388,532</u>	<u>2,961,239</u>
Creditors: amounts falling due after more than one year	19	(51,084)	(132,429)
<b>Provisions for liabilities</b>			
<b>Net assets</b>		<u><u>3,337,448</u></u>	<u><u>2,828,810</u></u>
<b>Capital and reserves</b>			
Called up share capital	23	4,274,004	4,274,004
Share premium account	24	14,745,851	14,745,851
Capital redemption reserve	24	1,834	1,834
Capital contribution reserve	24	810,348	810,348
Merger reserve	24	160	160
Profit and loss account	24	(16,494,749)	(17,003,387)
<b>Equity attributable to owners of the parent Company</b>		<u><u>3,337,448</u></u>	<u><u>2,828,810</u></u>

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**THE KELLAN GROUP LIMITED**  
**REGISTERED NUMBER: 02228050**

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 DECEMBER 2022**

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The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 October 2023.

**R. R. Ward**  
Director

The notes on pages 19 to 41 form part of these financial statements.

**THE KELLAN GROUP LIMITED**  
**REGISTERED NUMBER: 02228050**

**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	14	112,348	231,879
Investments	15	2,130,230	2,130,230
		<u>2,242,578</u>	<u>2,362,109</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	16	445,716	1,351,843
Cash at bank and in hand	17	534,716	635,862
		<u>980,432</u>	<u>1,987,705</u>
Creditors: amounts falling due within one year	18	(2,366,753)	(3,563,920)
<b>Net current liabilities</b>		<u>(1,386,321)</u>	<u>(1,576,215)</u>
<b>Total assets less current liabilities</b>		<u>856,257</u>	<u>785,894</u>
Creditors: amounts falling due after more than one year	19	(51,084)	(49,096)
<b>Provisions for liabilities</b>			
Deferred taxation	22	-	(38,894)
		<u>-</u>	<u>(38,894)</u>
<b>Net assets</b>		<u>805,173</u>	<u>697,904</u>
<b>Capital and reserves</b>			
Called up share capital	23	4,274,004	4,274,004
Share premium account	24	14,745,851	14,745,851
Capital redemption reserve	24	1,834	1,834
Capital contribution reserve	24	810,348	810,348
Merger reserve	24	160	160
Profit and loss account brought forward		(19,134,293)	(14,958,927)
Profit/(loss) for the year		107,269	(4,175,366)
Profit and loss account carried forward		<u>(19,027,024)</u>	<u>(19,134,293)</u>
		<u>805,173</u>	<u>697,904</u>

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**THE KELLAN GROUP LIMITED**  
**REGISTERED NUMBER: 02228050**

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**COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 DECEMBER 2022**

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The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 October 2023.

**R. R. Ward**  
Director

The notes on pages 19 to 41 form part of these financial statements.



THE KELLAN GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital £	Share premium account £	Capital redemption reserve £	Capital contribution reserve £	Merger reserve £	Profit and loss account £	Total equity £
<b>At 1 January 2021</b>	4,274,004	14,745,851	1,834	810,348	160	18,115,190 )	1,717,007
<b>Comprehensive income for the year</b>							
Profit for the year	-	-	-	-	-	1,111,803	1,111,803
<b>Total comprehensive income for the year</b>	-	-	-	-	-	1,111,803	1,111,803
<b>Total transactions with owners</b>	-	-	-	-	-	-	-
<b>At 1 January 2022</b>	4,274,004	14,745,851	1,834	810,348	160	17,003,387 )	2,828,810
<b>Comprehensive income for the year</b>							
Profit for the year	-	-	-	-	-	508,638	508,638
<b>Total comprehensive income for the year</b>	-	-	-	-	-	508,638	508,638
<b>Total transactions with owners</b>	-	-	-	-	-	-	-
<b>At 31 December 2022</b>	<u>4,274,004</u>	<u>14,745,851</u>	<u>1,834</u>	<u>810,348</u>	<u>160</u>	<u>16,494,749</u> )	<u>3,337,448</u>

The notes on pages 19 to 41 form part of these financial statements.

THE KELLAN GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital £	Share premium account £	Capital redemption reserve £	Capital contribution reserve £	Merger reserve £	Profit and loss account £	Total equity £
<b>At 1 January 2021</b>	4,274,004	14,745,851	1,834	810,348	160	14,958,927	4,873,270
<b>Comprehensive income for the year</b>							
Loss for the year	-	-	-	-	-	(4,175,366)	(4,175,366)
<b>Total comprehensive income for the year</b>	-	-	-	-	-	(4,175,366)	(4,175,366)
<b>Total transactions with owners</b>	-	-	-	-	-	-	-
<b>At 1 January 2022</b>	4,274,004	14,745,851	1,834	810,348	160	19,134,293	697,904
<b>Comprehensive income for the year</b>							
Profit for the year	-	-	-	-	-	107,269	107,269
<b>Total comprehensive income for the year</b>	-	-	-	-	-	107,269	107,269
<b>Total transactions with owners</b>	-	-	-	-	-	-	-
<b>At 31 December 2022</b>	4,274,004	14,745,851	1,834	810,348	160	19,027,024	805,173

The notes on pages 19 to 41 form part of these financial statements.

THE KELLAN GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	508,638	1,111,803
<b>Adjustments for:</b>		
Amortisation of intangible assets	158,600	158,600
Depreciation of tangible assets	129,701	128,162
Interest paid	90,920	127,100
Interest received	(12,065)	-
Taxation charge	504,555	(221,234)
(Increase) in debtors	(212,530)	(3,261,911)
Increase in creditors	146,687	907,682
Corporation tax received/(paid)	-	(47,849)
<b>Net cash generated from operating activities</b>	<b>1,314,506</b>	<b>(1,097,647)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(13,723)	(11,837)
Interest received	12,065	-
<b>Net cash from investing activities</b>	<b>(1,658)</b>	<b>(11,837)</b>
<b>Cash flows from financing activities</b>		
Repayment of loans	(333,333)	(166,667)
Other new loans	-	33,195
Repayment of other loans	(847,986)	-
Interest paid	(90,918)	(127,102)
<b>Net cash used in financing activities</b>	<b>(1,272,237)</b>	<b>(260,574)</b>

THE KELLAN GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>40,611</b>	<b>(1,370,058)</b>
Cash and cash equivalents at beginning of year	(647,643)	722,415
<b>Cash and cash equivalents at the end of year</b>	<b>(607,032)</b>	<b>(647,643)</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	1,983,361	1,805,519
Bank overdrafts	(2,590,393)	(2,453,162)
	<b>(607,032)</b>	<b>(647,643)</b>

The notes on pages 19 to 41 form part of these financial statements.

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**THE KELLAN GROUP LIMITED**

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**CONSOLIDATED ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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	At 1 January 2022 £	Cash flows £	At 31 December 2022 £
Cash at bank and in hand	1,805,519	177,842	1,983,361
Bank overdrafts	(2,453,162)	(137,231)	(2,590,393)
Debt due after 1 year	(83,333)	83,333	-
Debt due within 1 year	(1,097,986)	1,097,986	-
	<u>(1,828,962)</u>	<u>1,221,930</u>	<u>(607,032)</u>

The notes on pages 19 to 41 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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**1. General information**

The Kellan Group Limited is a private company, limited by shares, registered in England and Wales, registration number 02228050, registration address 4th Floor, 19-21 Great Tower Street, London, EC3R 5AR.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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 judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

**2.2 Basis of consolidation**

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the Group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2019.

**2.3 Going concern**

The group depends on its existing bank facilities to meet its day to day working capital requirements. Current forecasts indicate that the group expects to be able to operate within these facilities for whole of the foreseeable future. These facilities are renewed annually and are not guaranteed for the period covered by the going concern review. The Directors are not aware, however, of any circumstances that may adversely affect the renewal of these facilities. Accordingly, the directors believe it is appropriate to prepare the financial statements on the going concern basis.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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**2. Accounting policies (continued)**

**2.4 Revenue**

Revenue, which excludes value added tax ("VAT"), constitutes the value of services undertaken by the Group as its principal activities, which are recruitment consultancy and other ancillary services. These consist of:

- Revenue from temporary placements, which represents amounts billed for the services of temporary staff including the salary cost of these staff. This is recognised when the service has been provided, and the timesheet has been approved by the client;
- Revenue for permanent placements, which is based on a percentage of a candidate's remuneration package, is recognised from the date candidate commences employment. Retained permanent placements may recognise the staged invoicing earlier, provided the terms agreed with the client mean the Group is contractually entitled to the revenue.

**2.5 Operating leases: the Group as lessee**

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**2.6 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated statement of comprehensive income in the same period as the related expenditure.

**2.7 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

**2.8 Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.9 Borrowing costs**

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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**2. Accounting policies (continued)**

**2.10 Pensions**

**Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

**2.11 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and 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 and the Group operate and generate income.

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

- 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 they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**2.12 Exceptional items**

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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**2. Accounting policies (continued)**

**2.13 Intangible assets**

**Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Consolidated statement of comprehensive income over its useful economic life.

**Other intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

**2.14 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property	- Over term of the lease
Office equipment	- 10% to 33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or 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 in profit or loss.

**2.15 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.16 Debtors**

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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**2. Accounting policies (continued)**

**2.17 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

**2.18 Creditors**

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.19 Holiday pay accrual**

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

**2.20 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

**2.21 Financial instruments**

The Group has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

The Group has elected to apply the recognition and measurement provisions of IFRS 9 Financial Instruments (as adopted by the UK Endorsement Board) with the disclosure requirements of Sections 11 and 12 and the other presentation requirements of FRS 102.

Financial instruments are recognised in the Group's Statement of financial position when the Group 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**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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**2. Accounting policies (continued)**

**2.21 Financial instruments (continued)**

Basic financial assets, which include trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, 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.

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

**Other financial assets**

Other financial assets, which includes investments in equity instruments which are not classified as subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the recognised transaction price. Such assets are subsequently measured at fair value with the changes in fair value being recognised in the profit or loss. Where other financial assets are not publicly traded, hence their fair value cannot be measured reliably, they are measured at cost less impairment.

**Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

**Financial liabilities**

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

Basic financial liabilities, which include trade and other payables, bank loans, other loans and loans due to fellow group companies are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

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

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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2. Accounting policies (continued)

2.21 Financial instruments (continued)

payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

**Other financial instruments**

Derivatives, including forward exchange contracts, futures contracts and interest rate swaps, are not classified as basic financial instruments. These are initially recognised at fair value on the date the derivative contract is entered into, with costs being charged to the profit or loss. They are subsequently measured at fair value with changes in the profit or loss.

Debt instruments that do not meet the conditions as set out in FRS 102 paragraph 11.9 are subsequently measured at fair value through the profit or loss. This recognition and measurement would also apply to financial instruments where the performance is evaluated on a fair value basis as with a documented risk management or investment strategy.

**Derecognition of financial instruments**

**Derecognition of financial assets**

Financial assets are derecognised when their contractual right to future cash flow expire, or are settled, or when the Group transfers the asset and substantially all the risks and rewards of ownership to another party. If significant risks and rewards of ownership are retained after the transfer to another party, then the Group will continue to recognise the value of the portion of the risks and rewards retained.

**Derecognition of financial liabilities**

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in conformity management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included below:

(a) Impairment of intangibles

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment and other assets where there has been an indication of impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. Actual outcomes may vary particularly in light of the current volatility of the recruitment sector to changes in the wider macro-economic environment.

(b) Useful lives of intangible assets and property, plant and equipment

Intangible assets excluding goodwill and property, plant and equipment are amortised or depreciated over their useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the consolidated income statement in specific periods.

4. Turnover

The whole of the turnover is attributable to the principal activity of the group.

All turnover arose within the United Kingdom.

5. Other operating income

	2022 £	2021 £
Government grants receivable	-	236,149
	<u>-</u>	<u>236,149</u>

THE KELLAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

6. Auditors' remuneration

During the year, the Group obtained the following services from the Company's auditors:

	2022 £	2021 £
Fees payable to the Company's auditors for the audit of the consolidated and parent Company's financial statements	18,900	18,000
Fees payable to the Company's auditors in respect of:		
Taxation compliance services	2,625	2,500
All non-audit services not included above	<u>2,625</u>	<u>2,500</u>

7. Employees

Staff costs were as follows:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Wages and salaries	16,962,308	9,398,608	792,341	624,297
Social security costs	1,445,059	689,741	96,198	73,007
Cost of defined contribution scheme	188,285	104,760	9,592	27,668
	<u>18,595,652</u>	<u>10,193,109</u>	<u>898,131</u>	<u>724,972</u>

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

	Group 2022 No.	Group 2021 No.	Company 2022 No.	Company 2021 No.
Administration	64	56	16	16
Temporary workers (whose costs are included in cost of sales and services charged within revenue)	821	529	-	-
	<u>885</u>	<u>585</u>	<u>16</u>	<u>16</u>

THE KELLAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

8. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	479,762	363,588
Group contributions to defined contribution pension schemes	9,354	14,126
	<u>489,116</u>	<u>377,714</u>

During the year retirement benefits were accruing to 3 directors (2021 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £321,052 (2021 - £224,611).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £915 (2021 - £13,336).

9. Interest receivable

	2022 £	2021 £
Other interest receivable	12,065	-
	<u>12,065</u>	<u>-</u>

10. Interest payable and similar expenses

	2022 £	2021 £
Bank interest payable	71,556	93,905
Other loan interest payable	19,364	33,195
	<u>90,920</u>	<u>127,100</u>

THE KELLAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

11. Taxation

	2022 £	2021 £
<b>Corporation tax</b>		
Current tax on profits for the year	323,346	-
Adjustments in respect of previous periods	-	47,849
	<u>323,346</u>	<u>47,849</u>
<b>Total current tax</b>	<u>323,346</u>	<u>47,849</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	181,209	(269,083)
<b>Total deferred tax</b>	<u>181,209</u>	<u>(269,083)</u>
<b>Taxation on profit/(loss) on ordinary activities</b>	<u>504,555</u>	<u>(221,234)</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	<u>1,013,193</u>	<u>890,569</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	192,507	169,208
<b>Effects of:</b>		
Non-tax deductible amortisation of goodwill and impairment	7,530	7,530
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	153,763	7,982
Fixed asset differences	21,733	89,233
Adjustments to tax charge in respect of prior periods	-	47,849
Adjustments to tax charge in respect of prior periods - deferred tax	(8,299)	-
Remeasurement of deferred tax for changes in tax rates	15,193	(408,854)
Movement in deferred tax not recognised	122,128	(134,182)
<b>Total tax charge for the year</b>	<u>504,555</u>	<u>(221,234)</u>



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THE KELLAN GROUP LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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11. Taxation (continued)

Factors that may affect future tax charges

Trading losses of £5,803,691 (2021 - £6,564,964) and capital losses of £619,621 (2021 - £619,621) are carried forward and are available to reduce the tax arising from future profits.

12. Exceptional items

	2022 £	2021 £
Services paid for in advance	800,001	-
	<u>800,001</u>	<u>-</u>

During the year, the Company paid £800,001 in advance for services to be provided in 2023 which included provision of labour for a new office build, managing the office move, design and fitting out the new office and first years rent. The proposed office build did not go ahead and the directors believe the amounts paid in advance will not be recovered.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

13. Intangible assets

Group

Goodwill  
£

**Cost**

At 1 January 2022

3,171,832

At 31 December 2022

3,171,832

**Amortisation**

At 1 January 2022

475,800

Charge for the year on owned assets

158,600

At 31 December 2022

634,400

**Net book value**

At 31 December 2022

2,537,432

*At 31 December 2021*

2,696,032

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

14. Tangible fixed assets

Group

	Short-term leasehold property £	Office equipment £	Total £
<b>Cost or valuation</b>			
At 1 January 2022	420,853	509,870	930,723
Additions	-	13,723	13,723
At 31 December 2022	420,853	523,593	944,446
<b>Depreciation</b>			
At 1 January 2022	259,733	432,577	692,310
Charge for the year on owned assets	84,262	45,439	129,701
At 31 December 2022	343,995	478,016	822,011
<b>Net book value</b>			
At 31 December 2022	76,858	45,577	122,435
<b>At 31 December 2021</b>	161,120	77,293	238,413

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

14. Tangible fixed assets (continued)

Company

	Short-term leasehold property £	Office equipment £	Total £
<b>Cost or valuation</b>			
At 1 January 2022	420,853	489,922	910,775
Additions	-	4,892	4,892
At 31 December 2022	420,853	494,814	915,667
<b>Depreciation</b>			
At 1 January 2022	259,733	419,163	678,896
Charge for the year on owned assets	84,262	40,161	124,423
At 31 December 2022	343,995	459,324	803,319
<b>Net book value</b>			
At 31 December 2022	76,858	35,490	112,348
<b>At 31 December 2021</b>	<u>161,120</u>	<u>70,759</u>	<u>231,879</u>

THE KELLAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

15. Fixed asset investments

Company

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 January 2022	2,130,230
At 31 December 2022	<u>2,130,230</u>

Direct subsidiary undertakings

The following were direct subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Berkeley Scott Limited	Same as parent company	Ordinary	100 %
Quantica Limited	Same as parent company	Ordinary	100 %

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Quantica Group Limited	Same as parent company	Ordinary	100 %
Quantica Solutions Limited	Same as parent company	Ordinary	100 %
R K Group Limited	Same as parent company	Ordinary	100 %
Robinson Keane Limited	Same as parent company	Ordinary	100 %

THE KELLAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

16. Debtors

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade debtors	4,690,968	4,629,856	43,319	2,469
Amounts owed by group undertakings	-	-	235,372	1,239,938
Other debtors	21,065	6,055	12,114	5,992
Prepayments and accrued income	245,671	109,265	154,911	103,444
Deferred taxation	87,874	269,083	-	-
	<u>5,045,578</u>	<u>5,014,259</u>	<u>445,716</u>	<u>1,351,843</u>

17. Cash and cash equivalents

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Cash at bank and in hand	1,983,361	1,805,519	534,716	635,862
Less: bank overdrafts	(2,590,393)	(2,453,162)	-	-
	<u>(607,032)</u>	<u>(647,643)</u>	<u>534,716</u>	<u>635,862</u>

THE KELLAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

18. Creditors: Amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bank overdrafts	2,590,393	2,453,162	-	-
Bank loans	-	250,000	-	-
Other loans	-	847,986	-	847,986
Trade creditors	305,966	84,187	87,674	61,646
Amounts owed to group undertakings	-	-	911,013	1,064,401
Corporation tax	323,346	-	46,532	-
Other taxation and social security	1,203,604	1,153,836	711,678	789,256
Other creditors	1,140,387	1,112,702	46,579	44,928
Accruals and deferred income	736,578	891,111	563,277	755,703
	<u>6,300,274</u>	<u>6,792,984</u>	<u>2,366,753</u>	<u>3,563,920</u>

Bank overdrafts are secured on the book debts of the group.

Other loans are secured by way of a fixed and floating charge over the assets of the group.

19. Creditors: Amounts falling due after more than one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bank loans	-	83,333	-	-
Accruals and deferred income	51,084	49,096	51,084	49,096
	<u>51,084</u>	<u>132,429</u>	<u>51,084</u>	<u>49,096</u>

THE KELLAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

20. Loans

Analysis of the maturity of loans is given below:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
<b>Amounts falling due within one year</b>				
Bank loans	-	250,000	-	-
Other loans	-	847,986	-	847,986
	<u>-</u>	<u>1,097,986</u>	<u>-</u>	<u>847,986</u>
<b>Amounts falling due 1-2 years</b>				
Bank loans	-	83,333	-	-
	<u>-</u>	<u>83,333</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>1,181,319</u>	<u>-</u>	<u>847,986</u>

21. Financial instruments

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
<b>Financial assets</b>				
Financial assets measured at fair value through profit or loss	<u>1,983,361</u>	<u>1,805,519</u>	<u>534,716</u>	<u>635,862</u>

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.



THE KELLAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

22. Deferred taxation

Group

2022  
£

At beginning of year

269,083

Charged to profit or loss

(181,209)

At end of year

87,874

Company

2022  
£

At beginning of year

(38,894)

Charged to profit or loss

38,894

At end of year

-

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Accelerated capital allowances	51,444	40,461	(12,691)	(39,194)
Tax losses carried forward	6,162	206,922	6,162	-
Short term timing differences	30,268	21,700	6,529	300
	<u>87,874</u>	<u>269,083</u>	<u>-</u>	<u>(38,894)</u>

A deferred tax asset amounting to £1,555,317 (2021 - £1,434,478) has not been recognised on the basis that there is insufficient evidence that the related tax losses will be utilised. Deferred tax has been calculated at a rate of 25%.

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THE KELLAN GROUP LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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**23. Share capital**

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
339,645,061 (2021 - 339,645,100) Ordinary shares of £0.0001 each	33,965	33,965
213,067,300 (2021 - 213,067,300) Deferred Ordinary shares of £0.0199 each	4,240,039	4,240,039
	<u>4,274,004</u>	<u>4,274,004</u>

**24. Reserves**

**Share premium account**

Represents the excess of the proceeds from the issue of shares over the nominal value of shares issued less related issue costs.

**Capital redemption reserve**

Relates to the cancellation of the Company's own shares.

**Other reserves**

The capital contribution reserve represents contributions from shareholders.

**Profit and loss account**

This represents the cumulative profit / (loss) from the Group.

**25. Pension commitments**

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund.

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**26. Commitments under operating leases**

At 31 December 2022 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	<b>Group</b> <b>2022</b> £	<i>Group</i> <i>2021</i> £	<b>Company</b> <b>2022</b> £	<i>Company</i> <i>2021</i> £
Not later than 1 year	<b>555,925</b>	623,258	<b>555,925</b>	623,258
Later than 1 year and not later than 5 years	<b>72,211</b>	548,449	<b>72,211</b>	548,449
	<b>628,136</b>	1,171,707	<b>628,136</b>	1,171,707

**27. Related party transactions**

The group has taken advantage of the exemption under paragraph 33.1A of FRS 102 and has not disclosed transactions with other wholly owned group companies.

	<b>2022</b> £	<b>2021</b> £
Loan due to a company owned by a relative of the controlling party	-	847,986
Interest payable on loan from a company owned by a relative of the controlling party	<b>17,749</b>	56,161
Services provided by a company with common directors	<b>270,586</b>	158,201
Services provided to a company with common directors	<b>922,435</b>	434,217
Amounts due from a company with common directors	<b>28,800</b>	-
Amounts due to a company with common directors	<b>61</b>	24,494
Services provided by a company under common control	<b>120,000</b>	-
Payment in advance for future services to be provided by a company under common control	<b>560,001</b>	-
Payment in advance for future services to be provided by a company owned by a relative of the controlling party	<b>240,000</b>	-

The payments in advance for future services were written off in the year.

**28. Controlling party**

The ultimate controlling party of the Company is P. A. Bell.

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**29. Subsidiary exemption from audit**

The directors consider that the group is entitled to exemption from the requirement to have an audit of its subsidiary undertakings under the provisions of section 479A of the Companies Act 2006 ("the Act") and members have not required any of the subsidiaries to obtain an audit for the year in question in accordance with section 476 of the Act.

Quantica Limited, Quantica Group Limited and R K Group Limited, all 100% subsidiaries, have claimed exemption under section 479A.

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.