

Strategic Management for SMEs

BMSW6104

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Executive summary

The small and medium enterprises are very important for the economy of the United Kingdom and of every country worldwide. The Government has specific regulations about the business run and detailed information can be found in the Governmental publications.

With the pandemic the small and medium enterprises have suffered greatly and the Government has tried to give support as much as possible. Many businesses have survived, but many did not. The most current rise of inflation and increase of the cost of life has made it more difficult for SME's.

For this report it has been selected and medium size enterprises and a detailed analysis is provided in order to identify most suitable growth strategies.

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1. Introduction

This report analyses the strategy activity of the selected SME: Coverstaff LTD, by looking at the current strategic direction and by assessing key strategic recommendations for the company for future development and implementation. It analyses the business environment in which the selected company operates which is the hospitality industry. It makes use of specific tools of analysis for external environment such as PESTEL, Porter's 5 forces, Life Cycle, VRIO. For the internal analysis it makes use of framework such as SWOT analysis.

This report will use the outcomes of the analysis to evaluate the most suitable options for growth and will formulate different recommendations that could be pursued by the organisation.

2. Business description

The selected organisation is Coverstaff LTD. It is a catering agency which offers temporary work in hospitality across London. It is a company with more than 40 year experience in recruitment for the hospitality industry and according to their official website (2023) last year have celebrated 40 years of existence.

When discussing the current strategic direction it should be assessed the vision, mission, values, goals and objectives of the organisation. Coverstaff LTD is a medium size enterprise which has been incorporated in March 1982 and according to the latest financial statements has a balance sheet total of less than €43 million for the balance sheet and €50 million for the turnover and with a number of employees between 50 to 250 employees (Gov, 2023). The company is a catering agency which offers temporary work in the hotels and restaurants, so the number of employees can vary every year with an average number of around 100 employees per year, with exception of the pandemic period when the hospitality industry was shut and the company had only 17 employees (please refer to different balance sheets from the Appendix). It is a private limited company which provides staff to Five Star hotels, Private Clubs, Department Stores, Conference and Events Centres and many more. Coverstaff's mission is to be "London's foremost suppliers of hospitality staff" and for that purpose it aims to provide top-quality staff with direct catering experience, being able to offer an unrivalled service across the hospitality sector having a large database of employees. The company has strong values in order to ensure the best qualitative services. Coverstaff strives in recruiting a diverse workforce and to provide equal opportunities for all candidates. The agency is also ensuring that staff is fully compliant with all industry legislation and are trained in Safe Food

Handling and Health and Safety. The organisation has clear objectives related to delivering services and has strict guidelines for staff. Coverstaff employees are representing the company values and adequate training is provided. Wearing the required uniform is crucial for health and safety as well as personal grooming which is very important considering the hospitality industry and general guidelines on personal appearance are explained on their website. Coverstaff employees are expected to “respect the Code of Conduct and Regulations of every different company/organisation and maintain client confidentiality at all times” (Coverstaff, 2023).

3. Business environmental scanning: PESTEL, Porter’s 5 forces, Life Cycle, VRIO, Value Chain

The industry where Coverstaff operates is the hospitality industry. In the United Kingdom hospitality is very important for the economy and comprises of more than 100000 business with approximate 2 million people working in the industry. Pandemic has been very challenging for many industries, but for hospitality industry in particular and even if the Government has provided billions of pounds to support the industry it was majorly impacted and many business have been decimated (GOV, 2021).

PESTEL analysis

Political factors: The Government can influence the hospitality industry through policies and regulations, taxation and initiatives related to real estate and cultural and historic monuments preservation. During pandemic the United Kingdom (UK) Government has offered £352 billion in government support, grants, business rates relief, VAT cut and the Eat Out To Help Out scheme. Currently it is intended a close collaboration with the industry in order to return to pre-pandemic levels of operations and to develop the sector further and build on its strengths and resilience (GOV, 2021). Political stability in the UK is another positive factor that helps the business from the industry to operate.

Economic factors: The economy is very important for the industry because it dictates the levels of expenditure that customers are willing to pay. Local economies benefit from influx of tourists for busy periods. This industry represents 9% of the UK employment, 6% of businesses, and 5% of GDP (UK Hospitality, 2023)

Social factors: Eating out in restaurants regularly is very common in the UK. Also the number of tourists can be high at peak times. Consumer preference is changing rapidly. Fast food culture had been preferred because of the high cost of living, but the society still enjoys to eat out after the pandemic. Regarding the work force, some people see the industry as a transition period, working

for a short period and then move to another, creating high labour turnover for many hospitality organisations. This is particularly true for fast food restaurants.

Technological factors: Technology has greatly benefitted the hospitality industry. Customers can now book their holidays and restaurant tables online. Uber Eats, Just Eat, Hungry House, and many other apps have enabled people to order their food instantly and receive the delivery within a very short time. Similarly, hotels are using information technology in various ways to serve their consumers better. They have automated many tasks that used to be done manually. Automation helps them make processes more efficient and reduce costs. It can also be used to improve customer service, as it can help to free up staff to deliver a more personalised experience. Mobile apps are also becoming increasingly important in the hospitality industry. Apps allow customers to access information about their stay and make bookings on the go. This has made the room booking, and food ordering processes more convenient and can also help to increase customer satisfaction.

Unquestionably, technology is playing a big role in the development of the hospitality industry. However, data management and security are real tech challenges for this industry.

Environmental factors: Environmental factors have a major impact on the hospitality industry. Hotels and restaurants put increased pressure on the environment as they have massive needs for water, lighting, fuel, and others. Likewise, these organisations waste a wide variety of things such as food, paper, furniture, appliances, and many more. Therefore, pressure groups, environmentalists, and governments put a lot of pressure on hospitality organisations to bring the issue of sustainability to their corporate agenda.

Legal factors: There are different regulatory requirements to open and run hotels, restaurants, and amusement parks. For instance, restaurants must comply with food hygiene standards and these standards are very high in the UK. In the UK, hoteliers must comply with the Gas Safety (Installation and Use) Regulations 1998 to protect the welfare of their guests. Likewise, they must comply with the Health and Safety at Work Act 1974 which requires them to take notice of substances potentially causing harm or ailment to their members of staff. They must also protect the identifying information of their guests (BHR, 2023).

Porter's 5 forces

This model of analysis aims to assess the level of competitiveness from the industry and refers to: barriers to entry, bargaining power of suppliers, bargaining power of buyers, threat of substitutes and rivalry among existing competition and these factors will emphasise the relevance of the business. The barriers to entry in the industry can be medium to high, but the technology advancement and online operations have reduced the cost of the business and have created more chances for new

entrants to develop a business. Being able to offer differentiated services can imply different costs and resources such as expertise and talented workforce which can create impact on the market.

Bargaining power of suppliers can be a reduced threat to the industry as the number of the suppliers is high in the industry and that gives room of negotiation and easy process to switch to different ones. Despite that it has been observed that with Brexit and pandemic the labor supply has been more difficult.

Bargaining power of buyers is moderate to high in the industry and the cost of switching can be reduced with the usage of online services that can replace different staff from the hotel such as receptionist and booking managers, customers being able to make bookings online and even reducing the number of waiters with customers being able to order food at the table using apps and online platforms.

Bargaining Threat of Substitutes can be high because of different types of business from the industry and continuous orientation towards technological development and high levels of digitalisation. The threat is that another firm chain may erode the customer base with a newly formulated internet approach or the marketing campaign. The constant challenge will always be to get the customers to choose the business services over the competitor.

The Rivalry among existing competitors is very high because of the high number of players from the industry. With the high levels of inflation everyone wants to cut costs and many times are inclined to reduce the number of staff over service quality or to increase the volume of work just to be able to offer good price for the consumers. Each type of firm needs to identify its unique strengths and the target market and align its strategy to support their identity, the firms' chains choose to be low cost, or to command the premium price. Distinguishing a firm from the competition becomes vital (UK Essay, 2018).

Service Lifecycle

The service life cycle has different stages: introduction, early growth, growth, maturity and decline. Coverstaff LTD is a catering agency that provides services in the hospitality industry. Based on the analysis above it can be considered that the services are in the maturity stage with more and more operations being automatised, with different machines that reduce the number of workers or even replace them such as industrial dishwashers, online chatbots that can offer customer assistance, with pandemic that has made the society more reluctant to interact with other people and prefer to have less contact. Despite that, the provided services are still required because the hospitality industry assumes creating unique experiences for the customers to feel looked after and will probably have a

long period until it will be in decline stage when technology will be used completely for service provision.

It can be stated that the business environment for Coverstaff is very competitive and is still recovering from Covid-19 Pandemic which was the most disruptive external factor from the modern society. The pandemic has impacted majorly the industry and the economy in general leading to an economic recession. This has made the consumers to be more careful with their expenditures and the hospitality industry has been affected. With hospitality industry being paused by Government measures to tackle pandemic, the selected company has been majorly affected for the year 2020 having only 17 employees (Appendix).

VRIO analysis

This model of analysis is evaluating the company resources whilst emphasising the strategic advantage and its position in relation to the market competitors. VRIO stands for valuable, Rare, Inimitable and Organisation. The hospitality industry has always been able to deliver value with personalised services, with skilled and trained staff who can make the difference in the service provision and can influence the customer loyalty. The unique side of the service provision delivers value and Coverstaff makes sure their staff is experienced staff, fully trained in order to offer quality regarding the service provision. Because the industry is very competitive and is a high number of players it is more difficult to ensure rare capabilities. Nowadays in order to have more inimitable services the business in the industry are making use of data collection in order to offer personalised services, to ensure customers preferences are prioritised and personal touches are added to the experience so that the customers enjoy the experience and feel welcome and looked after. As organisation, Coverstaff has an important experience for service provision in the industry and has a great role in maintaining the desired direction and strategies (Startupdonut, 2023).

Value chain

According to Harvard Business School (2023) “The term value chain refers to the various business activities and processes involved in creating a product or performing a service. A value chain can consist of multiple stages of a product or service’s lifecycle, including research and development, sales, and everything in between” .

Porter’s value chain distinguishes two categories: primary activities and support activities. The primary activities are the physical elements related to the service provided by Coverstaff such as Inbound logistics, operations, outbound logistics, marketing and sales, service. Support activities are offering support to the first category such as procurement, human resource management, technological development and infrastructure. The inbound logistics for Coverstaff relate to

suppliers for administrative operations. The operations from Coverstaff involve recruiting staff, providing training, managing staff. The outbound logistics refer to timesheets and rota provision. Marketing and sales are realised through company website, social media platforms, business communication. Service activities refer to kitchen porters, general porters, receptionists, chefs, waiters service provision.

The support activities for Coverstaff LTD such as procurement refer to identifying new clients and new requirements. Human resource management refers to advertising jobs, interviewing, motivating and assisting the employees. Technological development refers to usage of different technologies to process the information. Infrastructure refers to administrative, accounting and the office personnel.

4. Internal analysis: SWOT

Strengths Experienced staff Established brand name Large database	Weaknesses Depend on business levels such as number of events Communication difficulties
Opportunities Online advertising New service creation	Threats Economic regression Pandemic Inflation

The SWOT analysis for the medium enterprise Coverstaff LTD emphasis that the experience in the industry enables it to provide quality services and that the brand name provides trust for partners and employees. These strengths benefit the company to attract talented staff and with relevant experience. The weaknesses for the organisation relate to the fact that depends on the bookings and that can lead to limited number of jobs available and to staff loss in the quiet periods from the hospitality industry. Providing services for different hotels and restaurants involves good management and sometimes communication difficulties can incur. The opportunities related to online advertising can create more business because it reaches a higher segment of population as social media and usage of smartphones has become a norm for the modern society. Another opportunity has been pushed forwards with the pandemic and with the increase of online shopping

and the organisation can create a new service such as drivers for home deliveries for restaurants and hotels. The economic situation continues to be a threat for hospitality and for the selected business and post pandemic consequences are still perceived as a disruptor. The rise in the living cost and the inflation is another threat to be considered as the consumers can have reduced levels of expenditure, can focus more on purchasing essential services and products, rather than staying in a hotel and eating out.

5. Strategic growth choices: Porter's generic choices, Bowman's strategic clock, Ansoff's matrix

Porter's generic choices are "a set of processes that are used to gain a competitive advantage at the business level. Developed by Michael Porter, they are an important tool for organisations to use when creating their business-level strategies" (Digital Leadership, 2023).

Cost Leadership Strategy refers to the strategies who focus on offering the lower-cost in the industry for their products or services. Cost focused strategy intends to reduce operational costs to offer a lower cost service. Coverstaff understands that the importance of offering competitive prices, but it is not its main focus. The selected organisation Coverstaff does not provide indications that is practising a cost leadership strategy, neither through advertising or business communications. Differentiation Strategy refer to the company ability to create and deliver a unique product or service that is different and distinguishes itself in comparison with other companies from the sector. The activity of Coverstaff does not suggest that it delivers specialised services for the industry. The focus strategy refers to targeting a market segment and developing a service to meet the segment's needs. Coverstaff is proud to practice a focus strategy, aiming to deliver quality services within the hospitality industry and for that purpose it ensures staff is experienced, has adequate training and aligns with the company's values (Coverstaff, 2023).

Bowman's strategic clock

Bowman's strategic clock (1995) is an analysis tool which considers eight strategic positions for the cost and perceived value whilst evaluating the likelihood of success. Position one of the model refers to low price/low value, position two low price, position three moderate price/moderate differentiation, hybrid, position four differentiation, position 5 focused differentiation, position 6 increased price/ standard product, position 7 high price/low value and last position low value/ standard price. The low price/low value strategy is not a strategy that competitive organisations want to adopt, sometimes called "bargain basement" with no loyalty towards the products or services. Companies that adopt these strategies would have to sell high quantity to have some profit.

The low price strategy is adopted usually when companies can succeed in reducing cost in order to have low prices. This strategy can be risky because if the organisation does not have large volume it could trigger price wars and the proposed prices being unsustainable on long term. Example of organisations are low cost airline companies. The hybrid position is a combination of moderate price offer and moderate product or service differentiation. These means that companies can offer quality at affordable prices. This strategy helps the business to build loyalty. Examples of organisations are the fast fashion producers or department stores. The differentiation strategy is adopted by companies that offer high perceived value for their products or services. Part of this strategy is building a brand name and which is recognised and appreciated for high value. The focused differentiation has high perceived value and high prices. This services or products are able to charge large premiums because of the high levels of perception value. Example of companies are designer products. The increased price/ standard product strategy is adopted for short terms when business decide for some reasons to increase the price and sometimes is accepted by the customers. In a competitive market it is more difficult to adopt a strategy like that. The high price low value is specific to monopoly pricing when customers don't have a choice as there are no other companies that sell that product or service. The low value and standard price is not a pursuing strategy because it is not viable for customers, even if they buy the product or service once, if the quality is very poor they will not do it again and that will make the company to lose market share (Mind Tools, 2023). The last three strategies are not viable strategies for business in general because of the competitiveness of the market. Coverstaff has a hybrid strategy with high value of services and good prices in order to ensure business on the long term.

Ansoff's matrix

According to Corporate Finance Institute CFI (2023) Ansoff's matrix is "a two-by-two framework used by management teams and the analyst community to help plan and evaluate growth initiatives. In particular, the tool helps stakeholders conceptualise the level of risk associated with different growth strategies". Ansoff's matrix looks at four strategies such as market penetration, market development, product development and diversification. In the figure below are reviewed the strategic options for Coverstaff.

Ansoff's matrix

Market Penetration	Product Development
Loyalty schemes Discounting rates	New services New products
Market Development	Diversification
New markets Different cities in the United Kingdom Different countries	New services in new cities

6. Stakeholder analysis

According to Forbes (2022) the stakeholder analysis is defined as “ the management tool used to identify the project’s stakeholders, issues they care about and how they will be impacted by the project”.

Stakeholder Analysis

		INTEREST	
		<i>High</i>	<i>Low</i>
P O W E R	<i>High</i>	-Directors -Government -Local Council -Clients	-Media
	<i>Low</i>	-Competition -Employees	-Labour Unions TUS

Coverstaff is a medium size enterprise and the analysis indicates that high power and high interest have the Directors, the Government and local authorities for legal compliances, tax payment. With high interest and low power competition and employees. With high power and low interest media as it is not a public company of great interest with big operations. With low power and low interest can be labour Unions as usually temporary workers are not interested to use such organisations.

SFA Matrix

The SFA Matrix is “a framework to evaluate your strategic options in order to pick one. SFA stands for Suitability, Feasibility and Acceptability. These are the criteria areas in SAF Analysis used to judge and score each strategy” (Get Lucidity, 2023).

Suitability should be evaluated for the strategy if achieves the business objectives and is in correlation with business capabilities. Feasibility assess if the business has the required resources and expertise. Acceptability assesses the risk elements and how this strategy will be accepted by the stakeholders. The SFA matrix bellow assess the strategic options based on Ansoff’s matrix and provides quantitative elements based on the macro and micro environment analysis.

SFA Matrix

SFA Matrix/ Stragic options	Market Penetration	Market Development	Product / Service Development	Diversification
Suitability	3	4	5	3
Feasibility	3	2	4	2
Acceptability	4	3	3	1
Total	10	9	12	6

The market penetration strategies identified are introduction of loyalty schemes and discounting rates. These strategies are not carrying high risk for the business as it can be applied to existing customers, but the return would not be very big. It is more difficult to attract new customers when the industry is not doing very well. If there is no business then even reduced prices will not have a great significance. This is because the market is saturated and with the high inflation and the increase of Minimum National Wage with almost a pound has influenced the operational costs and the business costs could not make possible the capacity to implement discounts. The Market development strategy can be realised through accessing new markets, to expand operations in other cities or other countries. At the moment Coverstaff is operating only in London. It could expand business to other big cities, Manchester, Birmingham, Leeds and so on. It could even expand business to other countries. This would ensure a better return for the business, but it could carry great risk. Expanding in other cities from the United Kingdom would be easier than entering new markets for example other capitals. A strategy to expand in other countries will involve a high

number of resources money, time and workforce, but it could encounter different problems from cultural differences to lack of workforce. It would require complex market research and would require good marketing to attract new clients. The product development strategy can refer to new services or product development. Coverstaff is a service provider and should focus on developing a new service rather than a new product because it lacks expertise and will be too costly. This strategy to create a new service would require limited resources as it has the infrastructure for a service provider as a catering agency. The diversification strategy will involve new service or product in new market, either new cities in UK or in other countries. This strategy could be the most riskier strategy for a medium enterprise that can lose a high number of resources creating financial difficulties and so on.

7. Key recommendations

Based on the above analysis the most suitable strategy for Coverstaff will be through Product development strategy. Considering the pandemic when the hospitality industry was shut, Coverstaff as a medium enterprise struggled to survive with a reduced number of 17 employees in a year. That is why it should focus on developing a service in another industry, something related to the hospitality industry or something completely new based on the internal resources and capabilities. This strategy will have a reduced risk and will have the desired return. It could benefit of the known and trusted brand name and of the connections from the industry.

A recommendation for the organisation is to create a new service related to their field of expertise. During pandemic when restaurants were shut companies that will provide services for home delivery registered a great success. Food delivery can be a new service for the organisation that could expand the business and bring more revenue. The organisation has the expertise in recruiting workforce and has business connections with hotel chains. It could provide drivers for food deliveries for restaurants or for other business that don't have the infrastructure for home delivery. Another recommendation based on the same strategy would be to provide staff for the care industry, as it is an industry that is in need of workforce and pandemic has emphasised that even more.

8. Conclusion

This report has looked at the external and internal analysis of a medium size enterprise Coverstaff LTDD. By making use of different tools of analysis it has been assessed the industry, the position in

the market, the capabilities and market opportunities. It has been looked at different growth strategies and it has been selected the most suitable one through the SFA framework.

In conclusion the organisation has an array of resources that with the correct strategy could register growth and could expand business. The report has provided two options for the organisation that could be explored with further market research.

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Appendices

REGISTERED NUMBER: 01624676 (England and Wales)

UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD 1 APRIL 2019 TO 30 SEPTEMBER 2020
FOR
COVERSTAFF LIMITED

COVERSTAFF LIMITED (REGISTERED NUMBER: 01624676)

BALANCE SHEET
30 SEPTEMBER 2020

	Notes	2020 £	£	2019 £	£
FIXED ASSETS					
Tangible assets	4		52,292		52,678
CURRENT ASSETS					
Debtors	5	195,333		238,328	
Cash at bank and in hand		<u>163,604</u>		<u>54,753</u>	
		358,937		293,081	
CREDITORS					
Amounts falling due within one year	6	<u>118,125</u>		<u>132,481</u>	
NET CURRENT ASSETS			<u>240,812</u>		<u>160,600</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			293,104		213,278
CREDITORS					
Amounts falling due after more than one year	7		(150,000)		-
PROVISIONS FOR LIABILITIES			<u>(9,838)</u>		<u>(6,040)</u>
NET ASSETS			<u>133,266</u>		<u>207,238</u>
CAPITAL AND RESERVES					
Called up share capital			400		400
Retained earnings			<u>132,866</u>		<u>206,838</u>
SHAREHOLDERS' FUNDS			<u>133,266</u>		<u>207,238</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the period ended 30 September 2020.

The members have not required the company to obtain an audit of its financial statements for the period ended 30 September 2020 in accordance with Section 476 of the Companies Act 2006.

The director acknowledges his responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

STATUTORY INFORMATION

Coverstaff Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery etc - 15% on reducing balance

Taxation

Taxation for the period comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

EMPLOYEES AND DIRECTORS

The average number of employees during the period was 108 (2019 - 114).

REGISTERED NUMBER: 01624676 (England and Wales)

Unaudited Financial Statements for the Year Ended 30 September 2021

for

COVERSTAFF LIMITED

COVERSTAFF LIMITED (REGISTERED NUMBER: 01624676)

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FOR THE YEAR ENDED 30 SEPTEMBER 2021

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COVERSTAFF LIMITED (REGISTERED NUMBER: 01624676)

Balance Sheet
30 SEPTEMBER 2021

	Notes	2021 £	£	2020 £	£
FIXED ASSETS					
Tangible assets	4		47,478		52,292
CURRENT ASSETS					
Debtors	5	158,082		195,333	
Cash at bank and in hand		<u>110,295</u>		<u>163,604</u>	
		268,377		358,937	
CREDITORS					
Amounts falling due within one year	6	<u>172,364</u>		<u>118,125</u>	
NET CURRENT ASSETS			<u>96,013</u>		<u>240,812</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			143,491		293,104
CREDITORS					
Amounts falling due after more than one year	7		(115,165)		(150,000)
PROVISIONS FOR LIABILITIES			<u>(5,103)</u>		<u>(9,838)</u>
NET ASSETS			<u>23,223</u>		<u>133,266</u>
CAPITAL AND RESERVES					
Called up share capital			400		400
Retained earnings			<u>22,823</u>		<u>132,866</u>
SHAREHOLDERS' FUNDS			<u>23,223</u>		<u>133,266</u>

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The notes form part of these financial statements

COVERSTAFF LIMITED (REGISTERED NUMBER: 01624676)

**Notes to the Financial Statements
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

1. **STATUTORY INFORMATION**

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2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery etc - 15% on reducing balance

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

3. **EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 17 (2020 - 108) .