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Company number: 00924542

HR GO PLC

Annual Report and Financial Statements 2017



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HR GO PLC

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J C Parkinson *	<i>Chairman</i>
R G Barrow *	<i>Group Managing Director</i>
C L Hare	<i>Managing Director of HR GO Recruitment</i>
J M Parkinson	<i>Group IT Director</i>
M J Taylor	<i>Group Finance Director</i>

*Members of the Remuneration Committee

SECRETARY

R G Barrow

REGISTERED IN ENGLAND AND WALES

No. 00924542

REGISTERED OFFICE

Wellington House
Church Road
Ashford
Kent
TN23 1RE

AUDITOR

Moore Stephens LLP
Chartered Accountants
Statutory Auditor
150 Aldersgate Street
London
EC1A 4AB

BANKERS

National Westminster Bank Plc

SOLICITORS

asb law LLP
Crawley

HR GO PLC

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INTRODUCTION TO HR GO PLC

HR GO plc are a predominantly UK based group of long established (61st year of trading) leading independent suppliers of temporary and permanent staff.

The HR GO Group's key activity is providing first class recruitment services to its industrial, commercial and public sector clients. The Group is well supported by the considerable specialist skills and in-depth knowledge of its many operating company directors, consultants and support staff. The sectors covered by the Group are diverse and include financial and business services, information technology, aviation, engineering and sales (construction, oil, gas, food, processing and automotive industries) and high street (executive, commercial, technical, public sector, semi-skilled and unskilled staff). HR GO plc is able to offer staffing solutions that combine the activities of several of its operating companies working in unison.

SALIENT FEATURES OF THE LAST FIVE YEARS

	2013 £'000	2014 £'000	2015 £'000	2016 £'000	2017 £'000
Turnover	88,882	96,506	80,228	73,989	80,228
Operating (loss)/profit	(168)	1,038	952	629	1,418
(Loss)/profit on ordinary activities before taxation	(183)	736	753	565	1,300
Tax credit/(charge) on ordinary activities	2	(95)	(454)	(82)	(235)
(Loss)/profit for the year	(181)	641	299	483	1,065

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CHAIRMAN'S STATEMENT

Last year I reported that to enable opportunities and processes to be developed with pace, the management team had been strengthened and this would enable new business opportunities to be identified and evaluated more quickly.

I also looked forward to our e-commerce business sector returning to profit following a realignment of its activities in the market.

I am pleased to report that both these initiatives were successful in 2017 with our e-commerce sector business performing well and expansion and diversification in the recruitment sector helped group turnover grow by a respectable 8.4%.

Growth in turnover is partly attributable to our expansion into the Aviation sector following the acquisition of Airport Placements Limited in late 2016, the acquisition of the trade of AVS Aviation in December 2017 and greater national coverage from our driving sector following the establishment of three additional driving branches.

Three further recruitment branches, one of which is based in Belfast, were established in 2017 to support and build further our national network of recruitment locations, ensuring our ability and commitment to offer national coverage to our clients wanting nationwide coverage.

With both our IT and recruitment sector businesses performing well throughout 2017, I am pleased to report a growth in operating profit of 125% in 2017 to £1,418k (2016: £629k). This is partly attributable to our increased revenue from permanent placements.

2018 has started well and performance to date is encouraging and in line with expectations.

We have recently established new entities within the Aviation, IT, clerical and legal services sectors and our Australian office will open in August 2018.

We remain committed to delivering good quality, personal service levels to ensure customer satisfaction whilst we will continue to enhance the management team and identify opportunities that broaden our branch network, offer greater diversity or complimentary services to our clients.

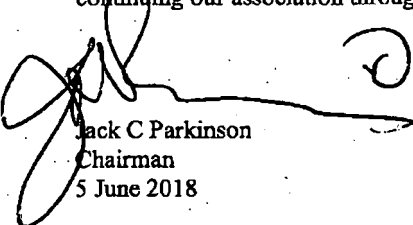
Ongoing market uncertainties remain following continual government legislative changes to the taxation of temporary labour with the most recent spot light on private sector personal service companies. This is compounded with the uncertainty surrounding Brexit in early 2019 and the impact this may bring further to the economy as the deadline approaches.

Recent high profile business failures predominantly in retail and rationalisation programs will and are having an effect throughout the market requiring innovative approaches to risk management. However, we remain committed to explore and expand into other specific markets, whilst expanding further our national branch network and currently we have several exciting opportunities to consider. Following a share rights issue in December 2017 our cash position has substantially improved enabling us to invest in more acquisitions and Joint Ventures going forward.

Our independent family business celebrated 60 years of business in 2017 completing well in excess of 60 acts of kindness and raising substantial funds for local charities. We remain committed to corporate social responsibility.

2018 will see the group continue to support local communities with a commitment to provide employees services free of charge to fulfil such further acts of kindness.

As always I would like to thank staff, clients and suppliers for their support throughout 2017 and look forward to continuing our association throughout 2018.



Jack C Parkinson
Chairman
5 June 2018

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STRATEGIC REPORT

Dealing with the Group's business by its three key sectors, our comments are as follows:

High Street

Companies in this sector provide executive, public sector, logistics, commercial, aviation, technical, semi-skilled and unskilled permanent and temporary staff to many forms of businesses.

Turnover rose to £63.6m (£58.7m) with an operating profit of £720k compared with an operating profit of £395k last year. This increase in turnover is largely attributable to the growth of our driving division together with a full year of trading from our new subsidiary in the Aviation sector, acquired towards the end of 2016. Whilst these sectors they have evolved they have not contributed towards the operating profit increase, due to the investment costs associated with establishing new driving branches. Increased operating profit is a result of two established high street businesses having a successful year with increased activity in the construction section and permanent placements contributing significantly.

Engineering and Sales, including Financial and Business Services

Both temporary and permanent staff are supplied to the financial and business services sector via niche divisions within companies in the engineering and sales sector.

This sector provides technical, scientific, engineering, sales and marketing staff both nationally and internationally through temporary staff contracts as well as direct recruitment placements.

Turnover for the year fell to £9.7m (£10.4m), with an operating profit of £140k, compared with an operating profit of £108k last year. The reduction in turnover is as a result of an overseas contract coming to an end. The increase in operating profit stems from a focus on increasing perm revenue to offset the loss of margin associated with the overseas contract ending.

Information Technology

This sector provides contractors, other consultancy and managed services to diverse business sectors.

Turnover for the year increased to £6.9m (£4.8m) with operating profit increasing to £906k (2016 loss £190k).

This is as a result of the continued focus on growth into emerging specialised e-commerce markets proving successful, with material contract wins and successful service delivery in these new sectors.

PRINCIPAL RISKS AND UNCERTAINTIES

The company recognises that risk is an inherent part of being in business. Reviews of these risks and the potential effects on the business are conducted on a regular basis.

There is an unknown risk of government regulations changing which may put increased pressures on margins. HR GO monitors these changes and reacts accordingly.

The performance of the UK economy has significant impact on the UK market. However, the company is well positioned being involved in both development and support for its clients.

Client retention is a key strategy for our Group. However it remains both a risk and opportunity to the company that a key customer could be won or lost, which would materially affect the results.

The board of directors sets out the financial risk management policies that are implemented by the group finance department. The board considers that financial risks do not pose a major threat to the group. Financial risks are considered further in note 27.

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STRATEGIC REPORT (continued)

FINANCIAL REVIEW

The 2017 annual report has been produced in accordance with applicable accounting standards.

Going Concern

After making enquiries, the directors are satisfied that, at the time of approving the financial statements, the Group has adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Capital Expenditure

Capital expenditure on tangible fixed assets amounted to £532k (£359k) all used on IT hardware, software and other office equipment with the exception of £126k for routine fleet vehicle replacements and £51k for leasehold improvements.

Disposals

£259k of tangible fixed assets at cost with a net book value of £17k were disposed of during the year as part of the ongoing renewals policy adopted by the Group.

Share Capital

On the 5 June 2017 the company acquired and cancelled 376,250 minority shares for £28k. On 13 December 2017 9,143,306 1p ordinary shares were issued for 7.5p per share by way of a rights issue.

Cash Flow and Borrowings

At the end of the year the net borrowings of the Group remained at £8.9m (£8.9m). Further details of the Group's cash flows are contained in the consolidated cash flow statement and in the notes to the financial statements.

The Group continues to operate on a day-to-day basis within its bank finance and invoice discounting facilities and given the reasonable expectation of the business to operate profitably, the directors are confident of the Group's ability to fund its normal future development. Any significant future acquisition would, of course, necessitate additional funding.

Financial Costs

Net interest amounted to £118k (£135k) a decrease of £17k as a result of an increase in profitability and reduction in average borrowings throughout the year together with improved cash management.

Taxation

The tax charge for the year amounted to £235k (£82k) in respect of pre-tax profits of £1,300k (£565k). This reflects the groups inability to fully utilise the profits of some group companies against the losses of other subsidiary companies and certain Group companies' eligibility to make R & D claims.

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STRATEGIC REPORT (continued)

Interest Rate Risk

The Group finances its operations by an invoice discounting facility and long-term loans. The Group borrows at both fixed and floating rates of interest. It also receives loans from some of its minority shareholders, some of which are interest free. The portfolio of borrowings is managed in order to reduce the Group's exposure to interest rate risk.

Liquidity Risk

The Group's policy is to ensure continuity of funding. Invoice discounting facilities help to achieve short-term flexibility.

Foreign Currency Risk

Overseas operations and investments are not material to the Group as a whole and so the Group is not exposed to any significant foreign currency risks. At 31 December 2017 the Group had no forward exchange contracts.

The Strategic Report was approved by the board in conjunction with the Directors' Report as indicated on page 8.

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DIRECTORS' REPORT

The directors have pleasure in submitting their annual report to the shareholders, together with the audited financial statements for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Group based predominantly within the United Kingdom, is that of a recruitment specialist and supplier of temporary staff at different seniority levels across a broad spectrum of industry and commerce.

The Chairman's statement on page 3 and the Strategic Report on pages 4 to 6 describe the performance of the Group during the year and its future.

RESULTS

The Group's profit on ordinary activities before taxation for the year amounted to £1,300k (2016: £565k). The detailed results are set out in the consolidated profit and loss account on page 13.

Retained profit after minority interests of £815k (2016: £310k) has been transferred to reserves.

DIRECTORS INDEMNITIES

The Group maintains directors' liability insurance providing appropriate cover for any legal action brought against its Directors.

FUTURE DEVELOPMENTS

There have been no significant events subsequent to the year end.

DIVIDEND

The directors recommend the payment of a final dividend of 1p per ordinary share amounting to £258,265 (2016: £nil).

DIRECTORS AND THEIR INTERESTS

The directors in office at 31 December 2017 who served during the year and their interests in the share capital of the Company at 31 December 2017 and at 31 December 2016 were as follows:

		Ordinary shares of 1p each	
		2017	2016
J C Parkinson	- Beneficial	13,333,120	5,332,120
	- Family trust *	7,087,000	7,087,000
	- Family trust **	750,866	724,000
R G Barrow		-	-
J M Parkinson		500,000	500,000
S J Parkinson (resigned 2 August 2017)		500,000	500,000
M J Taylor (appointed 3 January 2017)		-	-
C L Hare (appointed 3 January 2017)		-	-

* Held by a family trust of which Mr J C Parkinson is a trustee and has a beneficial interest.

** Held by a family trust of which Mr J C Parkinson is a trustee and has no beneficial interest.

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DIRECTORS' REPORT (continued)

EMPLOYEE INVOLVEMENT

The Group's policy is to consult with employees and provide information on matters likely to affect their interest.

DISABLED PERSONS

Applications for employment made by disabled persons are given full and fair consideration, having regard to the disabilities of the persons concerned. The Group also makes reasonable effort to help with the rehabilitation of employees disabled in the course of employment and, when appropriate, seeks training opportunities for other positions within the Group. Opportunities for development and promotion are open to all employees.

ENVIRONMENTAL POLICY

The Group's policy is to conduct all business in a responsible manner in order to reduce recognised hazards, and respect the environment and the health and safety of its employees, customers and suppliers.

The Group endeavours to ensure that its business complies with all relevant environmental, safety and hygiene legislation.

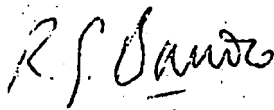
AUDITOR

A resolution to re-appoint Moore Stephens LLP as auditor will be proposed at the forthcoming Annual General Meeting.

Insofar as the directors are aware:

- there is no relevant audit information of which the Group's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the Board of Directors and signed on behalf of the Board



R G Barrow
Secretary
5 June 2018

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CORPORATE GOVERNANCE

Although not required by regulation or legislation, the directors have decided to provide the following corporate governance disclosures:

BOARD COMPOSITION

The Board of directors, which meets monthly, currently comprises five executive directors.

The Board establishes the principal aims and strategic business direction of the Group and reviews each individual group company's objectives and guidelines as well as approving any changes that may be proposed. This includes all matters relating to financing, capital expenditure, acquisitions and investments in existing and new companies. Annual operating budgets and the Group's management controls and procedures are subject to direct Board review and approval.

BOARD COMMITTEES

Given the small size of the Board it is not practicable at this stage to establish a full range of committees to cover such issues as Audit, Nomination and Corporate Governance. The company however does have a Remuneration Committee.

SEPARATE MANAGEMENT

Each subsidiary company is managed by a separate board which includes an executive director of HR GO plc. Management accounts and minutes of their meetings are available to and considered by members of the Group Board.

INTERNAL CONTROL

The Board is responsible for ensuring that the Group has in place a system of internal control. Any system of internal control can only provide reasonable, not absolute assurance against material misstatement or loss. The key features of the system include a clearly defined structure of responsibility and reporting as well as a system of internal reporting and review.

The Board has reviewed the effectiveness of the internal system of financial control both for the year under review and the period to the date of approval of these financial statements and believes that the system provides reasonable assurance that assets are safeguarded, transactions properly authorised and recorded and that material errors and irregularities are either prevented or would be detected within a timely period.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the Group and of the result of the Group for that year. In preparing those financial statements, the directors are required to:

- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 Group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of any corporate and financial information included in the Group's website.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HR GO PLC

Opinion

We have audited the financial statements of HR GO plc (the "parent company") and its subsidiaries (the "group") for the year ended 31 December 2017 which comprise the consolidated profit and loss account, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated statement of cash flows, company balance sheet, company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our 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 audit opinion.

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HR GO PLC (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report. We have nothing to report in respect of the following matters where 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 Statement of directors' responsibilities set out on page 10, 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.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the consolidated financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Moore Stephens LLP

Gareth Jones FCA, Senior Statutory Auditor

For and on behalf of Moore Stephens LLP, Statutory Auditor

150 Aldersgate Street

London

EC1A 4AB

Date: 6 June 2018

HR GO PLC**CONSOLIDATED PROFIT AND LOSS ACCOUNT**
Year ended 31 December 2017

	Note	2017 £'000	2016 £'000
TURNOVER	4	80,288	73,989
Cost of sales		<u>(63,547)</u>	<u>(60,893)</u>
GROSS PROFIT		16,741	13,096
Administrative expenses		<u>(15,951)</u>	<u>(13,329)</u>
Other operating income		<u>628</u>	<u>862</u>
OPERATING PROFIT	5	1,418	629
Investment income		-	71
Net interest payable and similar charges	6	<u>(118)</u>	<u>(135)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,300	565
Tax on ordinary activities	9	<u>(235)</u>	<u>(82)</u>
PROFIT FOR THE YEAR		<u>1,065</u>	<u>483</u>
Total profit for the year attributable to:			
Owners of the parent company		<u>815</u>	310
Non controlling interests		<u>250</u>	<u>173</u>
		<u>1,065</u>	<u>483</u>

The notes on pages 20 to 37 form part of these financial statements.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME Year ended 31 December 2017

	2017 £'000	2016 £'000
Profit for the financial year	1,065	483
Currency translation differences on foreign currency net investment	12	13
Total other comprehensive income	12	13
Total comprehensive income for the year	1,077	496
Total comprehensive income for the year attributable to:		
Owners of the parent company	827	320
Non-controlling interests	250	176
Total comprehensive income for the year	1,077	496

The notes on pages 20 to 37 form part of these financial statements.

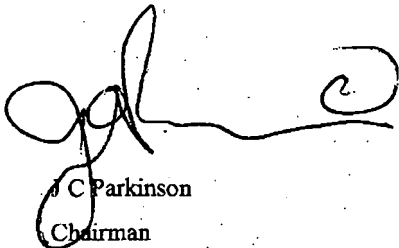
HR GO PLC**CONSOLIDATED BALANCE SHEET****31 December 2017**

	Note	2017 £'000	2016 £'000
FIXED ASSETS			
Intangible fixed assets	10	784	983
Tangible fixed assets	11	754	599
		<u>1,538</u>	<u>1,582</u>
CURRENT ASSETS			
Debtors	14	17,036	16,177
Cash at bank and in hand		378	526
		<u>17,414</u>	<u>16,703</u>
CREDITORS: amounts falling due within one year	16	<u>(16,024)</u>	<u>(16,625)</u>
NET CURRENT ASSETS		<u>1,390</u>	<u>78</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,928</u>	<u>1,660</u>
CREDITORS: amounts falling due after more than one year	17	(786)	(811)
Provisions for liabilities	18	(3)	(3)
		<u>2,139</u>	<u>846</u>
NET ASSETS		<u>2,139</u>	<u>846</u>
CAPITAL AND RESERVES			
Called up share capital	19	259	171
Share premium account		594	-
Capital reserve		56	80
Profit and loss account		1,104	32
		<u>2,013</u>	<u>283</u>
Equity attributable to owners of the company		<u>2,013</u>	<u>283</u>
Non-controlling interests		<u>126</u>	<u>563</u>
TOTAL EQUITY		<u>2,139</u>	<u>846</u>

The notes on pages 20 to 37 form part of these financial statements.

These financial statements were approved by the Board of directors and authorised for issue on 5 June 2018.

Signed on behalf of the Board of directors:



J C Parkinson
Chairman

HR GO PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 31 December 2017

	Called up share capital	Share premium	Capital reserve	Profit and loss account	Shareholders' equity	Non- controlling interest	Total equity
	£000	£000	£000	£000	£000	£000	£000
At 31 December 2015	171	-	80	(353)	(102)	840	738
Profit for the year	-	-	-	310	310	173	483
Other comprehensive income for the year:							
Currency translation differences on foreign currency net investment	-	-	-	10	10	3	13
Total comprehensive income for the year	-	-	-	320	320	176	496
Profit/(loss) on acquisition and disposal of stakes in subsidiaries	-	-	-	65	65	(415)	(350)
Acquisition of new non-controlling interests	-	-	-	-	-	29	29
Dividends	-	-	-	-	-	(67)	(67)
At 1 January 2017	171	-	80	32	283	563	846
Profit for the year	-	-	-	815	815	250	1,065
Other comprehensive income for the year:							
Currency translation differences on foreign currency net investment	-	-	-	12	12	-	12
Total comprehensive income for the year	-	-	-	827	827	250	1,077
Purchase of own shares	(4)	-	(24)	-	(28)	-	(28)
New shares issued in the year	92	594	-	-	686	-	686
Profit/(loss) on acquisition and disposal of stakes in subsidiaries	-	-	-	245	245	(631)	(386)
Dividends	-	-	-	-	-	(56)	(56)
At 31 December 2017	259	594	56	1,104	2,013	126	2,139

HR GO PLC

CONSOLIDATED CASH FLOW STATEMENT 31 December 2017

	Note	2017 £'000	2016 £'000
Net cash inflow/(outflow) from operating activities	21	114	(221)
Returns on investments and servicing of finance			
Interest received		2	-
Interest paid		(96)	(116)
Interest element of hire purchase payments		(24)	(19)
Dividend paid to minority interests		(40)	(99)
Dividend received from joint venture & associates		-	71
Net cash outflow from returns on investments and servicing of finance		(158)	(163)
Taxation			
UK corporation tax paid/(received)		170	(7)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(439)	(341)
Receipts from sale of tangible fixed assets		25	84
Net cash outflow from capital expenditure and financial investment		(414)	(257)
Acquisitions and disposals			
Payment to acquire subsidiary		(46)	(612)
Payments to increase stakes in subsidiaries	13	(388)	(241)
Receipts from sale of stakes in subsidiaries	13	2	-
Net cash acquired with subsidiary undertaking		-	74
Net cash outflow from acquisitions and disposals		(432)	(779)
Net cash outflow before financing		(720)	(1,427)
Financing			
Issue of ordinary share capital		686	-
Purchase of own ordinary share capital		(28)	-
Invoice discounting (settlement)/advances		(180)	796
Receipt of loans		241	562
Repayment of loans		(29)	-
Capital element of hire purchase payments		(118)	(138)
Net cash inflow from financing		572	1,220
Decrease in cash in the year		(148)	(207)
Cash at beginning of year		526	733
Cash at end of year		378	526

The notes on pages 20 to 37 form part of these financial statements.

HR GO PLC

COMPANY BALANCE SHEET

31 December 2017

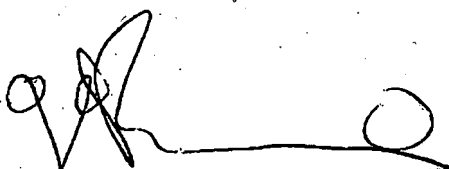
	Note	2017 £'000	2016 £'000
FIXED ASSETS			
Tangible fixed assets	11	207	157
Investments	12	2,068	1,859
		<u>2,275</u>	<u>2,016</u>
CURRENT ASSETS			
Debtors	14	13,343	12,911
Cash at bank and in hand		46	88
		<u>13,389</u>	<u>12,999</u>
CREDITORS: amounts falling due within one year	16	<u>(12,753)</u>	<u>(12,544)</u>
NET CURRENT ASSETS		<u>636</u>	<u>455</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,911</u>	<u>2,471</u>
CREDITORS: amounts falling due after more than one year	17	<u>(747)</u>	<u>(735)</u>
NET ASSETS		<u>2,164</u>	<u>1,736</u>
CAPITAL AND RESERVES			
Called up share capital	19	259	171
Share premium account		594	-
Capital reserve		56	80
Profit and loss account		1,255	1,485
TOTAL EQUITY		<u>2,164</u>	<u>1,736</u>

The notes on pages 20 to 37 form part of these financial statements.

These financial statements were approved by the Board of directors and authorised for issue on 5 June 2018.

As permitted by Section 408 of the Companies Act 2006, the parent company's profit and loss account has not been included in these financial statements. The company loss for the year was £230,000 (2016:£405,000)

Signed on behalf of the Board of directors:


J C Parkinson
Chairman
Company Number 00924542

HR GO PLC

COMPANY STATEMENT OF CHANGES IN EQUITY 31 December 2017

	Called up share capital	Share premium	Capital reserve	Profit and loss account	Shareholders' equity
	£000	£000	£000	£000	£000
At 31 December 2015	171	-	80	1,890	2,141
Loss for the year	-	-	-	(405)	(405)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive expense for the year	-	-	-	(405)	(405)
At 1 January 2017	171	-	80	1,485	1,736
Loss for the year	-	-	-	(230)	(230)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive expense for the year	-	-	-	(230)	(230)
Purchase of own shares	(4)	-	(24)	-	(28)
New shares issued in the year	92	594	-	-	686
At 31 December 2017	259	594	56	1,255	2,164

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

1. GENERAL INFORMATION

HR GO plc is a Public limited company limited by shares incorporated in the United Kingdom (registration number 00924542). The address of the registered office is shown on page 1. The principal activities of the Group are recruitment specialists and suppliers of temporary staff. The principal activity of the company is that of providing administrative services to the subsidiaries within the Group. The financial statements are prepared in sterling, which is the functional currency of the Group.

2. ACCOUNTING POLICIES

Basis of preparation and statement of compliance

The financial statements have been prepared under the historical cost convention 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 management to exercise judgment in applying the Company's accounting policies (see note 3). The following principal accounting policies have been applied:

Basis of consolidation

The Group financial statements comprise the statements of the holding company and all its subsidiaries. The principal subsidiaries are listed in note 12. The financial statements of all subsidiaries are made up to 31 December 2017. Intra-Group sales and results are eliminated on consolidation.

On acquisition of a subsidiary, all of the subsidiary's assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control is passed. Acquisitions are accounted for under the acquisition method.

Disclosure exemptions

The Company has taken the exemption available under FRS 102 from the requirement to include a company cash flow statement as part of its financial statements.

Going concern

At the time of approving the financial statements, the Group, based on projected cash flow forecasts, has resources to continue in operation for the foreseeable future working on a day to day basis within its finance facilities. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Non-controlling interests

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's own equity interests. Non-controlling interests consist of those interests in the subsidiaries' net assets or liabilities at the balance sheet date. Net liabilities associated with non-controlling interests in discontinued subsidiary operations form part of the Group's own equity interest.

Goodwill

Goodwill represents the excess of the consideration paid over the fair value of the identifiable net assets at the date of their acquisition. Goodwill is amortised in equal annual instalments over its useful economic life of 10 years.

Turnover

Turnover represents the amounts receivable by the Group in the ordinary course of business, net of Value Added Tax, for services provided in respect of recruitment activities. All turnover derives from the United Kingdom and the principal activity of the Group.

Accrued income

Work completed but not invoiced is included in accrued income at invoice value.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2017

2. ACCOUNTING POLICIES (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on a straight line basis in order to write off the cost of the assets, less their estimated residual values, over their estimated useful lives at the following rates:

Short-term leasehold improvements	10% per annum or term of lease if less than 10 years
Motor vehicles, office equipment, hardware and related software and fixtures and fittings	Between 12.5% - 33% per annum

Taxation

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

Deferred tax is recognised in respect of all material timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less, or to receive more or less tax.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

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

Investments

Investments held as fixed assets are stated at cost less provision for any impairment.

Leases

Assets held under finance leases and hire purchase contracts are capitalised and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding.

Operating lease rentals are charged to profit and loss in equal amounts over the lease term.

Pension scheme

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

The assets for the Group employees' money purchase pension scheme are held separately from those of the Group in independently administered funds.

The pension charge for the year is disclosed in note 7 to the financial statements.

Financial Instruments

Financial instruments are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price unless the arrangement constitutes a financing transaction which includes transaction costs for financial instruments not subsequently measured at fair value. Subsequent to initial recognition, they are measured as set out below. Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS 102.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2017

2. ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Trade debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business. Trade debtors are recognised at the undiscounted amount of cash receivable, which is normally the invoice price, less any allowances for doubtful debts.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks, being those with original maturities of three months or less. Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at the reporting date.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as creditors falling due within one year if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as creditors falling due after one year. Trade creditors are recognised at the undiscounted amount owed to the supplier, which is normally the invoice price.

Subsequent measurement

At the end of each reporting period, debt instruments classified as basic are measured at amortised cost using the effective interest rate method.

Foreign exchange

Transactions in currencies other than GBP are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on exchange are included in profit or loss. No Group entity operates in a hyper-inflationary economy.

In the case of foreign entities the financial statements of the Group's overseas operations are translated as follows on consolidation: Assets and liabilities, at exchange rates ruling on the reporting date, income and expense items at the average rate of exchange for the period and equity at exchange rates ruling on the dates of the transactions. Exchange differences arising are classified as equity and transferred to a separate translation reserve via other comprehensive income.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the balance sheet and the amount of the provision as an expense.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

When preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets and liabilities. Use of available information and application of judgment are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

4. TURNOVER

	2017 £'000	2016 £'000
Services provided in the UK	80,288	73,989

In the directors' opinion there are no significant trading activities other than recruitment and associated activities within the UK.

5. OPERATING PROFIT

Operating profit is stated after charging/(crediting) the following items:

	2017 £'000	2016 £'000
Auditor's remuneration		
- audit services	66	63
- accountancy	3	5
- tax advice	25	27
Operating lease expense		
- land and buildings	571	503
- plant and machinery	34	149
Depreciation		
- owned assets	259	255
- assets held under finance leases and hire purchase contracts	101	166
Profit on sale of tangible fixed assets	(8)	(11)
Impairment of goodwill	91	-
Amortisation of goodwill	108	61
Rent receivable under operating leases	(25)	(26)

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2017

5. OPERATING PROFIT (continued)

Analysis of continuing activities:

	Existing Operations £'000	Start-up Operations £'000	Sold and Closed Operations £'000	2017 Total £'000
Turnover	78,513	1,350	425	80,288
Cost of sales	(62,076)	(1,145)	(326)	(63,547)
Administrative expenses	(15,498)	(280)	(173)	(15,951)
Other operating income	503	125	-	628
Operating profit/(loss)	1,442	50	(74)	1,418

	Existing Operations £'000	Start-up Operations £'000	Sold and Closed Operations £'000	2016 Total £'000
Turnover	72,765	1,157	67	73,989
Cost of sales	(60,099)	(784)	(10)	(60,893)
Administrative expenses	(13,184)	(321)	176	(13,329)
Other operating income	788	74	-	862
Operating profit/(loss)	270	126	233	629

6. NET INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £'000	2016 £'000
Interest payable and similar charges:		
On bank overdrafts and invoice discounting	96	116
On finance leases and hire purchase contracts	24	19
	120	135
Interest receivable and similar income:		
Interest receivable	(2)	-
	118	135

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2017

7. INFORMATION REGARDING EMPLOYEES

During the year the average monthly number of persons employed by the Group was as follows:

	2017 No.	2016 No.
Recruitment and administration	347	315

The aggregate payroll costs of these persons including directors were as follows:

	2017 £'000	2016 £'000
Wages and salaries	11,712	10,270
Social security costs	1,301	1,176
Other pension costs	255	201
	13,268	11,647

8. EMOLUMENTS OF DIRECTORS

	2017 £'000	2016 £'000
Aggregate emoluments including benefits in kind	544	334
Company pension contributions to money purchase scheme	24	34

Emoluments of highest paid director:

	2017 £'000	2016 £'000
Total emoluments	221	155
Money purchase schemes	19	33

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

	2017 No.	2016 No.
Money purchase schemes	3	2

The company considers there to be no key management personnel outside of the board of directors.

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2017

9. TAX ON ORDINARY ACTIVITIES

	2017 £'000	2016 £'000
United Kingdom corporation tax payable	232	97
Under/(Over) provision for corporation tax in prior year	3	(35)
Total current tax charge	235	62
Deferred tax asset movement (see note 15)	-	20
Total tax charge	235	82

The standard rate of tax for the year is 19.25% (2016: 20%). The current tax charge is different from the standard rate for the reasons set out in the following reconciliation:

	2017 £'000	2016 £'000
Profit on ordinary activities before taxation	1,300	565
Tax on profit on ordinary activities at standard rate	250	113
(Income)/expenses disallowed for tax purposes	-	(128)
Deferred tax not recognised	(18)	132
Adjustment to tax charge in respect of previous period	3	(35)
Total current tax charge	235	82

A deferred tax asset has not been recognised in respect of timing differences relating to certain group companies' tax losses and depreciation in excess of capital allowances, as there is insufficient evidence that the asset will be recovered in the foreseeable future. The amount of the asset not recognised is £1,085k (2016: £1,197k).

A reduction in the UK corporation tax rate from 20% to 19% took effect from 1 April 2017. A further reduction in the UK corporation tax rate to 17% from 1 April 2020 was substantively enacted on 6 September 2016.

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

10. INTANGIBLE FIXED ASSETS

	Positive goodwill £'000
Group	
Cost	
At 1 January 2017	2,448
Disposals	(15)
At 31 December 2017	2,433
Amortisation	
At 1 January 2017	1,465
Amortisation provided for the year	108
Impairment	91
Disposals	(15)
At 31 December 2017	1,649
Net book value	
At 31 December 2017	784
At 31 December 2016	983

11. TANGIBLE FIXED ASSETS

Group

	Short-term leasehold improvements £'000	Motor vehicles, office equipment and fixtures and fittings £'000	Total £'000
Cost			
At 1 January 2017	313	3,274	3,587
Additions	51	481	532
Disposals	-	(259)	(259)
At 31 December 2017	364	3,496	3,860
Depreciation			
At 1 January 2017	289	2,699	2,988
Charge for the year	15	345	360
Disposals	-	(242)	(242)
At 31 December 2017	304	2,802	3,106
Net book value			
At 31 December 2017	60	694	754
At 31 December 2016	24	575	599

The net book value of tangible fixed assets includes an amount of £166k (2016: £180k) in respect of assets held under finance leases and hire purchase contracts.

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2017

11. TANGIBLE FIXED ASSETS (continued)

Company	Short-term leasehold improvements £'000	Motor vehicles, office equipment and fixtures and fittings £'000	Total £'000
Cost			
At 1 January 2017	186	1,314	1,500
Additions	-	171	171
Disposals	-	(137)	(137)
At 31 December 2017	186	1,348	1,534
Depreciation			
At 1 January 2017	186	1,157	1,343
Charge for the year	-	121	121
Disposals	-	(137)	(137)
At 31 December 2017	186	1,141	1,327
Net book value			
At 31 December 2017	-	207	207
At 31 December 2016	-	157	157

The net book value of tangible fixed assets includes an amount of £27k (2016: £11k) in respect of assets held under finance leases and hire purchase contracts.

12. INVESTMENTS

Investment in subsidiaries

Company	Total £'000
Cost	
At 1 January 2017	2,559
Additions	300
Disposals	(8)
At 31 December 2017	2,851
Provision against investments	
At 1 January 2017	700
Impairment losses	91
Disposals	(8)
At 31 December 2017	783
Net book value	
At 31 December 2017	2,068
At 31 December 2016	1,859

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

12. INVESTMENTS (continued)

The directors consider that to give full particulars of all subsidiary undertakings would lead to a statement of excessive length. The following information is provided in relation to those UK subsidiary undertakings who are trading or are in the opinion of the Directors material to the group. The companies which have not been disclosed are dormant in the year. Full details of these companies can be obtained from HR Go plc's registered office as detailed on page 1.

Name of company	Issued share capital £	Class of Ordinary Share p	% held Company	% held Group
Airport Placements Limited	104	1	51	51
Eclipse Group Solutions Limited	400	1	100	100
HR GO (Doncaster) Limited	100	1	-	71
HR GO (Glasgow) Limited	68	1	-	80
HR GO (Driving Fenlands) Limited	200	100	-	82
HR GO (Driving North) Limited	2	1	-	83
HR GO (Driving South) Limited	1	1	-	91
HR GO (Huntingdon) Limited	100	1	-	80
HR GO (Kent) Limited	10,000	10	89	89
HR GO (Liverpool) Limited	117	1	-	74
HR GO (Newcastle) Limited	200	1	-	89
HR GO (Northampton) Limited	100	1	85	85
HR GO (Norwich) Limited	179	1	-	80
HR GO (Nottingham) Limited	100	1	-	89
HR GO Recruitment Limited	1	1	89	89
HR GO Recruitment (Luton) Limited	1	100	100	100
HR GO (Somerset) Limited	1	1	85	85
RHL (Bristol) Limited	100	100	-	66
Recruitment Holdings Limited	10,000	1	88	88
Space Between Group Limited	100	1	75	75

The above subsidiaries are all incorporated in Great Britain and trade in Great Britain and have the same registered office as detailed on page 1. They are all direct subsidiaries of HR GO plc, with the exception of:-

- 1) RHL (Bristol) Limited, which is a 75% subsidiary of Recruitment Holdings Limited.
- 2) HR GO (Doncaster) Limited, HR GO (Glasgow) Limited, HR GO (Huntingdon) Limited, HR GO (Liverpool) Limited, HR GO (Newcastle) Limited, HR GO (Norwich) Limited and HR GO (Nottingham) Limited, which are all subsidiaries of HR GO Recruitment Limited, an 89% owned subsidiary of HR GO plc.
- 3) HR GO Driving (North) Limited and HR GO Driving (South) Limited, which are subsidiaries of HR GO (Driving) Limited, a 91% owned subsidiary of HR GO plc.
- 4) HR GO (Driving Fenlands) Limited which is a 99% subsidiary of HR GO (Driving North) Limited.

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

12. INVESTMENTS (continued)

All companies remain subsidiaries by virtue of the controlling interest that HR GO plc has in Recruitment Holdings Limited, HR GO Recruitment Limited and HR GO (Driving) Limited.

All of the above companies are engaged in recruitment activities with the exception of Eclipse Group Solutions Limited (IT consultancy, support and outsourcing services) and Space Between Group Limited (website development company).

The following investment is held overseas:

Name of company	Country of incorporation	% held Company	% held Group
Eclipse Poland Limited sp.zo.o	Poland	-	100

Eclipse Poland Limited sp.zo.o is a 100% subsidiary of Eclipse Group Solutions Limited. It remains a subsidiary by virtue of the controlling interest that HR GO plc has in Eclipse Group Solutions Limited. The company's activities are IT consultancy, support and outsourcing services.

Following the acquisition of Airport Placements Limited in 2016 and the determined final cost of the deferred consideration expected to be £759k, an impairment of goodwill amounting to £91k has been provided for in 2017.

13. INVESTMENT ACQUISITIONS AND DISPOSALS

HR GO (Liverpool) Limited

On 24 July 2017 the stake held by HR GO Recruitment Limited in the subsidiary company, HR GO (Liverpool) Limited, was increased from 53.25% to 73.79% accounted for by the acquisition method. The company paid cash of £88k for the acquisition of these additional shares and, at the date of acquisition, the net assets acquired by the company were valued at net book value of £168k, no fair value adjustment being deemed necessary by the directors. HR GO (Liverpool) Limited made a profit after tax of £71k for the period 1 January 2017 to 24 July 2017.

Eclipse Group Solutions Limited and its subsidiary companies

During the year the stake held by HR GO plc in the subsidiary companies, Eclipse Group Solutions Limited and Eclipse Poland Limited, was increased from 88.75% to 100% accounted for by the acquisition method. The company paid cash of £300k for the acquisition of these additional shares and, at the date of acquisition, the net assets acquired by the company were valued at net book value of £473k. On the same date HR GO plc increased its stake in Eclipse Personnel Limited and Eclipse IT Limited and paid £nil, for net liabilities valued at net book value of £1k. No fair value adjustment being deemed necessary by the directors. Eclipse Group Solutions Limited made a profit after tax of £582k for the year.

HR GO (Driving South) Limited

On 30 March 2017 HR GO (Driving) Limited, a 91% subsidiary of HR GO plc increased its stake in its subsidiary company, HR GO (Driving South) Limited, from 82.81% to 91% accounted for by the acquisition method. The subsidiary paid £nil for the shares and at the date of acquisition the net liabilities acquired by the group were valued at net book value of £1k, no fair value adjustment being deemed necessary by the directors. HR GO (Driving South) Limited made a loss after tax of £9k for the period 1 January 2017 to 31 March 2017.

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

13. INVESTMENT ACQUISITIONS AND DISPOSALS *(continued)*

Space Between Group Limited

On 1 August 2017, the stake held by HR GO plc in the subsidiary company Space Between Group Limited was reduced from 85% to 75% accounted for by the acquisition method. The company received £nil for the disposal of these shares and at the date of disposal the net assets surrendered by the group were valued at £8k, no fair value adjustment being deemed necessary by the directors. Space Between Group Limited made a profit after tax of £7k for the period 1 January to 1 August 2017.

HR GO (Driving Fenlands) Limited

On 3 April 2017 HR GO (Driving North) Limited a 91% subsidiary of HR GO (Driving) Limited being a 91% subsidiary of HR GO Plc reduced its stake held in subsidiary company HR GO (Driving Fenlands) Limited, from 100% to 82.39% accounted for by the acquisition method. The company received £1k for the disposal of these shares and at the date of disposal the net assets sold by the company were valued at £nil, no fair value adjustment being deemed necessary by the directors.

On the 30 November 2017 the stake held was further reduced to 81.98%. The company received £1k for the disposal of these shares and at the date of disposal the net assets sold by the company were valued at £nil no fair value adjustment being deemed necessary by the directors. HR GO (Driving Fenlands) Limited made a profit after tax of £37k for the period 1 January 2017 to 30 November 2017.

14. DEBTORS

	2017		2016	
	Group £'000	Company £'000	Group £'000	Company £'000
Falling due within one year:				
Trade debtors	15,440	78	14,375	212
Loans to subsidiaries	-	131	-	119
Amounts owed by subsidiary companies	-	11,957	-	11,558
Corporation tax recoverable	668	219	878	378
Other debtors	188	72	176	103
Prepayments and accrued income	740	851	701	500
	<u>17,036</u>	<u>13,308</u>	<u>16,130</u>	<u>12,870</u>
Falling due after one year:				
Loans to subsidiaries	-	35	-	41
Corporation tax	-	-	47	-
	<u>17,036</u>	<u>13,343</u>	<u>16,177</u>	<u>12,911</u>

Trade debtors, other debtors, loans to subsidiaries and amounts owed by subsidiaries, included above are carried at amortised cost.

15. DEFERRED TAX ASSETS

Group	2017 £'000	2016 £'000
At 1 January	-	20
Transfer to profit and loss account – (see note 9)	-	(20)
At 31 December	<u>-</u>	<u>-</u>

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017		2016	
	Group £'000	Company £'000	Group £'000	Company £'000
Obligations under finance leases and hire purchase contracts	110	14	105	16
Minority shareholders' and other loans	80	39	62	21
Invoice discounting advances	7,993	7,993	8,173	8,173
Trade creditors	1,441	749	2,879	674
Amounts owed to subsidiary companies	-	2,835	-	3,064
Corporation tax recoverable	-	-	52	-
Other taxes and social security	2,129	359	2,310	304
Other creditors	1,686	170	1,247	231
Accruals and deferred income	2,585	594	1,797	61
	<u>16,024</u>	<u>12,753</u>	<u>16,625</u>	<u>12,544</u>

The invoice discounting advances are secured by fixed and floating charges over the assets of HR GO plc and the majority of its subsidiaries.

Various minority shareholders' and other loans are secured by fixed and floating charges on the assets of the individual subsidiary company.

All balances included above other than accruals and deferred income and other taxes and social security are carried at amortised cost.

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2017		2016	
	Group £'000	Company £'000	Group £'000	Company £'000
Obligations under finance leases and hire purchase contracts	51	12	82	6
Other creditors	-	-	188	188
Minority shareholders' and other loans	735	735	541	541
	<u>786</u>	<u>747</u>	<u>811</u>	<u>735</u>

Various minority shareholders' and other loans are secured by fixed and floating charges on the assets of the individual subsidiary company. The net finance lease and hire purchase contract obligations to which the Group is committed are:

	2017		2016	
	Group £'000	Company £'000	Group £'000	Company £'000
In one year or less	110	14	105	16
Between one and five years	51	12	82	6
	<u>161</u>	<u>26</u>	<u>187</u>	<u>22</u>

Obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2017

18. PROVISIONS FOR LIABILITIES

	2017 £'000	2016 £'000
Group		
Deferred tax		
At 1 January	3	-
Acquisition of subsidiary	-	3
	<u>3</u>	<u>3</u>
At 31 December	<u>3</u>	<u>3</u>

19. SHARE CAPITAL

	2017 £'000	2016 £'000
Authorised:		
50,000,000 ordinary shares of 1p each	<u>500</u>	<u>500</u>
Allotted, called up and fully paid:		
25,881,546 (2016: 17,114,490) ordinary shares of 1p each	<u>259</u>	<u>171</u>

On the 5 June 376,250 1p ordinary shares were bought back for 7.3p per share. The shares have been cancelled and the premium on buy back transferred to capital reserve.

On the 13 December 2017 9,143,306 1p ordinary shares were issued with a nominal value of £92k and a premium of £594k by way of a rights issue.

20. RESERVES

Called up share capital - This reserve records the nominal value received for shares issued. Details of the shares can be found within note 19.

Share premium - This reserve records the premium paid on shares issued.

Capital reserve - This is a reserve that reflects the value of shares which had been previously issued but have now been bought back by the company and cancelled.

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

Non-controlling interest - This reserve records amounts attributable to the non-controlling shareholders within the group.

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

21. RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	Discontinued Operations £'000	Continuing Operations £'000	2017 £'000	2016 £'000
Operating (loss)/profit	(74)	1,492	1,418	629
Depreciation	1	359	360	421
Profit on sale of tangible fixed assets	-	(8)	(8)	(11)
Amortisation of goodwill	-	108	108	(58)
Goodwill impairment	-	91	91	-
Change in debtors	49	(1,364)	(1,315)	(2,134)
Change in creditors	(8)	(543)	(551)	921
Other non-cash movements	-	11	11	11
Net cash (outflow)/inflow from operating activities	(32)	146	114	(221)

The businesses discontinued in the year paid £nil net returns on investments and servicing of finance, received £19k in respect of taxation, received £nil for capital disposals and paid £nil repayment of capital element of finance leases.

22. OPERATING LEASE COMMITMENTS

At 31 December 2017 the Group had total commitments under non-cancellable operating leases as follows:

	Plant and machinery		Land and buildings	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Leases which expire:				
Within one year	10	49	508	421
Within two to five years	9	10	805	424
After five years	-	-	42	101
	19	59	1,355	946

23. COMMITMENTS

The Company has given cross guarantees to National Westminster Bank plc in respect of the bank overdrafts of other members of the HR GO Group of companies. At 31 December 2017 the bank overdrafts under this guarantee amounted to £nil (2016: £nil).

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

24. RELATED PARTY TRANSACTIONS

- a) During the year the Group rented six (2016: five) properties from the pension scheme of Mr J C Parkinson, the Chairman of the Group. Rents paid for these properties during the year were £179k (2016: £146k). The rents on these properties are determined by an independent professional valuer. There were no outstanding balances at the year end.
- b) The amount due to/(payable by) HR GO plc from/(to) its subsidiaries at 31 December 2017 is detailed below:

Name of company	Amount Receivable £'000	Amount Payable £'000	Loans Receivable £'000
Airport Placements Limited	297	-	-
Eclipse Group Solutions Limited	-	2,470	-
HR GO (Doncaster) Limited	430	-	-
HR GO (Driving Fenlands) Limited	531	-	-
HR GO (Driving North) Limited	674	-	-
HR GO (Driving South) Limited	457	-	-
HR GO (Glasgow) Limited	-	28	-
HR GO (Huntingdon) Limited	-	81	-
HR GO (Kent) Limited	2,127	-	-
HR GO (Liverpool) Limited	270	-	49
HR GO (Newcastle) Limited	265	-	-
HR GO (Northampton) Limited	689	-	-
HR GO (Norwich) Limited	143	-	23
HR GO (Nottingham) Limited	-	19	-
HR GO Recruitment Limited	5,414	-	48
HR GO Recruitment (Luton) Limited	19	-	10
HR GO (Somerset) Limited	126	-	-
RHL (Bristol) Limited	515	-	-
Recruitment Holdings Limited	-	103	10
Space Between Group Limited	-	38	-
39 other Group subsidiary companies	-	96	-
2 other Group subsidiary companies	-	-	26
	<u>11,957</u>	<u>2,835</u>	<u>166</u>

The directors consider that to give full particulars of all transactions with its subsidiaries would lead to a statement of excessive length.

Transactions with subsidiary companies are detailed in the financial statements of those subsidiaries. A list of the principal subsidiaries is contained within note 12.

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

24. RELATED PARTY TRANSACTIONS (continued)

The amount due to/(payable by) HR GO plc from/(to) its subsidiaries at 31 December 2016 is detailed below:

Name of company	Amount Receivable £'000	Amount Payable £'000	Loans Receivable £'000
Airport Placements Limited	67	-	-
Eclipse Group Solutions Limited	-	2,147	-
Eclipse Personnel Limited	133	-	-
HR GO (Doncaster) Limited	320	-	-
HR GO (Driving North) Limited	1,210	-	32
HR GO (Driving South) Limited	143	-	-
HR GO (Glasgow) Limited	-	19	-
HR GO (Huntingdon) Limited	-	108	-
HR GO (Kent) Limited	2,260	-	-
HR GO (Liverpool) Limited	-	521	35
HR GO (Newcastle) Limited	185	-	-
HR GO (Northampton) Limited	683	-	-
HR GO (Norwich) Limited	378	-	32
HR GO (Nottingham) Limited	422	-	-
HR GO Recruitment Limited	5,063	-	48
HR GO (Somerset) Limited	101	-	10
RHL (Bristol) Limited	593	-	-
Recruitment Holdings Limited	-	163	10
Space Between Group Limited	-	10	-
37 other Group subsidiary companies	-	106	-
3 other Group subsidiary companies	-	-	36
	<u>11,558</u>	<u>3,074</u>	<u>203</u>

- c) During the year the company provided administrative and management services to its subsidiary undertakings for which it charged £2,436k (2016: £2,116k). In addition the company also paid £322k (2016: £338k) to its subsidiaries in relation to IT and HR Services.

- d) The directors have prepared budgets and forecasts for all companies within the group, which indicate that the above amounts owed by its subsidiary companies are recoverable.

The directors consider the ultimate controlling party to be Mr J C Parkinson.

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

25. FINANCIAL LIABILITIES

Interest rate profile of financial liabilities

	2017 Group £'000	2017 Company £'000	2016 Group £'000	2016 Company £'000
Floating interest rate	8,699	8,693	8,673	8,673
Fixed interest rate	229	94	249	84
Interest free	41	6	41	-
	<u>8,969</u>	<u>8,793</u>	<u>8,963</u>	<u>8,757</u>

The floating interest rate is linked to the Royal Bank of Scotland base rate.

The average fixed interest rate is 6%

The average maturity date for the interest free loans is over five years from the balance sheet date.

Maturity profile of financial liabilities

	2017 Group £'000	2017 Company £'000	2016 Group £'000	2016 Company £'000
Due within one year	8,183	8,046	8,340	8,210
Due within two to five years	86	47	123	47
Due after five years	700	700	500	500
	<u>8,969</u>	<u>8,793</u>	<u>8,963</u>	<u>8,757</u>

27. FINANCIAL RISK MANAGEMENT

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board is responsible for developing and monitoring the Group's risk management strategy and policies. There have been no changes to the Group's exposures to risk or the methods used to measure and manage these risks during the year.

The group has exposure to the following risks from the use of its financial instruments.

Credit Risk Management

Debtors consist mainly of trade receivables. The Group monitors the financial position of their customers on an ongoing basis. The granting of credit is controlled by application and account limits. An allowance is made for specific bad debts and at the reporting date management did not consider there to be any material credit risk exposure.

Interest Rate Risk

The Group finances its operations by an invoice discounting facility and long-term loans. The Group borrows at both fixed and floating rates of interest. It also receives interest free loans from some of its minority shareholders. The portfolio of borrowings is managed in order to reduce the Group's exposure to interest rate risk.

Liquidity Risk

The Group's policy is to ensure continuity of funding. Invoice discounting facilities help to achieve short-term flexibility.

Foreign Currency Risk

Overseas operations and investments are not material to the Group as a whole and so the Group is not exposed to any significant foreign currency risks. At 31 December 2017 the Group had no forward exchange contracts.

The Directors do not feel the Group is exposed to any other significant financial risks..