

HR GO PLC

Annual Report and Financial Statements 2018



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HR GO PLC

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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 CIO 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

BDO 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 long established (62nd year of trading) group of 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. In addition to recruitment services the Group offers e-commerce and digital agency services.

SALIENT FEATURES OF THE LAST FIVE YEARS

	2014	2015	2016	2017	2018
	£'000	£'000	£'000	£'000	£'000
Turnover	96,506	80,228	73,989	80,288	86,656
Operating profit	1,038	952	629	1,418	1,581
Profit on ordinary activities before taxation	736	753	565	1,300	1,470
Tax on ordinary activities	(95)	(454)	(82)	(235)	(341)
Profit for the year	641	299	483	1,065	1,129

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CHAIRMAN'S STATEMENT

I am pleased to report that the HR GO Group ("The Group") has continued to build upon the initiatives taken in 2017 and 2018 showing further growth, profitability and improved liquidity.

The Group provides branded, private, flexible and local recruitment solutions to businesses placing over 4,000 candidates as workers or contractors on a weekly basis and making in excess of 1,100 permanent placements for end clients. The Group now has 41 offices with 340 people working worldwide, 265 of which are UK based. In July 2018 The Group opened an office in Sydney, Australia.

In April 2018 The Group bought the trade of CMS Employment Agency Limited to strengthen its presence in the Dover / Folkstone area. In May 2018, HR GO also completed on the purchase of AC Appointments Limited, a company in the Bishop's Stortford region. Both companies provide additional business and contracts to our existing offices in these areas.

We continued to grow organically with some inorganic opportunities that complemented our existing branch network. Our e-commerce business has further expanded its digital agency services and now supports many notable household retailers. It has also made a significant investment in the expansion of its Polish operation with a new office in Wroclaw, Poland, which opened in February 2019.

Investment in technology throughout the group was, and remains a key business focus, with £831K invested in tangible fixed asset additions and similar levels of commitments in software improvements. We see such investment as key to our strategy for success in attracting new business partners and enabling our own recruitment business to keep pace with technological advancements allowing us to compete successfully on National Sales contract bids.

As a result of these initiatives turnover grew by 8% whilst our gross profit percentage margin was also maintained. Administrative overheads increased above inflation due to the opening of new offices in 2018 (and the latter part of 2017). In spite of these additional costs, operating profit rose 11% and net profit after tax by 6%.

Notwithstanding some high profile business failures during the year and ongoing Brexit discussions making trading conditions (at times) challenging, our business strategies have enabled us to deliver another successful year.

Looking to the future, 2019 has started cautiously and the ongoing Brexit negotiations have fuelled uncertainty in the market for some clients, however, recruitment performs in line with our forecasts. Our Digital businesses have seen a slow start to 2019 following some existing client deferrals of investment projects, but following some recent successful tender bids we expect this to reverse in the second half.

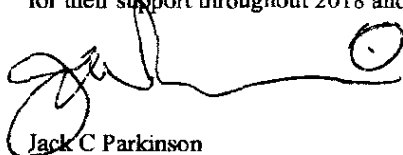
In February 2019, The Group acquired majority stakes in Sussex Recruitment Limited and Gel Resourcing Limited, two businesses based in Eastbourne. These businesses add to the National network of offices and should contribute an additional £750K to Group turnover.

The Group continues to look for new opportunities and expansion especially into market sectors and geographical areas where our presence is limited.

The Group's liquidity has been strengthened by further profits and investment from the Parkinson family in 2018 enabling the Group to continue seeking opportunities to grow and expand the business.

Following the success of our initial initiative in 2017 under the 60 Acts of Kindness, The Group has again undertaken to support staff initiatives in charity fund raising events. The Group matches funds raised by staff for local community projects and provides time off for staff to undertake such challenges. The Board remains keen to respect the Group's Corporate Social Responsibility and we believe this is a positive way to achieve it and raise often much needed funds for the local community.

Finally, as always I would like to thank our hardworking and enthusiastic staff, loyal clients and willing suppliers for their support throughout 2018 and look forward to continuing our associations in 2019.



Jack C Parkinson
Chairman
29 May 2019

STRATEGIC REPORT

Our business is split into three main sectors 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 £69.8m (£63.6m) with an operating profit of £1.62m compared with an operating profit of £720k last year. This increase is largely attributable to the growth in our national contracts and our continued expansion into the aviation sector.

Engineering and Sales, including Financial, legal and Business Services

Both temporary and permanent staff are supplied to the financial, legal and business services sector via branded niche divisions within companies covering 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 £9.3m (£9.7m), with an operating loss of £26k, compared with an operating profit of £140k last year. This sector has expanded during the year with an office opening in Australia. The investment costs associated with this new office has affected the operating profit in this sector for 2018.

Digital Agency Services

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

Turnover for the year increased to £7.5m (£6.9m) with operating profit decreasing to £849k (£906k).

The increase in turnover is as a result of the continued growth in emerging specialist markets including a new start-up company in the year. The reduction in operating profit is a result of our new and developing business in this sector establishing themselves in the market.

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 could 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.

HR GO PLC

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STRATEGIC REPORT (continued)

FINANCIAL REVIEW

The 2018 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 £831k (£532k) all used on IT hardware, software and other office equipment with the exception of £131k for routine fleet vehicle replacements and £35k for leasehold improvements.

Disposals

£259k of tangible fixed assets at cost with a net book value of £19k were disposed of during the year as part of the ongoing renewals policy adopted by the Group.

Cash Flow and Borrowings

At the end of the year the net borrowings of the Group amounted to £7.3m (£8.9m) a decrease of £1.6m. 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 (£118k). The Groups commitment to invest in assets whilst maintaining working capital has resulted in a reduction in bank interest due to the increase in profitability and a reduction in borrowing which has been compensated by the increase in hire purchase interest.

Taxation

The tax charge for the year amounted to £341k (£235k) in respect of pre-tax profits of £1,470k (£1,300k). 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.

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.

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STRATEGIC REPORT (continued)

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. As at 31 December 2018 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 2018.

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 £1,470k (2017: £1,300k). The detailed results are set out in the consolidated profit and loss account on page 14.

Retained profit after minority interests of £849k (2017: £815k) 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 not already mentioned in the chairman's statement.

DIVIDEND

The directors do not recommend the payment of a final dividend for the year (2017: £258,265).

DIRECTORS AND THEIR INTERESTS

The directors in office at 31 December 2018 who served during the year and their interests in the share capital of the Company at 31 December 2018 and at 31 December 2017 were as follows:

		Ordinary shares of 1p each	
		2018	2017
J C Parkinson	- Beneficial	13,334,120	13,333,120
	- Family trust *	7,087,000	7,087,000
	- Family trust **	750,866	750,866
R G Barrow		-	-
J M Parkinson		500,000	500,000
M J Taylor		-	-
C L Hare		-	-

* 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

Moore Stephens LLP merged its practice with BDO LLP with effect from 1 February 2019 and now practices under the name BDO LLP.

A resolution to re-appoint BDO 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
Director
29 May 2019

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 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 at least one 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.

ANNUAL REPORT AND FINANCIAL STATEMENTS 2018

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.

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

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 2018 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2018 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to 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 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and 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 and Director's report.

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

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

Responsibilities of Directors

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

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

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

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Gareth Jones (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London
Date 6 June 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

HR GO PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT Year ended 31 December 2018

	Note	2018 £'000	2017 £'000
TURNOVER	4	86,656	80,288
Cost of sales		(68,725)	(63,547)
GROSS PROFIT		17,931	16,741
Administrative expenses		(16,389)	(15,630)
Other operating income		39	307
OPERATING PROFIT	5	1,581	1,418
Investment income		7	-
Net interest payable and similar charges	6	(118)	(118)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,470	1,300
Tax on ordinary activities	9	(341)	(235)
PROFIT FOR THE YEAR		1,129	1,065
Total profit for the year attributable to:			
Owners of the parent company		849	815
Non-controlling interests		280	250
		1,129	1,065

The notes on pages 21 to 37 form part of these financial statements.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME Year ended 31 December 2018

	2018 £'000	2017 £'000
Profit for the financial year	1,129	1,065
Currency translation (losses/gains) on foreign currency net investment	<u>(6)</u>	<u>12</u>
Total other comprehensive (expenses)/income	<u>(6)</u>	<u>12</u>
Total comprehensive income for the year	<u>1,123</u>	<u>1,077</u>
Total comprehensive income for the year attributable to:		
Owners of the parent company	844	827
Non-controlling interests	<u>279</u>	<u>250</u>
Total comprehensive income for the year	<u>1,123</u>	<u>1,077</u>

The notes on pages 21 to 37 form part of these financial statements.

HR GO PLC

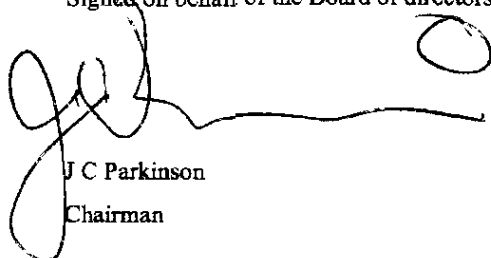
CONSOLIDATED BALANCE SHEET 31 December 2018

	Note	2018 £'000	2017 £'000
FIXED ASSETS			
Intangible fixed assets	11	717	784
Tangible fixed assets	12	1,104	754
		<u>1,821</u>	<u>1,538</u>
CURRENT ASSETS			
Debtors	15	16,696	17,036
Cash at bank and in hand		255	378
		<u>16,951</u>	<u>17,414</u>
CREDITORS: amounts falling due within one year	16	<u>(14,820)</u>	<u>(16,024)</u>
NET CURRENT ASSETS		<u>2,131</u>	<u>1,390</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,952	2,928
CREDITORS: amounts falling due after more than one year	17	(1,115)	(786)
Provisions for liabilities	18	(3)	(3)
NET ASSETS		<u>2,834</u>	<u>2,139</u>
CAPITAL AND RESERVES			
Called up share capital	19	259	259
Share premium		594	594
Capital reserve		56	56
Profit and loss account		1,715	1,104
Equity attributable to owners of the company		<u>2,624</u>	<u>2,013</u>
Non-controlling interests		210	126
TOTAL EQUITY		<u>2,834</u>	<u>2,139</u>

The notes on pages 21 to 37 form part of these financial statements.

These financial statements were approved by the Board of directors and authorised for issue on 29 May 2019.

Signed on behalf of the Board of directors:



J C Parkinson
Chairman

HR GO PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 31 December 2018

	Called up share capital £000	Share premium £000	Capital reserve £000	Profit and loss account £000	Shareholders' equity £000	Non-controlling interest £000	Total equity £000
At 31 December 2016	171	-	80	32	283	563	846
Profit for the year	-	-	-	815	815	250	1,065
Currency translation differences on foreign currency net investment	-	-	-	12	12	-	12
Total comprehensive income for the year							
Purchase of own shares	(4)	-	(24)	827	827	250	1,077
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 1 January 2018	259	594	56	1,104	2,013	126	2,139
Profit for the year	-	-	-	849	849	280	1,129
Currency translation differences on foreign currency net investment	-	-	-	(5)	(5)	(1)	(6)
Total comprehensive income for the year							
Profit/(loss) on acquisition and disposal of stakes in subsidiaries	-	-	-	844	844	279	1,123
Acquisition of new non-controlling interests	-	-	-	25	25	(101)	(76)
Dividends	-	-	-	(258)	(258)	(97)	(355)
At 31 December 2018	259	594	56	1,715	2,624	210	2,834

HR GO PLC

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Net cash inflow from operating activities	21	2,659	114
Returns on investments and servicing of finance			
Interest received		1	2
Interest paid		(107)	(111)
Interest element of hire purchase payments		(12)	(9)
Dividend paid to minority interests		(56)	(40)
Dividends received from joint ventures & associates		6	-
Net cash outflow from returns on investments and servicing of finance		(168)	(158)
Taxation			
UK corporation tax paid		263	170
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(511)	(439)
Receipts from sale of tangible fixed assets		22	25
Net cash outflow from capital expenditure and financial investment		(489)	(414)
Acquisitions and disposals			
Payment to acquire subsidiary	14	(53)	(46)
Payments to increase stakes in subsidiaries	14	(115)	(388)
Receipts from sale of stakes in subsidiaries	14	4	2
Net cash acquired with subsidiary undertaking		63	-
Payments to acquire assets and trades of business		(24)	-
Net cash outflow from acquisitions and disposals		(125)	(432)
Equity dividends paid		(258)	-
Net cash inflow/(outflow) before financing		1,882	(720)
Financing			
Issue of ordinary share capital		-	686
Purchase of own ordinary share capital		-	(28)
Invoice discounting settlement		(2,093)	(180)
Receipt of loans		300	241
Repayment of loans		(39)	(29)
Capital element of hire purchase payments		(173)	(118)
Net cash (outflow)/inflow from financing		(2,005)	572
Decrease in cash in the year		(123)	(148)
Cash at beginning of year		378	526
Cash at end of year		255	378

The notes on pages 21 to 37 form part of these financial statements.

HR GO PLC**COMPANY BALANCE SHEET**
31 December 2018

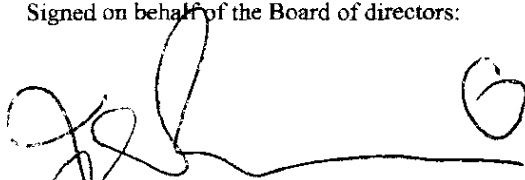
	Note	2018 £'000	2017 £'000
FIXED ASSETS			
Tangible fixed assets	12	339	207
Investments	13	2,112	2,068
		<u>2,451</u>	<u>2,275</u>
CURRENT ASSETS			
Debtors	15	11,529	13,343
Cash at bank and in hand		68	46
		<u>11,597</u>	<u>13,389</u>
CREDITORS: amounts falling due within one year	16	<u>(11,086)</u>	<u>(12,753)</u>
NET CURRENT ASSETS		<u>511</u>	<u>636</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,962</u>	<u>2,911</u>
CREDITORS: amounts falling due after more than one year	17	<u>(989)</u>	<u>(747)</u>
NET ASSETS		<u>1,973</u>	<u>2,164</u>
CAPITAL AND RESERVES			
Called up share capital	19	259	259
Share premium account		594	594
Capital reserve		56	56
Profit and loss account		1,064	1,255
TOTAL EQUITY		<u>1,973</u>	<u>2,164</u>

The notes on pages 21 to 37 form part of these financial statements.

These financial statements were approved by the Board of directors and authorised for issue on 29 May 2019.

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 profit for the year was £67,000 (2017: loss £230,000)

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 2018

	Called up share capital £000	Share premium £000	Capital reserve £000	Profit and loss account £000	Shareholders' equity £000
At 31 December 2016	171	-	80	1,485	1,736
Loss for the year	-	-	-	(230)	(230)
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 1 January 2018	259	594	56	1,255	2,164
Profit for the year	-	-	-	67	67
Total comprehensive income for the year	-	-	-	67	67
Dividends paid	-	-	-	(258)	(258)
At 31 December 2018	259	594	56	1,064	1,973

The notes on pages 21 to 37 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

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 and that of digital agency services. 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 13. The financial statements of all subsidiaries are made up to 31 December 2018. 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 2018

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 be paid or recovered using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all 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 the 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.

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. Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS 102.

Research and development

The RDEC Research and Development Expenditure Credit is set against administrative expenses as a taxable above the line credit in accordance with legislation in the Finance Bill 2013. The net of this and the corporation tax charge is recognised as a debtor or creditor as appropriate.

Expenditure on research and development is written off in the year in which it is incurred.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2018

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.

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. The judgements and estimates which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

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

Goodwill

The group establishes a reliable estimate of the useful life of goodwill arising in business combination based on a variety of factors including historical experience and expected useful life of the cash generating unit to which the goodwill is attributed.

Provisions and accruals

Provisions and accruals in respect of potential liabilities are made by management based on historical experience and through taking external advice on the latest legislations affecting the group.

4. TURNOVER

	2018	2017
	£'000	£'000
Services provided in the UK	86,656	80,288

In the directors' opinion there are no significant trading activities other than recruitment, e-commerce and digital agency services and associated activities within the UK.

5. OPERATING PROFIT

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

	2018	2017
	£'000	£'000
Auditor's remuneration		
- audit services	100	66
- accountancy	7	3
- tax advice	12	25
Operating lease expense		
- land and buildings	660	571
- plant and machinery	8	34
Depreciation		
- owned assets	316	259
- assets held under finance leases and hire purchase contracts	146	101
Profit on sale of tangible fixed assets	(3)	(8)
Impairment of goodwill	50	91
Amortisation of goodwill	111	108
Rent receivable	(35)	(25)

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

5. OPERATING PROFIT (continued)

Analysis of activities:

	Existing Operations £'000	Start-up Operations £'000	Sold and Closed Operations £'000	2018 Total £'000
Turnover	85,591	1,065	-	86,656
Cost of sales	(68,004)	(721)	-	(68,725)
Administrative expenses	(16,437)	(445)	-	(16,882)
Other operating income	526	6	-	532
Operating profit/(loss)	1,676	(95)	-	1,581

	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

6. NET INTEREST PAYABLE AND SIMILAR CHARGES

	2018 £'000	2017 £'000
Interest payable and similar charges:		
On bank overdrafts and invoice discounting	107	111
On finance leases and hire purchase contracts	12	9
	119	120
Interest receivable and similar income:		
Interest receivable	(1)	(2)
	118	118

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2018

7. INFORMATION REGARDING EMPLOYEES

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

	2018	2017
	No.	No.
Recruitment, IT and administration	345	347

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

	2018	2017
	£'000	£'000
Wages and salaries	12,574	11,712
Social security costs	1,454	1,301
Other pension costs	289	255
	14,317	13,268

8. EMOLUMENTS OF DIRECTORS

	2018	2017
	£'000	£'000
Aggregate emoluments including benefits in kind	585	544
Company pension contributions to money purchase scheme	32	24

Emoluments of highest paid director:

	2018	2017
	£'000	£'000
Total emoluments	237	221
Money purchase schemes	22	19

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

	2018	2017
	No.	No.
Money purchase schemes	3	3

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2018

9. TAX ON ORDINARY ACTIVITIES

	2018	2017
	£'000	£'000
United Kingdom corporation tax payable	316	232
Under provision for corporation tax in prior year	25	3
	<u>341</u>	<u>235</u>
Total current tax charge	341	235
Total tax charge	<u>341</u>	<u>235</u>

The standard rate of tax for the year is 19% (2017: 19.25%). The current tax charge is different from the standard rate for the reasons set out in the following reconciliation:

	2018	2017
	£'000	£'000
Profit on ordinary activities before taxation	1,470	1,300
Tax on profit on ordinary activities at standard rate	279	250
Expenses disallowed for tax purposes	25	-
Deferred tax not recognised	12	(18)
Adjustment to tax charge in respect of previous period	25	3
	<u>341</u>	<u>235</u>
Total current tax charge	341	235

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 £1,038k (2017: £1,085k).

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% will be effective from 1 April 2020.

10. DIVIDEND

A final dividend of 1p per share in respect of the 2017 year was declared which was paid on the 2 July 2018.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2018

11. INTANGIBLE FIXED ASSETS

	Goodwill £'000
Group	
Cost	
At 1 January 2018	2,433
Additions	94
	<hr/>
At 31 December 2018	2,527
	<hr/>
Amortisation	
At 1 January 2018	1,649
Amortisation provided for the year	111
	<hr/>
At 31 December 2018	1,810
	<hr/>
Net book value	
At 31 December 2018	717
	<hr/> <hr/>
At 31 December 2017	784
	<hr/> <hr/>

12. TANGIBLE FIXED ASSETS

Group	Short-term leasehold improvements £'000	Motor vehicles, office equipment, fixtures and fittings and related software £'000	Total £'000
Cost			
At 1 January 2018	364	3,496	3,860
Additions	35	796	831
Disposals	(9)	(250)	(259)
	<hr/>	<hr/>	<hr/>
At 31 December 2018	390	4,042	4,432
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 January 2018	304	2,802	3,106
Charge for the year	27	435	462
Disposals	(9)	(231)	(240)
	<hr/>	<hr/>	<hr/>
At 31 December 2018	322	3,006	3,328
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2018	68	1,036	1,104
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2017	60	694	754
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The net book value of tangible fixed assets includes an amount of £328k (2017: £166k) in respect of assets held under finance leases and hire purchase contracts.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2018

12. TANGIBLE FIXED ASSETS (continued)

Company	Short-term leasehold improvements £'000	Motor vehicles, office equipment, related software and fixtures and fittings £'000	Total £'000
Cost			
At 1 January 2018	186	1,348	1,534
Additions	-	286	286
Disposals	-	(62)	(62)
At 31 December 2018	186	1,572	1,758
Depreciation			
At 1 January 2018	186	1,141	1,327
Charge for the year	-	149	149
Disposals	-	(57)	(57)
At 31 December 2018	186	1,233	1,419
Net book value			
At 31 December 2018	-	339	339
At 31 December 2017	-	207	207

The net book value of tangible fixed assets includes an amount of £56k (2017: £27k) in respect of assets held under finance leases and hire purchase contracts.

13. INVESTMENTS

Investment in subsidiaries

Company	Total £'000
Cost	
At 1 January 2018	2,851
Additions	94
At 31 December 2018	2,945
Provision against investments	
At 1 January 2018	783
Impairment	50
At 31 December 2018	833
Net book value	
At 31 December 2018	2,112
At 31 December 2017	2,068

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

13. 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	76	76
Discoverable Limited*	100	100	-	64
Eclipse Group Solutions Limited	460	1	87	87
HR GO (Doncaster) Limited	100	1	-	71
HR GO (Glasgow) Limited*	68	1	-	80
HR GO (Dover) Limited*	1,000	100	-	89
HR GO (Driving Fenlands) Limited	200	100	-	88
HR GO (Driving North) Limited	2	1	-	91
HR GO (Driving South) Limited*	1	1	-	91
HR GO (Huntingdon) Limited*	100	1	-	89
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 Recruitment Limited	1	1	89	89
HR GO Recruitment (SW) Limited*	100	1	100	100
HR GO Recruitment (Luton) Limited*	1	100	100	100
HR GO (Somerset) Limited*	1	1	85	85
RHL (Bristol) Limited*	100	100	-	73
Recruitment Holdings Limited	10,000	1	98	98
Space Between Group Limited*	100	1	75	75

The Company has guaranteed the liabilities of the subsidiaries marked with a (*) above as they are exempt from audit under Section 479A of the Companies Act 2006.

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 (Dover) 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 97% subsidiary of HR GO (Driving North) Limited.
- 5) Discoverable Limited which is an 85% subsidiary of Space Between Group Limited

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2018**13. 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, HR GO (Driving) Limited and Space Between Group Limited.

All of the above companies are engaged in recruitment activities with the exception of Eclipse Group Solutions Limited (IT consultancy, support and digital agency services) and Space Between Group Limited (customer retention optimisation) and Discoverable Limited (search engine optimisation and pay-per-click services).

The following investment are held overseas:

Name of company	Country of incorporation	% held Company	% held Group
Eclipse Poland Limited sp.zo.o	Poland	-	100
Recruitment Holdings Pty Limited	Australia	-	98

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 digital agency services.

Recruitment Holdings Pty Limited is a 100% subsidiary of Recruitment Holding Limited. It remains a subsidiary by virtue of the controlling interest that HR GO plc has in Recruitment Holdings Limited.

Following the acquisition of Airport Placements Limited in 2016 and the determined final cost of the deferred consideration, an impairment of goodwill amounting to £50k has been provided for in 2018.

In April 2018 The Group bought the trade of CMS Employment Agency Limited to strengthen its presence in the Dover / Folkstone area. In May 2018, HR GO also completed on the purchase of AC Appointments Limited, a company in the Bishop's Stortford region. Both companies provide additional business and contracts to our existing offices in these areas.

14. INVESTMENT ACQUISITIONS AND DISPOSALS

The movement in stakes held in various subsidiary companies in 2018 have been accounted for by the acquisition method with no fair value adjustments being deemed necessary by the directors. In total the sum of £168k (2017: £388k) was paid for the increase in stakes in subsidiary companies, the net assets acquired were valued at net book value of £122k (2017: £639k)

Stakes were reduced in various subsidiary companies and proceeds of £4k (2017: £2k) received for the disposal of these shares, at the date of disposal the net assets sold were valued at £2k (2017: £8k)

No individual acquisition or disposal being considered material and requiring separate disclosure.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2018

15. DEBTORS

	2018		2017	
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Falling due within one year:				
Trade debtors	15,151	37	15,440	78
Loans to subsidiaries	-	171	-	131
Amounts owed by subsidiary companies	-	9,785	-	11,957
Corporation tax recoverable	564	288	668	219
Other debtors	239	86	188	72
Prepayments and accrued income	742	1,159	740	851
	16,696	11,526	17,036	13,308
Falling due after one year:				
Loans to subsidiaries	-	3	-	35
	16,696	11,529	17,036	13,343

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

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018		2017	
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Obligations under finance leases and hire purchase contracts	146	29	110	14
Minority shareholders' and other loans	124	82	80	39
Invoice discounting advances	5,900	5,900	7,993	7,993
Trade creditors	1,010	437	1,441	749
Amounts owed to subsidiary companies	-	3,562	-	2,835
Other taxes and social security	2,555	384	2,129	359
Other creditors	2,154	111	1,686	170
Accruals and deferred income	2,931	581	2,585	594
	14,820	11,086	16,024	12,753

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.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2018

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

	2018		2017	
	Group £'000	Company £'000	Group £'000	Company £'000
Obligations under finance leases and hire purchase contracts	162	36	51	12
Minority shareholders' and other loans	953	953	735	735
	1,115	989	786	747

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:

	2018		2017	
	Group £'000	Company £'000	Group £'000	Company £'000
In one year or less	146	29	110	14
Between one and five years	162	36	51	12
	308	65	161	26

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

18. PROVISIONS FOR LIABILITIES

	2018 £'000	2017 £'000
Group		
Deferred tax		
At 1 January	3	3
At 31 December	3	3

19. SHARE CAPITAL

	2018 £'000	2017 £'000
Authorised:		
50,000,000 ordinary shares of 1p each	500	500
Allotted, called up and fully paid:		
25,881,546 (2017: 25,881,546) ordinary shares of 1p each	259	259

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

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 18.

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.

21. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2018 £'000	2017 £'000
Operating profit	1,581	1,418
Depreciation	462	360
Profit on sale of tangible fixed assets	(4)	(8)
Amortisation of goodwill	111	108
Goodwill impairment	50	91
Change in debtors	(233)	(1,315)
Change in creditors	697	(551)
Other non-cash movements	(5)	11
	<u>2,659</u>	<u>114</u>
Net cash inflow from operating activities	<u>2,659</u>	<u>114</u>

22. OPERATING LEASE COMMITMENTS

At 31 December 2018 the Group had total commitments under non-cancellable operating leases as follows:

	Plant and machinery		Land and buildings	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Leases which expire:				
Within one year	4	10	502	508
Within two to five years	2	9	791	805
After five years	-	-	47	42
	<u>6</u>	<u>19</u>	<u>1,340</u>	<u>1,355</u>

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 2018 the bank overdrafts under this guarantee amounted to £nil (2017: £nil).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

24. RELATED PARTY TRANSACTIONS

- a) During the year the Group rented six (2017: six) properties from the pension scheme of Mr J C Parkinson, the Chairman of the Group. Rents paid for these properties during the year were £173k (2017: £179k). 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 2018 is detailed below:

Name of company	Amount Receivable £'000	Amount Payable £'000	Loans Receivable £'000
Airport Placements Limited	170	-	-
Discoverable Limited	8	-	-
Eclipse Group Solutions Limited	-	3,241	-
HR GO (Doncaster) Limited	284	-	-
HR GO (Dover) Limited	29	-	-
HR GO (Driving Fenlands) Limited	258	-	-
HR GO (Driving North) Limited	635	-	-
HR GO (Driving South) Limited	386	-	-
HR GO (Glasgow) Limited	-	36	-
HR GO (Huntingdon) Limited	-	27	-
HR GO (Kent) Limited	1,348	-	-
HR GO (Liverpool) Limited	293	-	26
HR GO (Newcastle) Limited	350	-	-
HR GO (Northampton) Limited	708	-	-
HR GO (Norwich) Limited	-	90	14
HR GO Recruitment Limited	4,744	-	48
HR GO Recruitment (SW) Limited	2	-	40
HR GO Recruitment (Luton) Limited	92	-	-
HR GO (Somerset) Limited	47	-	10
RHL (Bristol) Limited	413	-	-
Recruitment Holdings Limited	18	-	10
Space Between Group Limited	-	70	-
37 other Group subsidiary companies	-	98	-
2 other Group subsidiary companies	-	-	26
	<u>9,785</u>	<u>3,562</u>	<u>174</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 13.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2018

24. RELATED PARTY TRANSACTIONS (continued)

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	-	-
HR GO (Somerset) Limited	126	-	10
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>

- c) During the year the company provided administrative and management services to its subsidiary undertakings for which it charged £2,616k (2017: £2,436k). In addition the company also paid £497k (2017: £322k) to its subsidiaries in relation to IT 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.

25. POST BALANCE SHEET EVENTS

In February 2019, The Group acquired majority stakes in Sussex Recruitment Limited and Gel Resourcing Limited, two business's based in Eastbourne. The acquisition cost amounted to £100k plus a deferred consideration of up to £100k still to be determined.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

26. FINANCIAL LIABILITIES

Interest rate profile of financial liabilities

	2018 Group £'000	2018 Company £'000	2017 Group £'000	2017 Company £'000
Floating interest rate	6,900	6,900	8,699	8,693
Fixed interest rate	344	100	229	94
Interest free	41	-	41	6
	<u>7,285</u>	<u>7,000</u>	<u>8,969</u>	<u>8,793</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

	2018 Group £'000	2018 Company £'000	2017 Group £'000	2017 Company £'000
Due within one year	6,170	6,011	8,183	8,046
Due within two to five years	165	39	86	47
Due after five years	950	950	700	700
	<u>7,285</u>	<u>7,000</u>	<u>8,969</u>	<u>8,793</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 2018 the Group had no forward exchange contracts.

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



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28 June 2019

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Dear Sirs

Kefi Minerals Plc Company Number 05976748

We have pleasure in enclosing the financial statements for the above companies, for the year ended 31 December 2018.

Please can you acknowledge receipt by stamping a copy of this letter and returning to us.

Yours faithfully

BDO LLP

Encs.