Registered number: 02228050

THE KELLAN GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

THE KELLAN GROUP LIMITED

COMPANY INFORMATION

Directors	R. Kirpalani R. Ward M. Jackson
Company secretary	M. Kumar
Registered number	02228050
Registered office	1st Floor Sherborne House 119 – 121 Cannon Street London EC4N 5AT
Independent auditors	BDO LLP 55 Baker Street London W1U 7EU

Subsidiaries

Company Name	Company No.
Berkeley Scott Limited	03472296
Quantica Limited	03058194
Quantica Group Limited (1)	02456712
Quantica Solutions Limited (1)	05235505
RK Group Limited (1)	02803672
Robinson Keane Limited (1)	03743251

(1) indirectly held

THE KELLAN GROUP LIMITED

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Business review

Business operations are focused in our core markets being Hospitality & Leisure, Technology and Accounting & Finance. While we also operate in certain other niche areas, our aim is to continue to develop our core businesses in major city centres.

Like many businesses, the Group has been significantly impacted by the government lockdowns and the wider impact of the Covid-19 pandemic. Although our infrastructure means we can operate effectively despite working remotely, the partial shutdown of the hospitality sector has meant that many of Berkeley Scott's existing clients were forced to temporarily close or operate at significantly reduced capacity for most of the year.

As a result, Group sales have decreased by 64.9% from £21.8 million in 2019 to £7.6 million in 2020, Group NFI has decreased by 90.2% from £6.2 million in 2019 to £0.6 million in 2020, while administrative expenses have reduced by 36.8% from £5.7 million in 2019 to £3.6 million in 2020. The savings achieved have allowed the business to partially offset the NFI shortfall. Adjusted EBITDA has decreased from a profit of £0.9 million in 2019 to a loss of £0.7 million in 2020, while year-on-year earnings before tax decreased from a profit £0.6 million in 2019 to a loss of £1.2 million in 2020.

The Company made use of the government furlough scheme which distorts the aforementioned performance. This is because furlough income is reported as other income, whereas the matching cost is reported through its relevant cost category on the income statement. The Company received £1.4 million in furlough income in respect of its candidates which is recorded as other income. The matching £1.4 million of costs is recorded as cost of sales; adjusting for this, the underlying NFI for 2020 is £2.02 million compared to £6.23 million in 2019, a decline of 67.5%.

Although NFI did decline significantly, effective cost management meant the Group did deliver a positive contribution to fixed costs.

The Group invested in its Permanent and Contract CRM system through 2019, and the system went live in early March 2020. This has helped drive efficiencies in the business by reducing the administration burden and help our consultants map their respective markets more effectively. The Group also invested in a new finance system in Q4 2020 and with continuing integration work planned for 2021; we anticipate that efficiencies will continue to improve throughout the Group in 2021 and 2022.

In 2021 the business diversified into sectors it previously had not operated in such as supermarkets and army barracks services, and has recently launched a business support recruitment operation, and a healthcare recruitment operation.

We will continue to diversify the business to help mitigate the continued impact of covid-19, and we will continue to manage our cost base accordingly.

Although the UK has been under some form of Covid-19 lockdown restriction for most of H1 2021, the Group has seen an increase in revenue at each phase of the restrictions easing. For H1 2021 the Group has delivered an unaudited adjusted EBITDA profit of £0.2 million which is on par with pre-pandemic audited adjusted EBITDA for H1 2019 and compares to audited adjusted EBITDA losses of £0.5 million for H1 2020 and £0.3 million H2 2020. This improving profitability is anticipated to continue as the Covid-19 restrictions continue to ease and the economy rebounds.

I would like to thank our loyal customers, suppliers, staff and all our shareholders for their invaluable support and understanding during this challenging time.

Principal risks and uncertainties

Competition risk

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

Credit risk

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

Financial key performance indicators

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

This report was approved by the board on 27 August 2021 and signed on its behalf.

R. Ward
Executive Chairman

The directors present their report and the financial statements for the year ended 31 December 2020.

Results and dividends

The loss for the year after taxation amounted to £1.2 million (2019: £0.36 million profit).

The directors have not recommended a dividend.

Principal activity

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

Directors

The directors who served during the year were:

R. Kirpalani
R. Ward
M. Jackson
L. Humphreys, resigned in August 2020.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fairview of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Future developments

Please refer to the Business Review on page 1 for a review of future developments.

Matters covered in the strategic report

The business review, principal risks and uncertainties and key performance indicators are covered in the strategic report.

Post balance sheet events

The steep rise in COVID-19 cases at the beginning of January 2021 resulted in an increase in hospital admissions, forcing the government to put the country into another lockdown. This had an adverse effect on the forecast we had anticipated as the hospitality sector was affected the most. As the lockdown started to ease from April 2021, the business has started to improve steadily, and we predict a much better H2 result.

In 2020, the Group benefited from the VAT deferral scheme, whereby £0.5 million of VAT that was due in April 2020 has been deferred to 2021. In September 2020, the Government announced that this can be repaid in smaller amounts, to the end of January 2022, with no interest due. The Group joined this scheme in June 2021, and will repay the deferred VAT over 8 instalments.

The Company received a Coronavirus Business Interruption Loan ("CBIL Loan") of £500,000 in April 2020. This loan is 80% underwritten by the government. For the first year no interest was payable by the Company, and from April 2021 an interest charge of 1.84% above the base rate will be payable along with repayments of capital, until the final payment which is due in March 2023.

Auditors

Each individual director has taken all the steps necessary to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information to which the auditors are unaware.

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 27 August 2021 and signed on its behalf.

R. Ward
Executive Chairman

Opinion

We have audited the financial statements of The Kellan Group Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company the Statement of Changes in Equity and the Consolidated statement of cash flows and the 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 2020 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 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 Group Strategic Report, Directors report and financial statements, 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.

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 Directors' report.

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

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

Responsibilities of Directors
As explained more fully in the Statement of Directors Responsibilities, 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.

Extent to which the audit was capable of detecting irregularities, including fraud.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements, including how fraud may occur by enquiring of management of its own consideration of fraud. In particular, we looked at where management made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We also considered potential financial or other pressures, opportunity and motivations for fraud. As part of this discussion we identified the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations and how management monitor these processes. Appropriate procedures included the review and testing of manual journals and key estimates and judgements made by management.

We gained an understanding of the legal and regulatory framework applicable to the Group and Parent Company and the industry in which it operates, drawing on our broad sector experience, and considered the risk of acts by the Group or Parent Company that were contrary to these laws and regulations, including fraud. We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006, UK tax legislation and equivalent local laws and regulations.

We made enquiries of management with regards to compliance with the above laws and regulations and corroborated any necessary evidence to relevant information, for example, minutes of the Board of Directors meetings and correspondence between the Group or Parent Company and its solicitors. Our tests included agreeing the financial statements disclosures to underlying supporting documentation and enquiries with management.

We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits, we also addressed the risk of management override of internal controls including testing journals and evaluation whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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.

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.

DocuSigned by:

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Paul Fenner (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
27 August 2021

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £'000	2019 (as restated in note 4) £'000
Revenue		**7,638**	21,763
Cost of sales		**(7,029)**	(15,535)
Gross profit		**609**	6,228
Administrative expenses		**(3,635)**	(5,659)
Other operating income		**1,936**	—
Operating (loss)/profit	7	**(1,090)**	569
Finance expenses	13	**(111)**	(161)
(Loss)/profit before tax		**(1,201)**	408
Taxation	14	—	(103)
(Loss)/profit for the year		**(1,201)**	305
Other comprehensive income for the year		—	—
Total comprehensive (loss)/income for the year		**(1,201)**	305
(Loss)/profit for the year attributable to:			
Owners of the parent Company		**(1,201)**	305
		(1,201)	305
Total comprehensive (loss)/income for the year attributable to:			
Owners of the parent Company		**(1,201)**	305
		(1,201)	305

There were no recognised gains and losses for 2020 or 2019 other than those included in the consolidated statement of comprehensive income.

The notes on pages 14 to 32 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 £'000	2019 (as restated in note 5) £'000
Non-current assets			
Intangible assets	17	**2,854**	3,013
Property, plant and equipment	19	**354**	426
		3,208	3,439
Current assets			
Trade and other receivables	20	**1,435**	3,397
Cash and cash equivalents	21	**1,433**	3,181
		2,868	6,578
Total assets		**6,076**	10,017
Current liabilities			
Loans and borrowings	22	**1,210**	2,673
Trade and other payables	22	**2,263**	3,293
Provisions		**35**	11
		3,508	5,977
Non-current liabilities			
Loans and borrowings	22	**815**	1,079
Provisions		**36**	43
		851	1,122
Total liabilities		**4,359**	7,099
Net assets		**1,717**	2,918
Equity attributable to equity holders of the parent			
Share capital	24	**4,274**	4,274
Share premium	25	**14,746**	14,746
Capital contribution reserve	25	**810**	810
Capital redemption reserve	25	**2**	2
Retained earnings		**(18,115)**	(16,914)
Total equity		**1,717**	2,918

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 August 2021.

R. Ward
Director

R. Kirpalani
Director

The notes on pages 14 to 32 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	31 December 2020 £'000	31 December 2020 £'000	Restated 31 December 2019 £'000	Restated 31 December 2019 £'000
Fixed assets					
Property, plant and equipment	19		**352**		423
Investments	18		**2,130**		2,130
			2,482		2,553
Current assets					
Debtors	20	**4,584**		4,623	
Cash at bank and in hand	21	**534**		505	
		5,118		5,128	
Creditors: amounts falling due within 1 year					
Trade and other payables	22	**1,842**		1,832	
Provisions		**35**		11	
		1,877		1,843	
Net current assets			**3,241**		3,285
Total assets less current liabilities			**5,723**		5,838
Creditors: amounts falling due after 1 year					
Loans and borrowings	22		**815**		1,079
Provisions			**35**		42
Net assets			**4,873**		4,717
Capital and reserves					
Called up share capital	24		**4,274**		4,274
Share premium account	25		**14,746**		14,746
Capital contribution reserve	25		**810**		810
Capital redemption reserve	25		**2**		2
Retained earnings			**(14,959)**		(15,115)
Shareholders' funds			**4,873**		4,717

Kellan Company's profit for the current year is £156,000 (2019: profit of £160,000)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 August 2021.

R. Ward
Director

R.Kirpalani
Director

The notes on pages 14 to 32 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital £'000	Share premium £'000	Capital contribution reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Total Equity £'000
Balance at 1 January 2019	**4,274**	**14,746**	**810**	**2**	**(17,219)**	**2,613**
Total comprehensive income for the year ended 31 December 2019 restated	—	—	—	—	305	305
Restated balance at 31 December 2019	**4,274**	**14,746**	**810**	**2**	**(16,914)**	**2,918**
Total comprehensive expense for the year ended 31 December 2020	—	—	—	—	(1,201)	(1,201)
Balance at 31 December 2020	**4,274**	**14,746**	**810**	**2**	**(18,115)**	**1,717**

The notes on pages 14 to 32 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Share Capital £'000	Share premium account £'000	Capital contribution reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Total Equity £'000
Balance at 1 January 2019	**4,274**	**14,746**	**810**	**2**	**(15,275)**	**4,557**
Profit for the year	—	—	—	—	160	160
Balance at 31 December 2019	**4,274**	**14,746**	**810**	**2**	**(15,115)**	**4,717**
Profit for the year	—	—	—	—	156	156
Balance at 31 December 2020	**4,274**	**14,746**	**810**	**2**	**(14,959)**	**4,873**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £'000	Restated 2019 £'000
Cash flows from operating activities			
(Loss)/profit for the year		**(1,201)**	305
Adjustments for:			
Amortisation of goodwill		**159**	159
Depreciation		**131**	159
Government grants		**(1,936)**	—
Interest expense		**111**	161
		(2,736)	784
Decrease in trade and other receivables		**1,962**	967
Decrease in trade and other payables		**(1,028)**	(104)
Increase/(decrease) in provisions		**17**	(44)
Net cash (outflow)/inflow from operating activities		**(1,786)**	1,603
Cash flows from investing activities			
Acquisition of property, plant and equipment	19	**(60)**	(109)
Government grants received		**1,903**	—
Net cash inflow/(outflow) from investing activities		**1,843**	(109)
Cash flows from financing activities			
Decrease of invoice discounting facility balances		**(1,963)**	(513)
Interest paid and loan costs		**(42)**	(87)
Repayment of loan notes		**(300)**	(300)
Proceeds from new loans		**500**	—
Net cash outflow from financing activities		**(1,806)**	(900)
Net (decrease)/increase in cash and cash equivalents		**(1,748)**	594
Cash and cash equivalents at the beginning of the year		**3,181**	2,587
Cash and cash equivalents at the end of the year	21	**1,433**	3,181

1. General information

The Kellan Group Limited ("the Group") is a private limited company, limited by shares registered in England and Wales. The registered office and company number can be found on the company information page.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

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

The following principal accounting policies have been applied:

2.2 Basis of consolidation

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

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

In accordance with the transitional exemption available in FRS 102 under section 35, the Group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 January 2019.

2.3 Adoption of new standards

The Group moved its financial reporting framework from FRS101 to FRS102 on 1 January 2020. Under the transition rules, the date of transition is therefore considered to be 1 January 2019. With reference to the first-time adoption regulations under FRS102 section 35.9(a), the Group has not restated the prior year financial assets and financial liabilities, and instead has applied the new framework from the date of transition.

All prior year figures in the financial statements and in the notes to the financial statements are presented in the restated amount. Reconciliations of the restated 2019 Group Income Statement, Group Balance Sheet and Company only Balance Sheet are presented on notes 4 to 6 respectively.

2. Accounting policies (continued)

2.4 Going concern

The Group depends on its bank facilities to meet its day to day working capital requirements. These facilities are renewed every two years and are not guaranteed for the period covered by the going concern review. The Directors are not aware, however, of any circumstances that may adversely affect the renewal of these facilities.

Based on the Group's latest trading expectations and associated cash flow forecasts, the directors have considered the cash requirements of the Company and have concluded that the Group will be able to operate within its existing facilities for the next twelve months. As at 31 December 2021, these facilities comprise of a confidential invoice discounting facility of up to £4 million dependent on trading levels, a £500,000 CBIL loan, and a revolving door facility of £366,100 with BMN Commercial Limited. In March 2021, Barclays agreed to extend repayment of the CBIL loan to April 2023, which will help ease the cash burden as the economic recovery continues. This loan is repayable in capital instalments each month and carries an interest rate of 1.84% above the base rate.

In 2020, the Group benefited from the VAT deferral scheme, whereby £0.5 million of VAT that was due in April 2020 has been deferred to 2021. In September 2020, the Government announced that this can be repaid in smaller amounts, to the end of January 2022, with no interest due. The Group joined this scheme in June 2021, and will repay the deferred VAT over 8 instalments.

The Group currently have loan notes outstanding with BMN Commercial Limited, with a face value of £900,000. These loan notes are due for repayment on 22 September 2022, and pay interest at 5% at 6 monthly intervals (End of June and end of December). Although the Group has historically made partial redemptions on these loans, there is no contractual agreement to do so. However, the Group will always seek to reduce the debt on its highest interest-bearing loans first.

The Directors also recognise that there is a general sensitivity to the wider macro-economic environment however, but do not consider that this may necessitate a requirement for additional funding beyond the aforementioned CBIL extension; the Directors are confident that the Group will be able to meet its liabilities as they fall due for the foreseeable future.

In light of the conservative forecasts prepared for the next twelve months, and with H1 2021 generating an unaudited adjusted EBITDA profit on par with pre-pandemic H1 2019, the Directors are of the view that, despite external factors such as COVID-19, the headroom within the forecast should be sufficient to enable the Group to operate and meet its liabilities as they fall due for payment throughout the next twelve months, and the financial statements have accordingly been prepared on a going concern basis.

2.5 Revenue

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

- Revenue from temporary placements, which represents amounts billed for the services of temporary staff including the salary cost of these staff. This is recognised when the service has been provided, and the timesheet has been approved by the client;

- Revenue for permanent placements, which is based on a percentage of a candidate's remuneration package, is recognised from the date candidate commences employment. Retained permanent placements may recognise the staged invoicing earlier, provided the terms agreed with the client mean the Group is contractually entitled to the revenue.

2. Accounting policies (continued)

2.6 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at costless accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Consolidated statement of comprehensive income over its useful economic life.
As permitted under FRS 102 Section 35 paragraph 35.10(a), the Group has elected to adopt the treatment of goodwill from the date of transition, and not to restate prior years.

Other intangible assets

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

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

2.7 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

• Computer equipment	25%
• Office equipment	10% – 33%
• Leasehold premises and improvements	over the duration of the lease

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.8 Operating leases: the Group as lessee

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

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

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2. Accounting policies (continued)

2.10 Debtors

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

2.11 Cash and cash equivalents

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

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

2.12 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cashflows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an outright short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date. Further information can be found in note 23.

2.13 Creditors

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

2. Accounting policies (continued)

2.14 Government grants

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

Grants of a revenue nature are recognised as other income in the income statement in the same period as the related expenditure. In the current year, the Company received grants totalling £1.94 million in respect of the furlough of its temporary and permanent employees during the covid-19 pandemic.

2.16 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

2.17 Finance costs

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

2.18 Pensions

Defined contribution pension plan

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

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

2.19 Borrowing costs

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

2.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and

2.21 Current and deferred taxation (continued)

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

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

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

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

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

(a) Impairment of intangibles
The Group is required to test, on an annual basis, whether goodwill has suffered any impairment and other assets where there has been an indication of impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. Actual outcomes may vary particularly in light of the current volatility of the recruitment sector to changes in the wider macro-economic environment. More information including carrying values is included in note 17.

(b) Useful lives of intangible assets and property, plant and equipment
Intangible assets excluding goodwill and property, plant and equipment are amortised or depreciated over their useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the consolidated income statement in specific periods. More details including carrying values are included in notes 17 and 19.

4. Reconciliation of the consolidated Profit and Loss on transition to FRS102

	Note	**Restated 2019 £'000**	Adjustments on transition to FRS 102 £'000	2019 £'000
Revenue		**21,763**	—	21,763
Cost of sales		**(15,535)**	—	(15,535)
Gross profit		**6,228**	—	6,228
Administrative expenses		**(5,659)**	(159)	(5,500)
Other operating income		—	—	—
Operating profit/(loss)	7	**569**	(159)	728
Finance expenses	13	**(161)**	—	(161)
Profit/(loss) before tax		**408**	(159)	567
Taxation	14	**(103)**	—	(103)
Profit/(loss) for the year		**305**	(159)	464
Other comprehensive income for the year		**—**	—	—
Total comprehensive income/(loss) for the year		**305**	(159)	464
Profit/(loss) for the year attributable to:				
Owners of the parent Company		**305**	(159)	464
		305	(159)	464
Total comprehensive (loss)/income for the year attributable to:				
Owners of the parent Company		**305**	(159)	464
		305	(159)	464

The transition adjustments are:

- Right of use assets and lease obligations are no longer accounted for under IFRS16 and are now accounted for in operating leases in line with UK GAAP.
  For the year ended 31 December 2019, non-current assets reduced by £1.93 million to nil, current liabilities reduced by £0.54 million to nil and non-current assets reduced by £1.39 million to nil.

- Goodwill is now amortised annually over 20 years and reviewed annually for impairment.
  For the year ended 31 December 2019 this has reduced non-current intangible assets by £0.16 million, and decreased earnings before tax by £0.16 million. A retrospective impairment review did not result in an impairment.

5. Reconciliation of the consolidated balance sheet on transition to FRS102

	Note	Restated 2019 £'000	Adjustments on transition to FRS 102 £'000	2019 £'000
Non-current assets				
Intangible assets	17	3,013	(159)	3,172
Property, plant and equipment	19	426	—	426
Right of use Assets		—	(1,929)	1,929
		3,439	(2,088)	5,527
Current assets				
Trade and other receivables	20	3,397	—	3,397
Cash and cash equivalents	21	3,181	—	3,181
		6,578	—	6,578
Total assets		10,017	(2,088)	12,105
Current liabilities				
Loans and borrowings	22	2,673	—	2,673
Trade and other payables	22	3,293	(1)	3,294
Lease liabilities		—	(541)	541
Provisions		11	—	11
		5,977	(542)	6,519
Non-current liabilities				
Loans and borrowings	22	1,079	—	1,079
Lease liabilities		—	(1,388)	1,388
Provisions		43	1	42
		1,122	(1,387)	2,509
Total liabilities		7,099	(1,930)	9,028
Net assets		2,918	(159)	3,077
Equity attributable to equity holders of the parent				
Share capital	24	4,274	—	4,274
Share premium	25	14,746	—	14,746
Capital contribution reserve	25	810	—	810
Capital redemption reserve	25	2	—	2
Retained earnings		(16,914)	(159)	(16,755)
Total equity		2,918	(159)	3,077

The transition adjustments are:

- Right of use assets and lease obligations are no longer accounted for under IFRS16 and are now accounted for in operating leases in line with UK GAAP.
  For the year ended 31 December 2019, non-current assets reduced by £1.93 million to nil, current liabilities reduced by £0.54 million to nil and non-current assets reduced by £1.39 million to nil.

- Goodwill is now amortised annually over 20 years and reviewed annually for impairment.
  For the year ended 31 December 2019 this has reduced non-current intangible assets by £0.16 million, and decreased earnings before tax by £0.16 million. A retrospective impairment review did not result in an impairment.

6. Reconciliation of Company only balance sheet on transition to FRS102

	Note	Restated 2019 £'000	Adjustments on transition to FRS 102 £'000	2019 £'000
Non-current assets				
Property, plant and equipment	19	423	—	423
Right of use Assets		—	(1,929)	1,929
Investments	18	2,130	—	2,130
		2,553	(1,929)	4,482
Current assets				
Trade and other receivables	20	**4,623**	—	4,623
Cash and cash equivalents	21	**505**	—	505
		5,128	—	5,128
Total assets		**7,681**	(1,929)	9,610
Current liabilities				
Trade and other payables	22	**1,832**	—	1,832
Lease liabilities		—	(541)	541
Provisions		11	—	11
		1,843	(541)	2,384
Non-current liabilities				
Loans and borrowings	22	1,079	—	1,079
Lease liabilities		—	(1,388)	1,388
Provisions		42	—	42
		1,121	(1,388)	2,509
Total liabilities		**2,964**	(1,929)	4,893
Net assets		**4,717**	—	4,717
Capital and reserves				
Share capital	24	4,274	—	4,274
Share premium	25	14,746	—	14,746
Capital contribution reserve	25	810	—	810
Capital redemption reserve	25	2	—	2
Retained earnings		(15,115)	—	(15,115)
Total shareholders' funds		**4,717**	—	4,717

The transition adjustment is for right of use assets and lease obligations, as they are no longer accounted for under IFRS16 and are now accounted for in operating leases in line with UK GAAP.
For the year ended 31 December 2019, non-current assets reduced by £1.93 million to nil, current liabilities reduced by £0.54 million to nil and non-current assets reduced by £1.39 million to nil.

7. Reconciliation of operating (loss)/profit to Adjusted EBITDA

Adjusted EBITDA is earnings before interest, taxes, depreciation and amortisation adjusted for any one off or non-cash administrative expenses.

	2020	2019 (as restated)
	£'000	£'000
Operating (loss)/profit	**(1,090)**	569
Depreciation	**131**	159
Amortisation of goodwill	**159**	159
Restructure costs	**92**	—
Adjusted EBITDA	**(708)**	887

8. Turnover

The whole of the turnover is attributable to the Groups principal activity which during the course of the year continued to be both a Recruitment Agency and Recruitment Business providing staff to Hospitality & Leisure, Technology and Accounting & Finance sectors. All revenues are wholly attributable to the United Kingdom.

9. Other operating income

	2020	2019
	£'000	£'000
Government furlough income	**1,936**	—

10. Auditors' remuneration

	2020	2019
	£'000	£'000
Fees payable to the auditors for the audit of the Company's annual accounts	**12**	12
Fees payable to the auditors for other services:		
The audit of the Company's subsidiaries	**15**	15

There are no other services provided by the auditor.

11. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2020 £'000	Group 2019 £'000	**Company 2020 £'000**	Company 2019 £'000
Wages and salaries	**7,617**	18,356	**653**	935
Social security costs	**405**	1,025	**76**	106
Cost of defined contribution scheme	**95**	239	**36**	41
	8,117	19,620	**765**	1,082

11. Employees (continued)

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

	Group 2020 No.	Group 2019 No.	**Company 2020 No.**	Company 2019 No.
Recruitment	**32**	67	**—**	—
Administrative staff	**14**	19	**18**	19
Temporary workers (whose costs are included in cost of sales and services charges within revenue)	**399**	960	**—**	—
	445	1,046	**18**	19

12. Directors' remuneration

	2020 £'000	2019 £'000
Directors' emoluments	**317**	398
Company contributions to money purchase pension scheme	**23**	27
	340	425

There were 4 directors in defined contribution pension schemes during the period (2019: 4).
The total amount payable to the highest paid director in respect of emoluments is £134,490 (2019: £180,275). Company pension contributions of £13,336 (2019: £12,468) were made to a money purchase scheme on their behalf.
No options were exercised by directors during the current or prior periods.

13. Interest payable and similar expenses

	2020 £'000	2019 £'000
Interest expense on financial liabilities	**111**	161
	111	161

14. Reconciliation of effective tax rate

	2020 **£'000**	2019 £'000
(Loss)/profit before tax for the year	**(1,201)**	408
Tax using the UK corporation tax rate of 19% (2019: 19%)	**(228)**	78
Tax effects of:		
Non-deductible expenses including impairment	**28**	48
Capital allowances	**(4)**	(4)
Losses utilised in the current year	**(15)**	(19)
Unutilised loss carried forward	**219**	—
Tax charge for the year	**—**	103
Total tax charge	**—**	103

15. Deferred taxation

At 31 December 2020 the amount of deductible temporary differences, unused tax losses and unused tax credits are as follows:

	2020 **£'000**	2019 £'000
Trading losses carried forward	**7,180**	6,108
Capital losses carried forward	**620**	620
Decelerated capital allowances	**55**	169
Other deductible temporary differences	**101**	101
Prior year tax adjustments	**—**	(93)
	7,956	6,905

In respect of the excess balances from the table above, a deferred tax asset has not been recognised as there is insufficient evidence that future taxable profits will be material enough to reliably recognise a deferred tax asset.

16. (Loss)/profit per share

The calculation of basic loss per share for the year ended 31 December 2020 was based on the loss *attributable to ordinary shareholders of £1,201,000 (2019: £305,000 profit) and a weighted average* number of ordinary shares outstanding of 339,645,061 (2019: 339,645,061) calculated as follows:

Weighted average number of shares	**2020**	2019
Issued ordinary shares at 1 January	**339,645,061**	339,645,061
Effect of shares issued	**—**	—
Weighted average number of shares used in basic (loss)/profit per share	**339,645,061**	339,645,061
Effect of employee share options	**—**	2,000,000
Weighted average number of shares used in diluted (loss)/profit per share	**339,645,061**	341,645,061

(Loss)/profit for the year in pounds	**(1,201,000)**	305,000
Basic (loss)/profit per share in pence	**(0.35)**	0.09
Diluted (loss)/profit per share in pence	**—**	0.09

17. Intangible assets

Goodwill	Group	Company
	£'000	£'000
Cost		
As at 1 January 2019 and 31 December 2020	**3,172**	—
Amortisation		
As at 1 January 2019	—	—
Amortisation	159	—
As at 1 January 2020	159	—
Amortisation	**159**	—
As at 31 December 2020	**318**	—
Net book value		
As at 31 December 2018	3,172	
As at 31 December 2019	3,013	—
As at 31 December 2020	**2,854**	—

Goodwill by CGU

	2020	2019
	£'000	£'000
Berkeley Scott Regional (Formerly Gold Helm Roche) branch network	**1,728**	1,824
Berkeley Scott London (Formerly Sherwoods) branch network	**512**	541
RK Group	**588**	621
Other	**26**	27
	2,854	3,013

The recoverable amounts of all the above CGUs have been determined from value in use calculations based on cash flow projections from budgets covering a five year period to 31 December 2025.
The major assumptions are as follows:
A discount rate of 5.82% (2019: 4.32%) has been applied to the CGUs listed above. Discount rates are based on management's assessment of specific risks related to the CGUs, which approximates to the Group's pre-tax weighted average cost of capital.

NFI and operating margins have been based on past performance and future expectations in the light of anticipated economic and market conditions.
Cash flows for 2021 to 2025 are based on the forecast figures of each CGU for 2021 to 2025 based on a conservative approach whilst considering the anticipated economic conditions, corporate strategy and the related risk, market intelligence/sentiment and specific knowledge of the individual CGUs.

NFI growth has been restricted to 2% for cash flows extending beyond five years. The NFI growth assumptions for the cash flows for 2021 to 2025 are as follows:
BSL Roche is 79%, 25%, 15%, 10% and 5% respectively. BSL Sherwoods is 79%, 60%, 35%, 10% and 5% respectively. RK Group is 71%, 45%, 30%, 10% and 5% respectively. Others are 82%, 39%, 25%, 10% and 5% respectively.

An adjustment to reduce the forecast net cash flows by 5% would not result in an impairment. An increase in the discount rate of 1% would not result in an impairment. A combined adjustment to reduce net cashflows by 5% and an increase in the discount rate of 1% would not result in an impairment.

18. Investments

Investments in subsidiary companies

	£'000
Cost or valuation	
At 1 January 2020 and 31 December 2020	**32,659**
Impairment	
At 1 January 2020 and 31 December 2020	**30,529**
Net book value	
At 1 January 2020 and 31 December 2020	**2,130**

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Berkeley Scott Limited	Recruitment	Ordinary	100%
Quantica Limited	Recruitment	Ordinary	100%
Quantica Group Limited (1)	Recruitment	Ordinary	100%
Quantica Solutions Limited (1)	Dormant	Ordinary	100%
RK Group Limited (1)	Recruitment	Ordinary	100%
Robinson Keane Limited (1)	Dormant	Ordinary	100%

(1) indirectly held

For the year ending 31 December 2020, the following subsidiaries are exempt from the requirements of the UK Companies Act 2006 relating to the audit of individual accounts by virtue of s479A of the Act.

- Quantica Limited, company number 03058194
- Quantica Group Limited, company number 03058194
- Quantica Solutions Limited, company number 05235505
- RK Group Limited, company number 02803672
- Robinson Keane Limited, company number 03743251

The registered address for all subsidiaries is the same as for The Kellan Group Limited as listed on the company information page.

19. Tangible fixed assets

Group	Leasehold premises and Improvements £'000	Computer and office Equipment £'000	Total £'000
Cost			
Balance at 1 January 2019	463	580	1043
Additions	59	50	109
Disposals	(100)	(190)	(290)
Balance at 31 December 2019	422	440	862
Additions	1	59	60
Disposals	—	(2)	(2)
Balance at 31 December 2020	423	497	920
Depreciation and impairment			
Balance at 1 January 2019	114	453	567
Depreciation charge for the year	76	83	159
Disposals	(100)	(190)	(290)
Balance at 31 December 2019	90	346	436
Depreciation charge for the year	85	47	132
Disposals	—	(2)	(2)
Balance at 31 December 2020	175	391	566
Net book value			
At 31 December 2018	349	127	476
At 31 December 2019	332	94	426
At 31 December 2020	**248**	**106**	**354**

Company	Leasehold premises and improvements £'000	Computer and office equipment £'000	Total £'000
Cost			
Balance at 1 January 2020	421	425	846
Additions	—	59	59
Balance at 31 December 2020	421	484	905
Depreciation and impairment			
Balance at 1 January 2020	90	333	423
Depreciation charge for the year	85	45	130
Balance at 31 December 2020	175	378	553
Net book value			
At 31 December 2019	331	92	423
At 31 December 2020	**246**	**106**	**352**

20. Debtors

	Group		Company	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Due within one year				
Trade debtors	**1,286**	3,237	**10**	32
Other debtors	**48**	10	**18**	10
Prepayments and accrued income	**101**	150	**82**	134
Amounts owed by Group undertakings	**—**	—	**4,474**	4,447
	1,435	3,397	**4,584**	4,623

21. Cash and cash equivalents

	Group		Company	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Cash in hand and at bank	**1,433**	3,181	**534**	505

22. Creditors

	Group		Company	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Due after more than one year				
Loan	**815**	1,079	**815**	1,079
Provisions	**36**	43	**35**	42
	851	1,122	**850**	1,121
Due within one year				
Trade creditors	**171**	164	**164**	135
Other creditors	**1,507**	816	**781**	88
Social security and other taxes	**575**	1,080	**547**	742
Accruals and deferred income	**10**	1,233	**—**	867
Loans and borrowings	**1,210**	2,673	**—**	—
Provisions	**35**	11	**35**	11
Amounts owed by Group undertakings	**—**	—	**350**	—
	3,508	5,977	**1,877**	1,843

23. Financial instruments

Financial assets

	Group		Company	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Trade and other receivables	**1,435**	3,397	**4,584**	4,623
Net cash and cash equivalents	**1,433**	3,181	**534**	505
Total financial assets	**2,868**	6,578	**5,118**	5,128

Financial liabilities

	Group		Company	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Current financial liabilities				
Trade and other payables	**2,263**	3,293	**1,842**	1,832
Loans and borrowings	**1,210**	2,673	—	—
Total current financial liabilities	**3,473**	5,966	**1,842**	1,832
Non-current financial liabilities				
Loans and borrowings	**815**	1,079	**815**	1,079
Total non-current financial liabilities	**815**	1,079	**815**	1,079
Total financial liabilities	**4,288**	7,045	**2,657**	2,911

24. Share capital

	2020		2019	
Allotted, called up and fully paid	**Number of shares**	**Value of shares £'000**	Number of shares	Value of shares £'000
Ordinary shares of £0.0001 each	**339,645,061**	**34**	339,645,061	34
Deferred shares of £0.0199 each	**213,067,300**	**4,240**	213,067,300	4,240
	552,712,361	**4,274**	552,712,361	4,274

The Ordinary shareholders are entitled to vote at general meetings and are entitled to dividends if declared, deferred shareholders do not have voting rights and are not entitle to dividends or other distributions. Further information can be found from Companies House:

https://find-and-update.company-information.service.gov.uk/company/02228050/filing-history

25. Reserves

Share premium
The share premium account represents the excess of the proceeds from the issue of shares over the nominal value of shares issued less related issue costs.

Capital redemption reserve
The capital redemption reserve relates to the cancellation of the Company's own shares.

Capital contribution reserve
The capital contribution reserve represents contributions from shareholders.

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

26. Pension commitments

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

27. Commitments under operating leases

At 31 December 2020 the Group and the Company had future minimum lease payments due *under non- cancellable operating leases for each of the following periods:*

	Group 2020	Group 2019	**Company 2020**	Company 2019
	£	£	**£**	£
Not later than 1 year	**509**	549	**509**	549
Later than 1 year and not later than 5 years	**899**	1,388	**899**	1,388
	1,408	1,936	**1,408**	1,936

28. Related party transactions

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

The Company has Loan Notes amounting to £900,000 with BMN Commercial Limited, which are due for repayment in September 2022. BMN Commercial Limited is deemed to be a related party as the owners of BMN Commercial Limited are relatives of a substantial shareholder.

There was interest of £48,000 paid to BMN Commercial Limited for the year ended 31 December 2020 (2019: £63,329).

Related party transactions and balances were as follows:

	2020	2019
	£'000	£'000
Amounts paid to a company with common directors	**202**	176
Amounts due to a company with common directors	**—**	22

These transactions are charged in line with the standard terms of the related party. All balances are unsecured and settled via electronic bank transfer only.

29. Controlling party

The ultimate controlling party of the Company is Mr PA Bell.

30. Post balance sheet events

The steep rise in COVID-19 cases at the beginning of January 2021 resulted in an increase in hospital admissions, forcing the government to put the country into another lockdown. This had an adverse effect on the forecast we had anticipated as the hospitality sector was affected the most. After the lockdown started to ease from April 2021, the business has started to improve steadily, and we predict a much better H2 result.

In 2020, the Group benefited from the VAT deferral scheme, whereby £0.5 million of VAT that was due in April 2020 has been deferred to 2021. In September 2020, the Government announced that this can be repaid in smaller amounts, to the end of January 2022, with no interest due. The Group joined this scheme in June 2021, and will repay the deferred VAT over 8 instalments.

The Company received a Coronavirus Business Interruption Loan ("CBIL") of £500,000 in April 2020. This loan is 80% underwritten by the government. For the first year no interest was payable by the Company, and from April 2021 an interest charge of 1.84% above the base rate will be payable along with repayments of capital, until the final payment which is due in March 2023.