

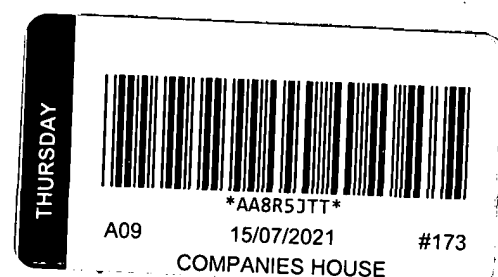
A4e Limited

Annual report and financial statements

Year ended 31 December 2020

Company number 02631340

Registered in England and Wales



A4e Limited

Company details

For the year ended 31 December 2020

Company registration number:

02631340

Registered office:

**19-20 The Triangle
NG2 Business Park
Nottingham
NG2 1AE**

Directors:

**S P Rouse
D S Quint**

Company Secretary:

IEG Limited

Bankers:

**Bank of Scotland
15 Queen Street
Nottingham
NG1 2BL**

Independent Auditors:

**Grant Thornton UK LLP
Chartered Accountants and Statutory
Auditors
2 Glass Wharf
Bristol
BS2 0EL**

A4e Limited
Annual report and financial statements
For the year ended 31 December 2020

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A4e Limited

Strategic Report

For the year ended 31 December 2020

The Directors present their strategic report on the company for the year ended 31 December 2020.

Principal activities and future developments

In 2020 the company delivered Work Programme contracts which were funded by the Department for Work & Pensions.

Results and dividends

The two Work Programme Contracts ceased activity in December 2020. As a result turnover decreased by 86% from £301,000 to £41,000. Profit before tax was £660,000 (2019: loss of £557,000) however this included a £629,000 accrual release following the settlement of a claim against A4e Limited in April 2021 (see note 12).

The Directors are unable to recommend the payment of any dividends for the year ended 31 December 2020 (year ended December 2019: £nil).

Review of business

The company has continued to derive revenues in the current year from the Work Programme contract from the placement of individuals into Employment.

Key performance indicators ("KPIs")

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

Impact of Covid-19

The impact of Covid-19 on the company in 2020 was minimal as the revenue streams from the Work Programme contract related to previously unclaimed Job Outcomes subsequently paid by the Department for Work and Pensions. The pandemic had no impact on the quantity or financial value of these payments. No other costs were incurred by the business as a result of Covid-19.

Managing and mitigating risk

The company continues to manage and mitigate risk at both a strategic level, which impact on our corporate and strategic objectives, and within the operational activities of the business, through governance and controls.

Principal risks and uncertainties

The company continues to work closely with the Department for Work & Pensions with regards the Work Programme contract.

On behalf of the Board.



S P Rouse
Director
9th July 2021

A4e Limited

Report of the directors

For the year ended 31 December 2020

The Directors present their annual report and the audited financial statements of the company for the year ended 31 December 2020. The company is a limited company incorporated and domiciled in the United Kingdom.

Going concern

The company is reliant upon fellow members of the Staffline Group for financial support, due to it having net current liabilities. The directors have received written confirmation from Staffline Group plc that this support will be made available for the foreseeable future. As at 31 December 2020 the company was a cross guarantor of the groups finance facilities but has been removed as a guarantor following a refinancing exercise by the Group in June 2021.

The Company's ability to continue to operate as a going concern is predicated on the ability of the Group as a whole to operate within the terms of its banking facilities and to adhere to the financial covenants therein.

In preparing their assessment of the ability of the Group to operate as a going concern, the directors of the Group have assessed the Groups profits and cash flow forecasts against committed facilities and calculated future forecast covenant compliance up to 31 December 2022.

The Directors have reviewed this assessment and have concluded that there is a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Results and dividends

The results of the company and future developments are disclosed in the Strategic Report. The Directors are unable to recommend the payment of any dividends for the year ended 31 December 2020 (year ended 31 December 2019: £nil).

Future developments

The company is now dormant as the Work Programme contracts ended in 2020 and is expected to be wound up in 2021.

Directors

The Directors who held office during the year and up to the date of signing the financial statements (unless otherwise stated) are given below:

S P Rouse (appointed 11 March 2020)
D S Quint (appointed 1 September 2020)
J Bowler (appointed 27 May 2020, resigned 31 August 2020)
CM Pullen (resigned 27 May 2020)
T Lewis (resigned 24 April 2020)

Qualifying third party indemnity provisions

A qualifying third party indemnity provision as defined in Section 232(2) of the Companies Act 2006 is in force at the date of approval of the financial statements (and for the financial year ended 31 December 2020) for the benefit of the Directors and the Company Secretary in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which the Directors may not be indemnified, the company maintained a directors and officers' liability insurance policy throughout the financial year.

Financial risk management

The company's financial risk management objectives and policies are described in note 2 to the financial statements.

A4e Limited

Report of the directors (continued)

For the year ended 31 December 2020

Equality, diversity and engagement

As at 31 December 2020 A4e Limited had no staff with the Work Programme contracts being delivered by an associated company.

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the 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 the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

A4e Limited

Report of the directors (continued)

For the year ended 31 December 2020

Statement of disclosure of information to auditors

In the case of each director in office at the date the Report of the Directors' is approved, the directors confirm that;

- so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.
- The directors are responsible for preparing the annual report in accordance with applicable law and regulations.
- The directors consider the annual report and the financial statements, taken as a whole, provides the information necessary to assess the company's performance, business model and strategy and is fair, balanced and understandable.
- The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board



S P Rouse
Director
9th July 2021

Independent auditor's report to the members of A4e Limited

Opinion

We have audited the financial statements of A4e Limited (the 'company') for the year ended 31 December 2020, which comprise which comprise the Income statement, Statement of comprehensive income, Statement of financial position, 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 101 'Reduced Disclosure Framework 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 company's affairs as at 31 December 2020 and of its 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 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 are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Independent auditor's report to the members of A4e Limited (continued)

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Independent auditor's report to the members of A4e Limited (continued)

Responsibilities of directors for the financial statements

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 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 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered 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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of how the company is complying with significant legal and regulatory frameworks through inquiries of management;
- The company is subject to many laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. We identified Financial Reporting Standard 102 and the Companies Act 2006, along with legislation relating to employment, health & safety, data protection and environmental issues, as those most likely to have a material effect if non-compliance were to occur;
- We communicated relevant laws and potential fraud risks to all engagement team members and remained alert to any indicators of fraud or non-compliance with laws and regulations throughout the audit;

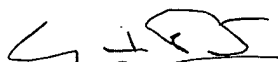
Independent auditor's report to the members of A4e Limited (continued)

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. We considered the opportunity and incentives for management to perpetrate fraud, and the potential impact on the financial statements;
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the company's operations, including the nature of its revenue sources, products, and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
 - the company's control environment;
 - the company's relevant controls over areas of significant risks; and
 - the company's business processes in respect of classes of transactions that are significant to the financial statements.
- Audit procedures performed by the engagement team included:
 - identifying the significant risk of fraud within revenue recognition and undertaking substantive testing to obtain sufficient and appropriate audit evidence;
 - testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions; and
 - identifying and testing related party transactions.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included:
 - consideration of the engagement team's understanding of, and practical experience with, audit engagements of a similar nature and complexity;
 - appropriate training, knowledge of the industry in which the company operates; and
 - understanding of the legal and regulatory requirements specific to the company.

We did not identify any material matters relating to non-compliance with laws and regulations or relating to fraud.

Use of our report

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



Tim Lincoln BA ACA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Bristol
9th July 2021

A4e Limited

Income statement

For the year ended 31 December 2020

		For the year ended 31 Dec 2020	For the year ended 31 Dec 2019
	Note	£'000	£'000
Revenue	3	41	301
Cost of sales		(3)	(138)
Gross Profit		38	163
Administrative expenses		(7)	(60)
Exceptional income / (costs)	4	629	(660)
Total operating income / (expense)	4	622	(720)
Profit / (Loss) before income tax		660	(557)
Income tax (charge) / credit	7	(67)	827
Profit for the financial year		593	270

All items dealt with in arriving at operating result above relate to continuing operations.
The notes on pages 12 to 25 are an integral part of these financial statements.

Statement of comprehensive income

For the year ended 31 December 2020

	For the year ended 31 Dec 2020	For the year ended 31 Dec 2019
	£'000	£'000
Profit for the financial year	593	270
Other comprehensive (expense)/income for the year	-	-
Total comprehensive income for the year	593	270

The notes on pages 12 to 25 are an integral part of these financial statements.

A4e Limited

Statement of financial position

As at 31 December 2020

	Note	2020 £'000	Restated 2019 £'000
Fixed assets			
Investments	8	-	5
		-	5
Current assets			
Trade and other receivables	9	-	13,694
Cash and cash equivalents	10	161	72
		161	13,766
Creditors – amounts falling due within one year			
Trade and other payables	11	(2,093)	(15,522)
Net current liabilities		(1,932)	(1,756)
Total assets less current liabilities		(1,932)	(1,751)
Provisions for liabilities	12	(110)	(884)
Net liabilities		(2,042)	(2,635)
Equity			
Share capital	13	1,058	1,058
Profit and loss account		(3,100)	(3,693)
Total shareholders' deficit		(2,042)	(2,635)

The notes on pages 12 to 25 are an integral part of these financial statements.

The financial statements of A4e Limited (registered number 02631340) were approved by the board of directors on 9th July 2021.



S.P. Rouse
Director

9th July 2021

A4e Limited

Statement of changes in equity

For the year ended 31 December 2020

	Share capital	Profit and loss account	Total shareholders' deficit
	£'000	£'000	£'000
Balance at 1 January 2019	1,058	(3,963)	(2,905)
Profit for the financial year		270	270
Balance at 31 December 2019	1,058	(3,693)	(2,635)
Balance at 1 January 2020	1,058	(3,693)	(2,635)
Profit for the financial year	-	593	593
Balance at 31 December 2020	1,058	(3,100)	(2,042)

The notes on pages 12 to 25 are an integral part of these financial statements.

A4e Limited

Notes to the financial statements

For the year ended 31 December 2020

1 Significant accounting policies

1.1 General Information

The principal activity of A4e Limited ("the company") is detailed in the Strategic report. The company is a private company and is incorporated and domiciled in the UK. The address of its registered office is 19-20 The Triangle, NG2 Business Park, Nottingham, NG2 1AE. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all years presented, unless otherwise stated.

1.2 Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ('FRS 101'). The financial statements have been prepared under the historical cost convention, except for the revaluation of certain property, and in accordance with the Companies Act 2006.

The financial statements are presented in £GBP and rounded to the nearest £1,000 unless otherwise stated.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1.15.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined);
- IFRS 7, 'Financial Instruments: Disclosures';
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, plant and equipment;
 - paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)

A4e Limited

Notes to the financial statements (continued)

For the year ended 31 December 2020

1 Significant accounting policies (continued)

1.2 Basis of preparation (continued)

- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows)
 - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
 - 16 (statement of compliance with all IFRS),
 - 38A (requirement for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information),
 - 40A-D (requirements for a third statement of financial position
 - 111 (cash flow statement information), and
 - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows';
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation); and
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease').

The adoption of this new Standard has resulted in the company recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application. The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

A4e Limited

Notes to the financial statements (continued)

For the year ended 31 December 2020

1 Significant accounting policies (continued)

1.3 Going concern

The company is reliant upon fellow members of the Staffline Group for financial support, due to it having net current liabilities. The directors have received written confirmation from Staffline Group plc that this support will be made available for the foreseeable future. As at 31 December 2020 the company was a cross guarantor of the groups finance facilities but has been removed as a guarantor following a refinancing exercise by the Group in June 2021.

The Company's ability to continue to operate as a going concern is predicated on the ability of the Group as a whole to operate within the terms of its banking facilities and to adhere to the financial covenants therein. In preparing their assessment of the ability of the Group to operate as a going concern, the directors of the Group have assessed the Groups profits and cash flow forecasts against committed facilities and calculated future forecast covenant compliance up to 31 December 2022.

The Directors have reviewed this assessment and have concluded that there is a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

1.3 Consolidation of Subsidiaries

The company is itself a subsidiary company and is exempt from the requirement to produce consolidated financial statements by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.4 Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

1.5 Financial assets

1.5.1 Classification

The company has one classification of financial assets: loans and receivables. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the Statement of financial position.

A4e Limited

Notes to the financial statements (continued)

For the year ended 31 December 2020

1 Significant accounting policies (continued)

1.5.2 Recognition and measurement

Loans and receivables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method less provision for impairment.

1.5.3 Impairment of financial assets

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows using an Expected Credit Loss model as required under IFRS 9.

There was no impact upon the adoption of IFRS 9.

1.6 Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

1.7 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

1.8 Share capital

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

1.9 Trade payables

Trade payables 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 current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

A4e Limited

Notes to the financial statements (continued)

For the year ended 31 December 2020

1 Significant accounting policies (continued)

1.10 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the Statement of financial position date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the Statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the company and it is probable that the temporary difference will not reverse in the foreseeable future.

1.11 Provisions

Provisions for remedial contract provisions, vacant property obligations and restructuring costs are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Restructuring provisions comprise employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

A4e Limited

Notes to the financial statements (continued)

For the year ended 31 December 2020

1 Significant accounting policies (continued)

1.12 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the company's activities. Revenue is shown net of value-added tax, rebates and discounts.

The only contracts delivered by A4e Limited in the current financial periods are Work Programme contracts. Revenue on these contracts is generated by moving clients into employment and them remaining in that employment for a minimum period of time. In line with IFRS15 revenue is only recognised when this performance obligation is satisfied which will result in a 'Job Outcome' claim being submitted to the customer for payment.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the company's activities. In general, revenue is recognised in accordance with the terms of the underlying contract.

Revenue is generated wholly in the UK and relates to the provision of services.

1.13 Exceptional operating expenses and income

Exceptional operating expenses are material items which fall outside the ordinary activities of the company and which need to be disclosed by virtue of their size or incidence. Such items are included within operating profit unless they represent profit or loss on the sale or termination of an operation, cost of a fundamental reorganisation or restructuring having a material effect on the nature and focus of the company's operations; profit or loss on the disposal of fixed assets, or provisions in respect of such items. In these cases separate disclosure is provided on the face of the income statement after operating profit.

1.14 Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the period in which the dividend is approved by the company's shareholders.

A4e Limited

Notes to the financial statements (continued)

For the year ended 31 December 2020

1 Significant accounting policies (continued)

1.15 Critical accounting estimates and assumptions

The preparation of the company's financial statements in accordance with FRS 101 requires decisions and estimates for some items, which might have an effect on their recognition and measurement in the Statement of financial position and income statement. The actual amounts realised may differ from these estimates.

Estimates are required for the measurement of current corporation tax and the recognition of deferred tax assets and the A4E India legal exceptional costs, however, in the opinion of the Directors there is no significant risk of these estimates resulting in a material adjustment to the carrying amount of assets and liabilities in the next financial year.

2 Financial risk management

Financial risk factors

The company's activities expose it to a variety of financial risks: namely market risk and credit risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

Risk management is carried out by Group Finance under policies approved by the Board of Directors. Group Finance identifies and evaluates financial risks and provides written principles. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and investment of excess liquidity.

(a) Market risk

Revenue that is recognised in the income statement is primarily generated from job outcome fees and sustained employment fees on the Work Programme contract. No 'work in progress' is calculated on any contracts with revenue recognition only based on a factual event. As such the company is not considered to be exposed to any risk variables that may subsequently impact on the value of the revenue recognised in the year ended 31 December 2020.

The organisation does not trade across borders and as such is not exposed to foreign currency for such matters (see also capital risk management section below).

(b) Credit risk

Cash

UK cash reserves are held in UK interest bearing accounts of varying levels and accessibility. Overseas subsidiaries only hold cash with the bank that deals with their day to day banking requirements. No exposure to credit risk is considered to be applicable to any of these balances as at the financial year end.

A4e Limited

Notes to the financial statements (continued)

For the year ended 31 December 2020

3 Turnover

The total company turnover of £41,000 for the year has been derived from its principal activity which is wholly undertaken in the United Kingdom.

4 Operating profit /(loss)

	For the year ended 31 Dec 2020 £'000	For the year ended 31 Dec 2019 £'000
Operating lease expenses	-	95
Employee benefit expense (note 6)	-	46
Exceptional (income) / costs – A4e India legal costs (note 12)	(629)	1,000
Exceptional Costs – A4e Deutschland intercompany balance write off	-	(340)
Management recharge from fellow group undertaking	-	8
Other expenses (principally sub-contractor and property related)	10	49
Total (income) / expenses	(619)	858

5 Auditors' remuneration

	Year end 31 Dec 2020 £'000	Year End 31 Dec 2019 £'000
Fees payable to the company's auditors for the audit of the company	15	15

Audit fees for the statutory audit of £15,000 (2019; £15,000) were paid for by a fellow subsidiary of the company and not recharged.

A4e Limited

Notes to the financial statements (continued)

For the year ended 31 December 2020

6 Employee benefit expense

	For the year ended 31 Dec 2020 £'000	For the year ended 31 Dec 2019 £'000
Wages and salaries including restructuring costs and other termination	-	40
Social security costs	-	5
Pension costs – defined contribution plans	-	1
	-	46

Employee benefit expenses were incurred by another group company and recharged. Excluding directors, the Company had no employees in either the current or preceding financial year. The directors of the company are remunerated through other companies within the Staffline Group in relation to their services to the group as a whole and no direct recharge specifically for these costs has been made in the current year.

7 Income tax charge / (credit)

	For the year ended 31 Dec 2020 £'000	For the year ended 31 Dec 2019 £'000
Current tax:		
Current tax for the year	8	(106)
Adjustments in respect of prior years	59	(721)
Total current tax	67	(827)
Deferred tax:		
Origination and reversal of temporary differences	-	-
Total deferred tax	-	-
Income tax expense	67	(827)

Tax on the company's profit before tax is lower than (2019: lower than) the theoretical amount that would arise using the standard tax rate applicable in the UK to profits as follows:

A4e Limited

Notes to the financial statements (continued)

For the year ended 31 December 2020

7 Income tax charge / (credit) (continued)

	For the year ended 31 Dec 2020 £'000	For the year ended 31 Dec 2019 £'000
Profit before income tax	(660)	(557)
Tax calculated at the standard rate of corporation tax in the UK of 19.0% (year ended 31 December 2019: 19.00%)	(126)	(106)
Tax effects of:		
Expenses not deductible for tax purposes	1	-
Income not taxable for tax purposes	133	-
Adjustment in respect of prior periods (Estimated liabilities have been reduced due to availability of group relief)	59	(721)
Income tax charge / (credit)	67	(827)

The standard rate of UK corporation tax is 19% and this took effect from 1 April 2017. Accordingly, this rate is applicable in the measurement of deferred tax assets and liabilities at 31 December 2020. Deferred tax has been provided at 19% being the rate at which temporary differences are expected to reverse.

However, in March 2021, the 2021 Budget included an announcement to increase the standard rate of corporation tax rate from 19% to 25% from 1 April 2023. It is expected this will be substantively enacted during Summer 2021. Since the rate increase was not substantively enacted at the balance sheet date, deferred tax has been provided at 19%. This will not have a material impact on these financial statements

8 Investments

	2020 £'000	2019 £'000
Shares in group undertakings at 1 January 2020 and 31 December 2020	-	5

A4e Limited

Notes to the financial statements (continued)

For the year ended 31 December 2020

9 Trade and other receivables

	2020 £'000	2019 £'000
Current		
Amounts due from group undertakings	-	13,694
Total trade and other receivables	-	13,694

The fair values of trade and other receivables are equivalent to the carrying amounts.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. Neither the group nor the company hold collateral as security.

Amounts due from group undertakings are unsecured, interest free and repayable on demand.

10 Cash and cash equivalents

	2020 £'000	2019 £'000
Cash at bank and in hand	161	72
Cash and cash equivalents	161	72

11 Trade and other payables

	2020 £'000	Restated 2019 £'000
Current		
Amounts due to group undertakings	1,352	14,848
Income tax liability	741	674
Total current trade and other payables	2,093	15,522

Amounts due to group undertakings are interest free, unsecured, have no fixed repayment date and are repayable on demand.

A4e Limited

Notes to the financial statements (continued)

For the year ended 31 December 2020

12 Provisions for liabilities

A4E India legal costs provision	Restated	
	2020	2019
	£'000	£'000
At 01 January 2020	884	-
Additional provisions made (note 4)	-	1,000
Amounts utilised	(145)	(116)
Unused amounts released to P&L (note 4)	(629)	-
At 31 December 2020	110	884

The provision relates to a legal claim by Skills Academy Private Ltd and Skills Education Private Ltd, both Indian companies, against A4e Limited which sold A4e India Private Ltd to the plaintiffs in 2014. The basis of the claim was that A4e Limited breached its sale obligations, primarily around financial representations. A provision of £1m was made in the 2019 financial statement to cover the claim and associated legal costs. On 6th April 2021 a settlement was agreed between parties which resulted in a full and final payment of £50,000 made by A4e Limited to Skills Academy Private Ltd. The value of the settlement agreed resulted in a £629,000 release of the provision with balance remaining of £110,000 at 31 December 2020 to cover the final settlement and associated legal fees across January to April. The release has been treated as an exceptional income please see note 4.

Prior period restatement

In the 2019 signed financial statements the closing balance of the A4E India legal costs provision was reported as an accrued expense. A prior period adjustment has been made in the current year to move the balance to provision for liabilities as there was not enough estimation certainty to treat the balance as an accrued expense in 2019 and hence was included as such erroneously.

The 2019 closing balance was previously reported under accrued expenses and a prior period adjustment has been made to move this to provision for liabilities as there was not enough estimation certainty to treat the balance as an accrued expense in 2019.

A4e Limited

Notes to the financial statements (continued)

For the year ended 31 December 2020

13 Share capital

	2020 £'000	2019 £'000
Authorised, allotted, called up and paid share capital		
21,154,620 (2019: 21,154,620) ordinary shares of £0.05 each	1,058	1,058

14 Contingent liabilities and contingencies

As at 31 December 2020 a cross guarantee exists between certain subsidiary undertakings of Staffline Group plc for all amounts payable to Lloyds Banking Group and HSBC Bank. The Group amounts owing to Lloyds Banking Group and HSBC Bank at that date were £33.3m (2019: £60.1m). Please see Note 15 with regards Staffline Group's new funding agreement in May 2021.

The company is a member of the VAT group of PeoplePlus Group Limited. Under the Value Added Tax Act 1983 Section 29(1), all members of a VAT group are jointly and severally liable for any tax due during the period of their membership. The amounts owing to H M Revenue & Customs from the VAT group at the 2020 financial year-end are £2.5m (2019: £0.9m), of which £nil (2019: £nil) relates to the company's liability that is provided for at the financial year-end in these financial statements.

The company has no other contingent assets or liabilities or capital commitments at 31 December 2020 or 31 December 2019.

15 Post Balance Sheet Events

On 20 May 2021 the Company, the Company's ultimate parent undertaking, Staffline Group Plc, and certain fellow subsidiary undertakings, entered into a new Receivables Financing Agreement ("RFA") to replace existing Group funding arrangements. The RFA contained certain pre-conditions before completion, the most significant of which was that Staffline Group Plc raise new equity capital of at least £40.0m. This condition was satisfied and the RFA became effective on 10 June 2021.

As A4e Limited no longer requires any further funding from Staffline Group plc it will not be party to the new Receivables Financing Agreement.

16 Related party disclosures

As a wholly owned subsidiary of Staffline Group plc, the company has taken advantage of the exemption contained in FRS101.8 j) and k) and has therefore not disclosed transactions or balances with wholly owned entities which form part of the group.

17 Ultimate parent undertaking and controlling party

The directors consider that the ultimate parent undertaking of this Company is Staffline Group plc, incorporated in the United Kingdom, the company's immediate parent undertaking. The registered address of Staffline Group plc is 19 – 20 The Triangle, NG2 Business Park, Nottingham, NG2 1AE.

The largest and smallest group in which the results of the company are incorporated is Staffline Group plc. The consolidated financial statements are available to the public from Companies House, Crown Way, Cardiff, CF14 3UZ.