Gi Recruitment Limited

Annual Report and Financial Statements

Registered number 02836088

For the year ended 31 December 2020

Contents

Directors and Other Information

Year ended 31 December 2020

Directors	Steve Cook Paulo Canoa Paul Smith Davide Toso Thibault Lefebvre
Company Secretary	Steve Cook
Registered Address	Draefern House Dunston Court Dunston Road Chesterfield Derbyshire S41 8NL
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors One Chamberlain Square Birmingham B3 3AX

Strategic report

Principal activities

The principal activity of Gi Recruitment Limited ("the company") is that of a holding company of several trading subsidiaries. The Group's principal activity is that of a services provider supplying temporary labour and an employment agency providing permanent staff.

Business model

The Group provides services to its clients through two principal delivery channels:

1. A nationwide network of (predominantly) high street based branches supplying temporary and permanent staff to a combination of local businesses and larger corporate clients.
2. Its SMS (Site Managed Services) division within which large numbers of temporary workers are supplied and managed through teams of Gi Group people situated permanently on the client's own premises. This model mainly serves the needs of larger, corporate clients with significant *year round requirements for temporary labour.*

Value is added to the basic recruitment services provided in a range of ways, dependent on the requirements of the client. Typically these might include the provision of management information, HR consultancy services, shift planning, skills training and provision of apprenticeships.

Business review and results

The Group has had a challenging year having been impacted by the Covid-19 pandemic and the effects of Brexit. The Group delivered an operating loss before depreciation of £3,023,000 *(2019: loss of £4,166,000)*, resulting in an operating loss before taxation of £3,325,000 *(2019: loss of £4,480,000)*. The net assets of the Group at year end were £5,573,000 *(2019: £9,691,000)*.

While our business continues to benefit from strong long-term relationships with major blue chip clients and we continue to develop our client accounts through the provision of value added services through other businesses in the group, the impact of the economic and political uncertainty around Brexit has had an impact on the results in the year.

Our reputation as an established, legally compliant, ethical and reliable supplier is important in reassuring major companies that we are a respected, qualified, suitable partner for the supply of temporary labour – particularly in our increasingly regulated environment.

With a robust sales pipeline, clear drive towards profitable sales activities, a focus on tight cost control and continued support from the group, the directors remain optimistic about the future performance and profitability of the Group.

Continuing progress was made during the year in the development of plans for improving our front and back office operating systems and the supply of higher quality management information to our clients. The Board continues to see technology and innovation as a key strategic area of importance going forward, and new systems and processes will continue to be implemented.

Within these financial statements, it was necessary to enact corrections of accounting errors in prior periods relating to the following issues:

a. Debtors: amounts falling due within one year had been overstated by £3,088,000
b. Creditors: amounts falling due within one year had been overstated by £2,953,000
c. Retained earnings had been overstated by £135,000

This impacted primary statements including the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cashflow statement as well as notes to the financial statements including note 14 and note 15.

Strategic report *(continued)*

In addition to these notes 11 and note 17 were updated to reflect manual errors in calculation that did not impact the primary statements.

Key performance indicators

The Group continues to operate a number of Key Performance Indicators (KPI's) within each business unit, both financial and non-financial.

The primary financial KPIs and ratios monitored for internal management reporting are Turnover, EBITDA (Adjusted), Debtor Days and Gross Profit %. The results of these KPIs for the year and prior year are in the table below.

	2020	2019
Turnover (£'000)	**275,238**	321,271
EBITDA (Adjusted) (£'000)	**(2,528)**	(2,983)
Average Debtor Days during the year	**55.5**	48.5
Gross Profit Percentage	**5.4%**	5.4%

EBITDA (Adjusted) is an internal measure based on EBITDA adjusting for Group Management fees of £258,000 *(2019: £313,000)*, lease exit costs from discontinued operations of £nil *(2019: £245,000)* and other extraordinary expenditure of £151,000 *(2019: £635,000)*.

The results for each indicator were deemed satisfactory given the significant impact of COVID-19 during the year and the continued uncertainty regarding Brexit.

Non-financial KPIs used in the business units include the measures used in managing a sales focused organisation, including activity levels, sales conversion ratios, sales volumes and values and client retention statistics, in addition to employee related KPIs such as attrition rates and FTE headcount.

Government support for COVID-19

As the pandemic took hold in the UK, the Company assessed its options in relation to the needs and demands of our clients, candidates and our own employees. As a result, we utilised government support that was available to us comprising the Coronavirus Job Retention Scheme ('CJRS'), Business rates support grants and the deferral of VAT that were due for payments in Q2 2020.

The CJRS was used for our own permanent administration staff during 2020 as demand from our clients fell significantly for a period of time. Further to this, and in conjunction with our client's own needs, we administered the CJRS for candidates.

We continued to use the deferral of VAT payments to manage our cashflow and are repaying the balance in 8 instalments from June 2021. Business rate support grants to assist the branch network forced to close during the initial outbreak of COVID 19 and are not repayable.

Utilising this government support has had a significant benefit, particularly to our candidates and clients, as well as the positive impact on our cashflow during a difficult period with reduced trade. This action was done in conjunction with other internal cost-cutting exercises, including a reduction in salary for our EMT members and adjusted commission schemes for our operational teams.

Strategic report *(continued)*

Section 172 (1) Statement

In accordance with section 172 of the Companies Act 2006, the Board have the views of the key stakeholders of the business in mind and have considered the below matters during Board discussion and in their decision making.

The matters as set out in section 172(1) (a) to (f) are:

a) the likely consequences of any decision in the long term;
b) the interests of the company's employees;
c) the need to foster the company's business relationships with suppliers, customers and others;
d) the impact of the company's operations on the community and the environment;
e) the desirability of the company maintaining a reputation for high standards of business conduct; and
f) the need to act fairly between members of the company.

The key stakeholders identified include but are not limited to, our clients, our colleagues, our candidates, and the wider community and environment, each of whom are considered in any decisions we make. This is in addition to our shareholders and ultimate beneficial owners within the group.

The Board delegates authority for day-to-day management of the business to the Executive Management Team ("EMT") for setting, approving and overseeing the execution of the business strategy and related policies. The EMT hold monthly meetings at which all business matters are discussed including business performance, risk management, any client issues or updates, health and safety updates, and employee matters. The construction of the EMT represents all areas of the operational business and support functions with a wealth of experience in the business brought to the table. The experience of the EMT including their drive and passion will ensure that decisions made are fair and beneficial to the majority of stakeholders in the long term, and will result in the long term success of the business. The restructuring activities undertaken were done in the interest of the long term benefit of the Group, despite incurring one off costs. We believe that this move to consolidate parts of the business and to remove some ongoing costs will drive forward the profitability of the business in the longer term.

We have held working relationships with many of our clients on a long term basis and work alongside many of them on site alongside their own colleagues. The length of the relationships we have held with many of these clients is testament to the good working relationship we have with them and how we consider them as key stakeholders. Contract renegotiations are always a balance between the needs for continued success of our business alongside the provision of their workforce requirements for their continued success. Regular client review meetings are held to ensure that key deliverables are met and the thoughts and opinions of our clients are considered.

Our business is founded on building relationships, both with clients where we look to be a key part of their workforce supply chain and also with candidates where we look to be an employer of choice.

Significant efforts are made by the Group in ensuring the wellbeing of our employees. We have an employee survey that is run globally on a periodic basis and with regular 'pulse surveys' in between to monitor progress in certain areas. The feedback from the surveys will drive the focus of global and local management within the Group to focus on specific areas of wellbeing. The success of the business is dependent on our employees and as such it is critical that any decisions that are made have our employees front of mind.

The Group is committed to preventing opportunities for modern slavery to occur both within its own and its supply chain's daily business activities. We are GLAA licenced and have a number of business activities in place to enable us to identify areas of risk and ensure prevention of occurrences of modern slavery.

Strategic report *(continued)*

The Group is committed to the adoption of environmentally responsible policies and practices throughout its operation. Whilst accepting that as a business operating in the service sector without any raw materials or any production operations our impact on the environment is not as substantial as that of a manufacturing organisation, we aim to encourage a positive impact through our activities via consumers, employees, communities and stakeholders.

Principal risks and uncertainties

Our business continues to benefit from strong long-term relationships with major clients, however the market remains subject to competition. As part of a large international group, the Group is well-placed to add to its portfolio of such clients, though this of course is accompanied by the risks attendant in any competitive, tender based business, subject to increasing attention by professional procurement departments.

Compliance with all relevant regulations continues to be a high priority for the Board, and the Group's reputation as an ethical, reliable and substantial entity continue to make it an attractive partner for major and often international clients.

Brexit continues to provide some uncertainty to the Group due mainly to the potential impact on the UK economy and the relative performances of our clients. In addition, a significant number of candidates we place currently come from the EU and the management are working to ensure that changes resulting from Brexit will not materially impact on our ability to supply labour to our clients. To do this we are supporting EU candidates who qualify and want to apply for settled status, monitoring levels of EU candidates and focussing our marketing activity to attract other demographics in the UK such as disadvantaged and minority groups.

Future developments

The Board anticipates a period ahead in which the economic situation remains uncertain due to Brexit and the ongoing impact of and recovery from Covid-19. However with good stable relationships with existing major clients and with its robust pipeline of prospective business, the Group should continue to enjoy solid growth.

Investment will continue to be made in the IT infrastructure of the Group to ensure its systems meet the increasing demands of the market in this important area. We have a focus on ensuring our customer experience is appropriate given the current technologies available, and utilising technology to drive efficiency in our internal processes.

The Group continues to operate a fully-fledged Corporate Social Responsibility programme. This is seen by the Board as an increasingly important focus as our employees and clients place more emphasis on this in choosing GI as an employer of choice and as a key supplier.

In response to the Covid-19 pandemic, the health, safety and wellbeing of all employees is our priority. We have worked with our clients to provide environments to keep our employees and communities safe. In order to achieve this we have worked to reduce to a minimum the number of our staff working in the offices with as many of our staff as possible working from home. Our teams throughout the UK have been supporting a range of essential businesses and services in order to keep the UK moving during the pandemic.

Our diverse client base has enabled us to build on our workforce supply in those sectors which have been relied upon during the pandemic, in particular that of home delivery drivers and food production, assisting clients with flexible workforce to meet their demand.

Strategic report *(continued)*

On behalf of the Board:

Steve Cook
Director
31 March 2022

Directors' report

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

Results and dividends

The loss for the year after taxation was £4,118,000 *(2019: loss of £5,292,000)*. The prior year included one off exceptional costs relating to restructuring activities of £635,000.

During the year, the directors have not paid any interim dividends or recommended payment of a final dividend *(2019: £nil)*.

Going concern

In early 2020, the existence of a new coronavirus ("COVID-19") was confirmed as a global pandemic and has since spread across a number of countries, leading to disruption to businesses and economic activity which has been reflected in recent fluctuations in global stock markets. Given the ongoing inherent uncertainties as a result of COVID-19, on customers and our own operations, severe but plausible downside projections have been made in order to enable management to ascertain the impact these might have on the ability of the company to continue to operate as a going concern

As part of the going concern assessment, the Directors have considered the company's principal risk areas, including the ongoing potential impact of the COVID-19 pandemic, that they consider material to the assessment of going concern including completed cash flow forecasts for at least 12 months from now, considering severe but plausible downsides too. They have also considered the facilities available to the company, including its invoice discounting facility which was renewed in June 2021 and ongoing support from Gi International S.r.L.. Having completed this assessment, the Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of Gi International S.r.L.. The Directors have received confirmation that Gi International S.r.L. intends to support the company for at least one year from the date of signing of these financial statements.

Post balance sheet events

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic report on pages 2 to 6.

Directors

The directors who served during the year and up to the date of signing the financial statements were as follows:

Beverley White	(resigned 31 January 2020)
Paul Smith	
Jane Brewin	(resigned 6 August 2020)
Davide Toso	
Paolo Caramello	(resigned 1 July 2021)
Paulo Canoa	(appointed 24 February 2020)
Steve Cook	(appointed 6 August 2020)
Thibault Lefebvre	(appointed 1 July 2021)

The directors and the secretary who served at 31 December 2020 had no interests in shares in, or debentures of, the company. Their interests in the shares of the ultimate parent company are disclosed in that company's accounts.

Directors' report *(continued)*

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The group also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Employees

The company's aim for all members of staff and applicants for employment is to fit the qualifications, aptitude and ability of each individual to the appropriate job, and to provide equal opportunity regardless of sex, religion or ethnic origin. The company does all that is practicable to meet its responsibilities towards the employment and training of disabled people. In the event that an employee becomes disabled, every effort will be made to provide continuity of employment in the same job or a suitable alternative.

Employee engagement statement

The company involves staff in the decision-making process and communicates regularly with them during the year through a GiUK Communication email. Their involvement in the company's performance is encouraged with an employee bonus scheme.

Streamlined Energy and Carbon Reporting (SECR) disclosure

Our SECR disclosure presents our carbon footprint across Scopes 1, 2 and 3, together with an appropriate intensity metric and our total energy use of electricity, gas, transport fuel. Included within the energy performance data are all Gi Group entities in the UK, being all direct and indirect subsidiaries of Gi Group Holdings Recruitment Limited.

	Unit	**2020**
Scope 1 emissions (gas)	*tCO_2e*	38.9
Scope 2 emissions (electricity, location-based)	*tCO_2e*	108.0
Scope 3 emissions (transport fuel where company purchased)	*tCO_2e*	25.4
Total gross CO_2e based on above	*tCO_2e*	172.3
Carbon Intensity Ratio:	*KwH/m^2*	113
Office gas consumption/emissions per m^2	*$kg\ CO_2e/m^2$*	21
Carbon Intensity Ratio:	*KwH/m^2*	94
Office electricity consumption/emissions per m^2	*$kg\ CO_2e/m^2$*	22
Energy consumption used to calculate emissions		
Electricity	*kWh*	463,138
Gas	*kWh*	212,035
Grey fleet vehicles	*kWh*	504,586
Vehicle Fuel Card Purchase	*kWh*	107,980
Annual Total	*kWh*	1,287,739

Methodology

The methodology applied is consistent with the following;

- Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance March 2019 (Updated Introduction and Chapters 1 and 2).

Directors' report *(continued)*

- The Greenhouse Gas Protocol - A Corporate Accounting and Reporting Standard.
- UK Government GHG Conversion Factors for Company Reporting. 2020.

Gi Group has accounted for and reported their consolidated GHG data according to the operational control approach. Energy data has continued to be collated monthly by GI Group staff and external energy brokers and desk top verification has been undertaken by the Green Business Centre (external energy consultants) to verify the energy performance data/submission for 2020.

The methodology used was developed to meet BS EN 16247 - Energy Audit requirements in preparation for the Gi Group ESOS assessment completed in 2019.

All Greenhouse Emissions Calculations are made using appropriate annual conversion factors downloaded from the DEFRA/gov.uk website.

Office Energy Consumption

Where GI Group gas and electricity consumption is paid directly usage is collated monthly from invoices or half hourly data and provided by Pozitive Energy. At some offices Gi Group is recharged an estimated amount for a shared office space. For the remaining buildings where the gas and electricity consumption is included in the unitemised service charge, electricity consumption is estimated from the office m^2 floor space and an average for electricity and gas per m^2 from the buildings where energy consumption is known. An estimated gas consumption figure is only calculated where gas is known to consumed in the building.

Data records are collated in spreadsheets and retained for review including gas and electricity monthly data for all buildings.

Energy efficiency action taken

Business Travel

Reduction in vehicle (grey fleet and leased) related energy consumption and carbon emissions:

	kWh	Kg CO_2e
2018	1,274,933	307,188
2020	612,566	143,971
Reduction	52%	53%

During 2020 due to Covid 19 pandemic working restrictions significant changes in working procedures have resulted in increased home working, meetings being held remotely and reduced business travel. When GI Group return to a normal pattern of working following the lifting of Covid 19 pandemic working restrictions a review will be undertaken of the opportunities provided by home working and use of IT remote working technology to assess how they may be able to be maintained moving forward and the potential for any energy performance improvements.

Lighting

Replacement of fluorescent lighting with energy efficient LED lighting. Approximately half of the luminaires at the Head Office have now been replaced reducing electricity consumption per bulb by 50% (estimated saving). Further luminaires to be replaced over the coming year as part of rolling programme.

	kWh	Kg CO_2e
2018	13,333	3,108
2020	10,000	2,331
Reduction	25%	25%

Directors' report *(continued)*

Financial risk management

The Group has established a risk and financial management framework whose primary objective is to ensure sufficient working capital exists and to monitor the management of risk at a business unit level. The Group aims to mitigate credit and liquidity risk by managing cash generation by its operations and applying cash collection targets. The Group also manages liquidity via a group invoice discounting facility.

Research and development

The Group performed no research and development in the year *(2019: £nil).*

Political contributions

The Group made no political donations or incurred any political expenditure during the year *(2019: £nil).*

Disclosure of information to auditors

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Statement of directors' responsibilities in respect of the financial statements

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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 102, 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 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 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.

Directors' report *(continued)*

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning the re-appointment will be proposed at the Annual General Meeting.

On behalf of the Board:

Steve Cook
Director
31 March 2022

Independent auditors' report to the members of Gi Recruitment Limited

Report on the audit of the financial statements

Opinion

In our opinion, Gi Recruitment Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2020 and of the group's loss and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated Balance Sheet as at 31 December 2020; the Consolidated Statement of Comprehensive Income, the Consolidated Cash flow statement, the Consolidated Statement of Changes in Equity for the year ended, the Company Balance sheet, the Company Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to *adopt the going concern basis of accounting included:*

- In forming our opinion on the financial statements, which is not modified, we have considered the appropriateness of management's assessment, the reasonableness of forecasts prepared to assess cash requirements of the company, reliance on the support letter from Gi International S.r.L and the ability to provide such support, and adequacy of the disclosure made in note 3 to the financial statements, concerning the Company's ability to continue as a going concern.

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 group's and 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 auditors' report to the members of Gi Recruitment Limited (continued)

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

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 year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 company or to cease operations, or have no realistic alternative but to do so.

Independent auditors' report to the members of Gi Recruitment Limited (continued)

Auditors' 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 auditors' 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.

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.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, UK employment regulations, health and safety legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as corporate tax regulations and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to journal entries to improve the reported financial position and / or performance of the business and management bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

- enquiries of management and those charged with governance around actual or potential litigations or instances of known or suspected non compliance with applicable laws and regulations;
- reviewing minutes of meeting with those charged with governance;
- reviewing financial statement disclosures and testing these to supporting documentation to assess compliance with applicable laws and regulations;
- auditing the risk of management override of controls, including through testing journal entries (using a risk based audit approach) with a specific focus on revenue journals with unusual account combinations for appropriateness, testing accounting estimates for reasonableness, and evaluating the business rationale of significant transactions outside the normal course of business.
- incorporating elements of unpredictability in the audit procedures

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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 or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other

Independent auditors' report to the members of Gi Recruitment Limited (continued)

person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Neil Philpott (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
31 March 2022

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2020

	Note	2020 £'000	2019 £000
Turnover	5	**275,238**	321,271
Cost of sales		**(260,490)**	(303,958)
Gross profit		**14,748**	17,313
Administrative expenses		**(35,633)**	(21,793)
Other operating income	6	**17,560**	-
Operating loss	7	**(3,325)**	(4,480)
Interest payable and similar expenses	10	**(822)**	(854)
Loss before taxation		**(4,147)**	(5,334)
Tax on loss	11	**29**	42
Loss for the financial year		**(4,118)**	(5,292)
Other comprehensive income for the year, net of income tax		**-**	-
Total comprehensive expense for the year		**(4,118)**	(5,292)

The above results relate to the continuing operations of the Group.

There are no material differences between the loss before taxation and the year for the financial period stated above and their historical cost equivalents.

Consolidated Balance Sheet

at 31 December 2020

	Note	2020 £'000	Restated 2019 £'000
Fixed assets			
Tangible assets	*12*	**745**	832
		745	832
Current assets			
Debtors: amounts falling due within one year	*14*	**90,404**	72,127
Cash and cash equivalents		**198**	156
		90,602	72,283
Creditors: amounts falling due within one year	*15*	**(74,101)**	(63,424)
Net current assets		**16,501**	8,859
Total assets less current liabilities		**17,246**	9,691
Creditors: amounts falling due after more than one year	*16*	**(11,673)**	-
Net assets		**5,573**	9,691
Capital and reserves			
Called up share capital	*17*	**70**	70
Merger reserve		**583**	583
Retained earnings		**4,920**	9,038
Total shareholders' funds		**5,573**	9,691

2019 comparative figures have been restated following a prior year adjustment as detailed in Note 4

These financial statements were approved by the board of directors and authorised for issue on 31 March 2022, and are signed on behalf of the board by:

Steve Cook
Director
31 March 2022

The notes on pages 22 to 36 form part of these financial statements.

Company Balance Sheet
at 31 December 2020

	Note	**2020**	2019
		£'000	£'000
Fixed assets			
Investments	13	**20**	20
		20	20
Current assets			
Debtors: amounts falling due within one year	14	**6,622**	6,536
		6,622	6,536
Creditors: amounts falling due within one year	15	**(7,268)**	(7,076)
Net current liabilities		**(646)**	(540)
Total assets less current liabilities		**(626)**	(520)
Net liabilities		**(626)**	(520)
Capital and reserves			
Called up share capital	17	**70**	70
Accumulated losses		**(696)**	(590)
Total shareholders' deficit		**(626)**	(520)

Under Section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account. The result for the year was a loss of £106,000 (2019: £135,000).

These financial statements were approved by the board of directors and authorised for issue on 31 March 2022, and are signed on behalf of the board by:

Steve Cook
Director
31 March 2022

The notes on pages 22 to 36 form part of these financial statements.

Consolidated Statement of changes in equity

For the year ended 31 December 2020

	Called up share capital £'000	Merger reserve £'000	Profit and loss account £'000	Total shareholders' funds £'000
Balance at 1 January 2019	70	583	14,330	14,983
Total comprehensive income for the year				
Loss for the financial year	-	-	(5,292)	(5,292)
Other comprehensive income	-	-	-	-
Total comprehensive expense for the year	**-**	**-**	**(5,292)**	**(5,292)**
Restated balance at 31 December 2019	**70**	**583**	**9,038**	**9,691**

	Called up share capital £'000	Merger reserve £'000	Profit and loss account £'000	Total shareholders' funds £'000
Restated balance at 1 January 2020	70	583	9,038	9,691
Total comprehensive expense for the year				
Loss for the financial year	-	-	(4,118)	(4,118)
Other comprehensive income	-	-	-	-
Total comprehensive expense for the year	**-**	**-**	**(4,118)**	**(4,118)**
Balance at 31 December 2020	**70**	**583**	**4,920**	**5,573**

Company Statement of changes in equity

For the year ended 31 December 2020

	Called up share capital £'000	Profit and loss account £'000	Total shareholders' funds £'000
Balance at 1 January 2019	70	(455)	(385)
Total comprehensive expense for the year			
Loss for the financial year	-	(135)	(135)
Other comprehensive income	-	-	-
Total comprehensive expense for the year	**-**	**(135)**	**(135)**
Balance at 31 December 2019	**70**	**(590)**	**(520)**

	Called up share capital £'000	Profit and loss account £'000	Total shareholders' funds £'000
Balance at 1 January 2020	70	(590)	(520)
Total comprehensive expense for the year			
Loss for the financial year	-	(106)	(106)
Other comprehensive income	-	-	-
Total comprehensive income for the year	**-**	**(106)**	**(106)**
Balance at 31 December 2020	**70**	**(696)**	**(626)**

Consolidated Cash Flow Statement

For the year ended 31 December 2020

	Note	2020 £'000	Restated 2019 £'000
Cash flows from operating activities			
Loss for the financial year		**(4,118)**	(5,292)
Adjustments for:			
Depreciation & loss on disposal		**313**	314
Interest payable and similar expenses	*10*	**822**	854
Taxation	*0*	**(29)**	(42)
		(3,012)	(4,166)
(Increase)/Decrease in trade and other debtors		**(5,128)**	2,906
Increase in trade and other creditors		**15,595**	1920
		7,455	660
Interest paid		**(822)**	(671)
Net cash generated from operating activities		**6,633**	(11)
Cashflows from investing activities			
Acquisition of tangible assets	*12*	**(227)**	(376)
Acquisition of intangible assets		**-**	-
Net cash used in investing activities		**(227)**	(376)
Cashflows from financing activities			
Proceeds from invoice discount facility		**130**	2,014
Group loan		**(6,494)**	(1,623)
Net cash used in financing activities		**(6,364)**	391
Net cash movement		**42**	4
Net increase in cash and cash equivalents		**42**	4
Cash and cash equivalents at 1 January		**156**	152
Cash and cash equivalents at 31 December		**198**	156

	At 1 January 2020 £'000	Cash flow £'000	At 31 December 2020 £'000
Reconciliation of net debt			
Cash and cash equivalents	156	42	198
Bank facilities and overdraft	(27,882)	(130)	(28,012)
Net debt	(27,726)	(88)	(27,814)

The company is a qualifying entity for the purposes of FRS 102 and has elected to take the exemption under FRS 102, para 1.12 (b) not to present the company statement of cash flows.

Notes to the Financial Statements

Year ended 31 December 2020

1 General information

Gi Recruitment Limited (the "company") is a private company limited by shares and incorporated in England, United Kingdom. The address of its registered office is Draefern House, Dunston Court, Dunston Road, Chesterfield, Derbyshire, S41 8NL.

2 Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland *("FRS 102")* as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied.

The financial statements have been prepared in accordance with the Companies Act 2006.

In order to better reflect the split between cash and financing facilities the cash flow statement has been updated to reconcile to cash and cash equivalents rather than a net debt position.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- No separate parent company cash flow statement and related notes;
- Key management personnel compensation; and
- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

3 Accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year, and also have been consistently applied within the same accounts.

3.1 Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain assets.

The presentation currency of these financial statements is sterling, which is the functional currency of the company. All amounts in the financial statements have been rounded to the nearest £1,000.

3.2 Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 December 2020. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Notes to the Financial Statements *(continued)*

Under Section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

3.3 Going concern

As part of the going concern assessment, the Directors have considered the company's principal risk areas, including the ongoing potential impact of the COVID-19 pandemic, that they consider material to the assessment of going concern including completed cash flow forecasts for at least 12 months from now, considering severe but plausible downsides too. They have also considered the facilities available to the company, including its invoice discounting facility which was renewed in June 2021 and ongoing support from Gi International S.r.L.. Having completed this assessment, the Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of Gi International S.r.L.. The Directors have received confirmation that Gi International S.r.L. intends to support the company for at least one year from the date of signing of these financial statements.

3.4 Turnover

Turnover comprises the amount derived from services falling within the Group's activities after deduction of trade discounts, rebates and excluding Value Added Tax. Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Turnover is derived from the Group's principal activity and is attributable to the UK market. Income received in advance of services provided is taken to deferred revenue.

Turnover for temporary workers is recognised in the period the work took place. Fees for permanent placements are agreed in advance with the customer, with turnover being recognised when the candidate commences employment.

3.5 Basis of investments

In the financial statements, investments in subsidiaries are carried at cost less impairment.

3.6 Goodwill and amortisation

The goodwill arising on the transfer of trade and net assets is capitalised and amortised to nil over its expected useful life, being 20 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. No reversals of impairment are recognised.

3.7 Tangible assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible assets have different useful lives, they are accounted for as separate items of tangible assets.

The Group assesses at each reporting date whether tangible assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible assets. The estimated useful lives are as follows:

- Leasehold improvements — the shorter of the period of the lease or 10 years
- Fixtures and fittings — 3 - 5 years
- Office equipment — 3 - 5 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Group expects to consume an asset's future economic benefits.

Notes to the Financial Statements *(continued)*

3.8 Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates. There were no areas of judgment or uncertainty deemed significant on these financial statements.

Impairment of trade and other debtors

The Group makes an estimate of the recoverable amount of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. The assessment for the recovery of amounts owed by group undertakings is based on the financial support offered from the parent company. See note 14 for the net carrying amount of the debtors and associated impairment provision.

3.9 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances. The Group has in place a confidential invoice discounting facility where the counterparty has full recourse to all monies advanced against book debts, and for one client a factoring agreement is in place.

3.10 Employee Benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

3.11 Expenses

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange gains or losses that are recognised in the profit and loss account (see Foreign currency accounting policy).

Notes to the Financial Statements *(continued)*

Other interest receivable and similar income include interest receivable on intercompany loans.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

3.12 Foreign currency accounting
Foreign currency transactions are translated into the functional currency using the spot exchange rates at the date of the transactions. At each period end foreign currency monetary items measured at historical cost are translated using the exchange rate at the closing rate and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined. Foreign exchange gains and losses are presented in the profit and loss account within 'Administrative expenses'.

3.13 *Government grants*
Government grants are recognised against expenses in the period in which they are intended to compensate. Grants are only recognised when there is reasonable assurance that any conditions attached to them will be complied with and that the grant will be received.

3.14 Exceptional items
Items of income and expense that are material by size and/or nature and are non-recurring are classified as exceptional items in the profit and loss account within their relevant category.

3.15 Taxation
Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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

3.16 Dividends on shares presented within shareholders' funds
Dividends are only recognised as a liability at that date to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Notes to the Financial Statements *(continued)*

3.17 Related parties

As a subsidiary undertaking of SCL Holding S.p.A. the company has taken advantage of the exemption in FRS 102 Section 33 from disclosing transactions with other members of the group headed by SCL Holding S.p.A.

4 Prior year adjustments / restatement

Subsequent to the signing of the prior year financial statements certain errors were identified in classification of balances in debtors and creditors, as well as the presentation of figures in the taxation note and the statement of changes in equity as set out below

	As reported at 31 Dec 2019	Prior year adjustment to 31 Dec 2019	Restated at 31 Dec 2019
	£'000	£'000	£'000
Balance Sheet:			
Debtors: Amounts falling due within one year	75,215	(3,088)	72,127
Creditors: Amounts falling due within one year	(66,377)	2,953	(63,424)
Retained Earnings	9,173	135	9,038
Note 14:			
Trade Debtors	58,772	(3,286)	55,486
Amounts owed by group undertakings	15,490	198	15,688
Note 15:			
Trade creditors	10,920	(2,819)	8,101
Amounts owed to group undertakings	6,403	1,121	7,524
Other creditors	1,596	(531)	1,065
Accruals and deferred income	1,863	(724)	1,139
Note 17:			
Authorised 70,000 (2019: 70,000) ordinary shares of £1 each*	55	15	70
Allotted, called up and fully paid 70,000 (2019: 70,000) ordinary shares of £1 each*	55	15	70

Notes to the Financial Statements *(continued)*

4 Prior year adjustments / restatement *(continued)*

The changes in these figures have changed a number of figures presented in the Consolidated Cashflow Statement arising from movements in classification of debtors and creditors. The opening and closing cash position remain the same.

Additionally, the Statement of Changes in Equity presented the figures correctly for brought forward and the loss in the period but did not cast correctly to the figure presented at 31 December 2019 and has been corrected.

Statement of Changes in Equity:

	As reported at 31 Dec 2019	Prior year adjustment to 31 Dec 2019	Restated at 31 Dec 2019
	£'000	£'000	£'000
Profit and loss account (Balance at 31 December 2019)	9,173	(135)	9,038
Total shareholders' funds (Balance at 31 December 2019)	9,826	(135)	9,691

In Note 11 the tax reconciliation was not correctly calculated and has been updated with no impact on the consolidated income statement.

*The ordinary share capital was disclosed correctly in both the Company and Consolidated Statement of Changes in Equity, and the Company and Consolidated Balance Sheet and was only incorrectly stated in Note 17.

5 Turnover

Turnover is attributable to the Group's principal activity. The split between temporary and permanent recruitment activity is not deemed material to require further disclosure. All turnover arose within the United Kingdom.

6 Other operating income

	2020	2019
	£'000	£'000
Government Grants	**17,560**	-

Government grants income represents amounts claimed and received under the Coronavirus Job Retention Scheme for both operational staff and permanent administration staff in the Group

Notes to the Financial Statements *(continued)*

7 Operating loss

Included in the administrative expenses are the following:

	2020	2019
	£'000	£'000
Depreciation of tangible assets	**302**	314
Loss on disposal of fixed assets	**11**	14
Operating lease rentals – land and buildings	**249**	843
Operating lease rentals – plant and machinery	**304**	690

Exceptional costs of £151,000 *(2019: £635,000)* are included within administrative expenses, representing costs in relation to restructuring activities.

Employment costs of £17,560,000 *(2019: £nil)* are included within administrative expenses for which the Group has subsequently recovered through CJRS grants.

Auditors' remuneration:

	2020	2019
	£'000	£'000
Audit of these financial statements	**126**	4
Amounts receivable by the company's auditors and their associates in respect of;		
Audit of financial statements of subsidiaries of the company	**126**	59
Audit of financial statements of the parent company	-	30
Taxation compliance services for the company	-	1
Taxation work for the subsidiaries of the company	-	10
Taxation work for the parent company	-	5

Auditors' remuneration is paid for by Gi Group Recruitment Limited.

Notes to the Financial Statements *(continued)*

8 Staff numbers and costs

The average monthly number of people employed by the Group (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2020	2019
Operational staff	**12,666**	14,273
Permanent administration staff	**358**	379
	13,024	14,652

The aggregate payroll costs of these people were as follows:

	2020	2019
	£'000	£'000
Wages and salaries	**251,076**	292,896
Social security costs	**18,920**	21,582
Other pension costs	**3,368**	3,795
	273,364	318,273

9 Directors' remuneration

No directors were remunerated by the company in both the current and prior year. The cost of this was borne by other group companies

During the year and the prior year there were no costs incurred from third parties for the services of directors

	2020	2019
	£'000	£'000
Directors' remuneration	**678**	592
Company contributions to money purchase pension plans	**29**	54

The aggregate of remuneration of the highest paid director was £309,000 *(2019: £247,000)* and company pension contributions of £nil *(2019: £23,000)* were made to a money purchase scheme on their behalf.

	Number of directors	
	2020	2019
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	**3**	3

The emoluments of Directors not included above are paid by another group company which makes no recharge to the company.

Notes to the Financial Statements *(continued)*

10 Interest payable and similar expenses

	2020	2019
	£'000	£'000
Interest payable on invoice discounting facility	**665**	671
Interest payable on parent loan company	**182**	204
Interest (receivable) on group loan	**(25)**	(21)
Total interest payable and similar expenses	**822**	854

11 Tax on loss

11.1 Total tax benefit recognised in the profit and loss account

	2020	2019
	£'000	£'000
Current tax		
Adjustments in respect of prior periods	**-**	-
Total current tax	**-**	-
Deferred tax (see note 18)		
Origination and reversal of timing differences	**(26)**	(47)
Adjustment in respect of previous periods	**7**	-
Effect of tax rate change on opening balance	**(10)**	5
Total deferred tax	**(29)**	(42)
Total tax	**(29)**	(42)

The actual tax charge for the current and previous year varies from the standard rate for the reasons set out in the following reconciliation:

Notes to the Financial Statements *(continued)*

11 Tax on loss *(continued)*

11.2 Reconciliation of tax charge

	2020 £'000	Restated 2019 £'000
(Loss) for the year	**(4,118)**	(5,292)
Total tax (benefit) / charge	**(29)**	(42)
Loss before taxation	**(4,147)**	(5,334)
Loss before taxation multiplied by the standard UK corporation tax rate of 19.0% *(2019: 19.0%)*	**(788)**	(1013)
Expenses not deductible for tax purposes	**5**	35
Fixed asset differences	**46**	-
Transfer pricing adjustments	**-**	-
Effects of group relief / other reliefs	**-**	140
Adjustments to tax charge in respect of previous periods	**7**	-
Remeasurement of deferred tax for changes in tax rates	**(13)**	5
Deferred tax not recognised	**714**	791
Total tax (benefit) / expense included in profit or loss	**(29)**	(42)

A reduction in the main rate of UK Corporation Tax to 17% with effect from 1 April 2020 was enacted in the Finance (No2) Act 2016 on 6 September 2016. However, in the UK budget on 11 March 2020, it was announced that the cut in the tax rate to 17% will not occur and the UK Corporation tax rate will instead remain at 19%.

On 31 March 2021 an increase in the mainstream rate of UK corporation tax from 19% to 25% was announced, effective from April 2023. This change was not substantively enacted at the balance sheet date, deferred tax balances as at 31 December 2020 continue to reflect the 19% rate.

	2020			2019		
	£'000 Current tax	**£'000 Deferred tax**	**£'000 Total tax**	£'000 Current tax	£'000 Deferred tax	£'000 Total tax
Recognised in profit and loss	**-**	**(29)**	**(29)**	-	(42)	(42)
Total tax	**-**	**(29)**	**(29)**	-	(42)	(42)

Notes to the Financial Statements *(continued)*

12 Tangible assets

	Fixtures and Fittings £'000
Cost	
Balance at 1 January 2020	2,274
Additions	227
Disposals	(15)
Balance at 31 December 2020	2,486
Accumulated depreciation	
Balance at 1 January 2020	1,442
Depreciation charge for the year	302
Disposals	(3)
Balance at 31 December 2020	1,741
Net book value	
At 31 December 2020	**745**
At 31 December 2019	832

13 Investments

The value of investments in group undertakings at the beginning and end of the year was £20,000.

The company has the following investments in subsidiaries:

Subsidiary undertakings	Address	Country of incorporation	Principal activity	Class and % of shares held	Ownership
Protemp Recruitment Limited	Draefern House, Dunston Court, Chesterfield, S41 8NL	UK	Dormant	Ordinary 100%	Direct
Gi Group Recruitment Limited	Draefern House, Dunston Court, Chesterfield, S41 8NL	UK	Staff Agency	Ordinary 100%	Direct
Total Work Services Limited	Draefern House, Dunston Court, Chesterfield, S41 8NL	UK	Dormant	Ordinary 100%	Indirect
Draefern Limited	Draefern House, Dunston Court, Chesterfield, S41 8NL	UK	Staff Agency	Ordinary 100%	Direct
Right4Staff Limited	Draefern House, Dunston Court, Chesterfield, S41 8NL	UK	Dormant	Ordinary 100%	Indirect
Excel Resourcing (Recruitment Consultants) Limited	Draefern House, Dunston Court, Chesterfield, S41 8NL	UK	Staff Agency	Ordinary 100%	Direct
Grafton Professional Staffing Limited	Draefern House, Dunston Court, Chesterfield, S41 8NL	UK	Recruitment Consultancy	Ordinary 100%	Direct
Gi Staffing Solutions (Ireland) Limited	Wework, Dublin Landings, North Wall Quay, Dublin 1	Ireland	Dormant	Ordinary 100%	Direct

Notes to the Financial Statements *(continued)*

14 Debtors: amounts falling due within one year

	Group		Company	
	2020	Restated 2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Trade debtors	**60,734**	55,486	**-**	-
Amounts owed by group undertakings	**28,808**	15,688	**6,622**	6,536
Deferred tax assets (see note 18)	**148**	119	**-**	-
Other debtors	**28**	-	**-**	-
Prepayments and accrued income	**686**	834	**-**	-
	90,404	72,127	**6,622**	6,536

Trade debtors are stated after provisions for impairment of £25,000 *(2019: £94,000).*

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Other debtors represent amounts owed to the Group for outstanding CJRS claims.

15 Creditors: amounts falling due within one year

	Group		Company	
	2020	Restated 2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Bank loans and overdrafts	**28,012**	27,882	**-**	-
Trade creditors	**10,160**	8,101	**-**	-
Amounts owed to group undertakings	**2,477**	7,524	**7,268**	7,076
Taxation and social security	**32,044**	17,713	**-**	-
Other creditors	**809**	1,065	**-**	-
Accruals and deferred income	**599**	1,139	**-**	-
	74,101	63,424	**7,268**	7,076

Bank loans and overdrafts are secured on the Group's trade debtors.

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

Notes to the Financial Statements *(continued)*

16 Creditors: amounts falling due after more than one year

	Group		Company	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Amounts owed to group undertakings	**11,673**	-	-	-
	11,673	-	-	-

Amounts owed to Group undertakings are unsecured, with an interest rate of 12 month Euribor + 2%. These are repayable at the 31/12/2022.

17 Called up share capital

	2020	Restated 2019
	£'000	£'000
Authorised		
70,000 *(2019: 70,000)* ordinary shares of £1 each	**70**	70
Allotted, called up and fully paid		
70,000 *(2019: 70,000)* ordinary shares of £1 each	**70**	70

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

Notes to the Financial Statements *(continued)*

18 Deferred tax assets

There are deferred tax assets of £148,000 *(2019: £119,000)*. Deferred tax assets are attributable to the following:

Group	**2020**	2019
	£'000	£'000
Brought forward	**119**	77
Adjustment in respect of prior years	**-**	-
Charged to Profit and Loss account	**29**	42
Carried forward	**148**	119

	2020	2019
	£'000	£'000
Fixed assets timing differences	**13**	26
Short term timing differences	**135**	93
Net deferred tax assets	**148**	119

Amount of deferred tax asset not recognised on the balance sheet was £1,574,000 (2019: £822,000).

For the effective rate of deferred tax see note 11.

19 Operating leases

The Group had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2020	2019
Payments Due:	**£'000**	£'000
Less than one year	**415**	591
Between one and five years	**1,021**	1,043
More than five years	**341**	417
	1,777	2,051

During the year £553,000 *(2019: £1,534,000)* was recognised as an expense in the profit and loss account in respect of operating leases.

At 31 December 2020 and 31 December 2019 the company has no operational lease commitments.

Notes to the Financial Statements *(continued)*

20 Ultimate controlling party

The company is a subsidiary undertaking of Gi Group Holdings Recruitment Limited, a company incorporated in the UK. The ultimate parent undertaking and controlling party is SCL Holding S.p.A. a company incorporated in Italy.

The smallest and largest group in which the results of the company are consolidated is SCL Holding S.p.A. a company incorporated in Italy, which is also the ultimate parent undertaking and controlling party, and whose financial statements are available to the public. Copies can be requested from Milano via Cosimo del Fante 4 – 20122.

As a subsidiary undertaking of SCL Holding S.p.A. the company has taken advantage of the exemption in FRS 102 Section 33 from disclosing transactions with other members of the group headed by SCL Holding S.p.A..