Annual Financial Statements

Harvey Nash Group Ltd

For the year ended 31 January 2020

Company Number: 03320790

Harvey Nash Group Ltd

For the year ended 31 January 2020

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Strategic Report

For the year ended 31 January 2020

Strategic Report

The directors present their strategic report on the company for the year ended 31 January 2020.

Principal activities and business review

The company's principle activities and main source of income is derived from dividends and where applicable any management fees from its investments.

The company's stategies are aligned to those of the Harvey Nash Group Holdings ("the Group") which are set out in the Group's Annual Report and can be found on Companies House.

In the prior period the statement of profit and loss was not disclosed in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council after meeting the definition of a qualifying entity under FRS 100.

Review of the business

The progress of Harvey Nash Group Ltd is summarised below:

Results and performance

The Group reported an operating profit of £1,429,548 after exceptional costs (2019: £1,020,193). Operating profit before exceptional costs was £1,952,372 (2019: £804,466). Profit before tax for the period including all exceptional items was £2,018,403 (2019: £1,542,638). The directors are satisfied with the results.

Key performance indicators (KPIs)

The directors consider the key performance indicators are those that communicate the financial performance and strength of the business. The main source of income is derived from dividends and where applicable any management fees from its investments.

The future development, performance and position of the company are aligned with those of Harvey Nash Group Holdings Group and are discussed in the Group's Annual Report which does not form part of this report.

C S Tilley

Chris Tilley Date: 30 October 2020

Director

Directors' Report

For the year ended 31 January 2020

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 January 2020.

The company has chosen to prepare their financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework"

Directors

The directors currently holding office at the date of this report:

Chris Tilley	Appointed 19 October 2019
David Morrison	Appointed 21 January 2020
Bev White	(Appointed subsequent to period end on 03 February 2020)

The below changes to the directors occurred during the period:

Albert Ellis	Resigned 17 January 2020
Mark Garratt	Resigned 19 October 2019
Adrian Gunn	Resigned 19 October 2019
Simon Wassall	Resigned 30 November 2019

Future developments

Details of future developments can be found in the strategic report and form part of this report by cross-reference.

Financial risk management objectives and policies

The company's principal financial instruments are in the form of investments in subsidiaries. Where applicable, funds are made available for the financing of the company's subsidiaries through intercompany loans.

Going concern

The Directors of Harvey Nash Group Holdings Ltd have signed a letter of support committing Harvey Nash Group Holdings Ltd to provide continued support to the company to enable it to meet its outstanding liabilities as they fall due for a period of at least 12 months following the approval of the financial statements.
As part of the broader Harvey Nash Group Holdings Group, the company relies on the conclusions drawn around the application of the going concern assumption for the main operating entity in the group structure, being Harvey Nash Group Holdings Ltd and its subsidiaries ('the Group'). The directors have assessed the current and forecast levels of trading of the Group, taking into account the cash and invoice discounting facilities expected to be available. Despite reductions in client demand due to Covid-19, operating profit and positive operating cash flows have continued in the first and second quarters of the financial year to 31 January 2021. While permanent placement activity levels have seen significant reductions, the solutions businesses continue to perform well and a number of geographies have seen only a limited impact including large geographic segments such as the Netherlands, all of which demonstrate the resilience of the Group. The company thus concludes that the going concern assumption is appropriate and will continue to be so for the future 12 month period.

Directors' and third party indemnity provisions

The company has maintained throughout the period directors' and officers' liability insurance for the benefit of the company, the directors and its officers. The company has entered into qualifying third party indemnity arrangements for the benefit of all its directors in a form and scope which complies with the requirements of the Companies Act 2006. These arrangements were in force throughout the period and remain in force at the date of these financial statements.

Share capital

During the period there were no changes to the issued share capital of the company. The share capital is set out in note 14 of the financial statements.

Directors' Report

For the year ended 31 January 2020

Directors' report continued

Events subsequent to the financial year end

The Covid-19 crisis is the only significant event affecting the company since the balance sheet date of 31 January 2020. The effect of this on the company is not deemed to be material as the company is non-trading.
While the company is not directly affected by the impact of Covid-19, its direct investment in Harvey Nash Ltd is not unaffected. The company's technology sector focus and diversity across service lines has assisted in mitigating the impact of Covid-19. Despite reductions in demand due to Covid-19, operating profit and positive operating cash flows have continued in the first and second quarters of the financial year to 31 January 2021. This is considered to be a non-adjusting event.

Auditor and disclosure of information to auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information (as defined by section 418 of the Companies Act 2006) of which the company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

Approved and signed on behalf of the board:

Chris Tilley Date: 30 October 2020

Director

Statement of Directors' Responsibilities in Respect of the Annual Report

For the year ended 31 January 2020

Directors' Responsibilities Statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework".

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 these financial statements, International Accounting Standard 1 requires that directors:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with the applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; 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. They 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.

Independent Auditor's report to the members of Harvey Nash Group Ltd

For the year ended 31 January 2020

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Harvey Nash Group Ltd (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 January 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of profit and loss;
- the statement of other comprehensive income;
- the statement of financial position;
- the statements of changes in equity;
- the notes to the financial statements 1 to 19.

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" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (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 required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

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 respect of these matters.

Independent Auditor's report to the members of Harvey Nash Group Ltd (continued)

For the year ended 31 January 2020

Report on the audit of the financial statements continued

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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 the15 month financial period 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.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Independent Auditor's report to the members of Harvey Nash Group Ltd (continued)

For the year ended 31 January 2020

Report on the audit of the financial statements continued

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.

Peter Saunders

Peter Saunders (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

Date: 30 October 2020

Statement of Profit and Loss

For the year ended 31 January 2020

	Notes	12 months ended 31 January 2020 £	Restated 12 months ended 31 January 2019 £
Dividend income	5	3,539,849	2,413,614
Gross profit		**3,539,849**	**2,413,614**
Administrative expenses	8	(1,599,630)	(1,618,176)
Foreign currency translation differences		12,153	9,028
Profit before exceptional items		**1,952,372**	**804,466**
Exceptional items	6	(522,824)	215,727
Profit before finance costs		**1,429,548**	**1,020,193**
Net finance income	7	588,855	522,445
Profit before tax		**2,018,403**	**1,542,638**
Income tax expense	11	-	-
Profit for the period		**2,018,403**	**1,542,638**

Statement of Other Comprehensive Income

For the year ended 31 January 2020

	12 months ended 31 January 2020 £	Restated 12 months ended 31 January 2019 £
Profit for the period	**2,018,403**	**1,542,638**
Total comprehensive profit for the period attributable to owners of the company	**2,018,403**	**1,542,638**

Statement of Financial Position

As at 31 January 2020

	Notes	31 January 2020 £	Restated 31 January 2019 £
ASSETS			
Non-current assets			
Investments	12	52,034,298	53,420,125
Loans receivable from group undertakings	16	19,532,726	23,675,525
		71,567,024	**77,095,650**
Current assets			
Cash and cash equivalents		-	21,903
		-	**21,903**
Total assets		**71,567,024**	**77,117,553**
LIABILITIES			
Current liabilities			
Trade and other payables	13	(6,000)	-
Bank overdraft (unsecured)		(29,996)	-
		(35,996)	**-**
Non-current liabilities			
Loans payable to group undertakings	16	(12,653,453)	(19,127,425)
		(12,653,453)	**(19,127,425)**
Total liabilities		**(12,689,449)**	**(19,127,425)**
Total assets less total liabilities		**58,877,575**	**57,990,128**
EQUITY			
Ordinary shares	14	(3,793,362)	(3,793,362)
Share premium		(11,445,483)	(11,445,483)
Capital contribution reserve		-	(20,000,000)
Other distributable reserve		(33,875,000)	-
Other reserve		-	(13,875,000)
Retained earnings	15	(9,763,731)	(8,876,284)
Total equity		**(58,877,575)**	**(57,990,128)**

The financial statements on pages 9 - 22 were approved by the board and signed on its behalf by Chris Tilley on 30 October 2020.

C.S. Tilley

Chris Tilley

Statement of Changes in Equity

For the year ended 31 January 2020

	Share capital	Share premium	Capital contribution reserve	Other distributable reserves	Other reserve	Retained earnings	Total
	£	£	£	£	£	£	£
Balance at 1 February 2018	**3,673,000**	**8,425,000**	**20,000,000**	-	**13,875,000**	**10,541,125**	**56,514,125**
Comprehensive income for the period	-	-	-	-	-	1,542,638	**1,542,638**
Total comprehensive income for the period	-	-	-	-	-	1,542,638	**1,542,638**
Shares issued during the period	120,362	3,020,483	-	-	-	-	**3,140,844**
Dividends paid	-	-	-	-	-	(3,207,479)	**(3,207,479)**
Balance at 31 January 2019 (restated)	**3,793,362**	**11,445,483**	**20,000,000**	-	**13,875,000**	**8,876,284**	**57,990,128**
Comprehensive income for the period	-	-	-	-	-	2,018,403	**2,018,403**
Total comprehensive income for the period	-	-	-	-	-	2,018,403	**2,018,403**
Reserves consolidation	-	-	(20,000,000)	33,875,000	(13,875,000)	-	-
Dividends paid	-	-	-	-	-	(1,130,955)	-
Balance at 31 January 2020	**3,793,362**	**11,445,483**	-	**33,875,000**	-	**9,763,731**	**58,877,575**

Notes to the Financial Statements

For the year ended 31 January 2020

1. Basis of accounting

Harvey Nash Group Ltd ('the company') is a private company limited by shares incorporated in the Great Britain and registered in England and Wales. Its registered address is 110 Bishopsgate, London, EC2N 4AY, United Kingdom.

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, the financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial assets and financial liabilities that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The financial statements are presented in Pounds, which is the currency of the primary economic environment in which the Company operates (its functional currency).

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the Harvey Nash Group Holdings Ltd Annual Report 2020, which can be obtained at 110 Bishopsgate, London, EC2N 4AY, United Kingdom.

Going concern

The Directors of Harvey Nash Group Holdings Ltd have signed a letter of support committing Harvey Nash Group Holdings Ltd to provide continued support to the company to enable it to meet its outstanding liabilities as they fall due for a period of at least 12 months following the approval of the financial statements.
As part of the broader Harvey Nash Group Holdings Group, the company relies on the conclusions drawn around the application of the going concern assumption for the main operating entity in the group structure, being Harvey Nash Group Holdings Ltd and its subsidiaries ('the Group'). The directors have assessed the current and forecast levels of trading of the Group, taking into account the cash and invoice discounting facilities expected to be available. Despite reductions in client demand due to Covid-19, operating profit and positive operating cash flows have continued in the first and second quarters of the financial year to 31 January 2021. While permanent placement activity levels have seen significant reductions, the solutions businesses continue to perform well and a number of geographies have seen only a limited impact including large geographic segments such as the Netherlands, all of which demonstrate the resilience of the Group. The company thus concludes that the going concern assumption is appropriate and will continue to be so for the future 12 month period.

2. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

(a) Investments

Investments in associated undertakings ('associated companies') are stated at the amount of the investment cost less impairments.

(b) Financial instruments

Financial assets and liabilities are recognised on the company's balance sheet when the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the company's contractual rights to the cash flows expire or the company transfers substantially all the risks and rewards of the financial asset. Financial liabilities are derecognised from the company's balance sheet when the obligation specified in the contract is discharged, cancelled or expires.

Financial assets

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial. For trade receivables, generally this results in recognition at nominal value less any allowance for doubtful debts.

Financial assets which are not classified as loans and receivables, but do not meet the held to collect business model and contractual cash flow criteria as set out in IFRS 9 are classified as 'fair value through other comprehensive income' ('FVOCI'). A financial asset is classified in this category if acquired for both collecting contractual cash flows and selling the financial asset. Financial assets in this category are classified as current assets. All other financial assets that cannot be classified under amortized cost or FVOCI are measured at fair value through profit and loss ('FVTPL').

Notes to the Financial Statements

For the year ended 31 January 2020

3. Significant accounting policies continued

(b) Financial instruments continued

Financial liabilities

Financial liabilities are classified as either FVTPL or 'other financial liabilities'. A financial liability is classified as FVTPL if it is held for trading or specifically designated as such to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in the profit and loss.

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(c) Share capital

Ordinary shares are classified as equity. Where any company company purchases the company's equity share capital (own shares), the consideration paid is deductible from equity attributable to the company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received is included in equity attributable to the company's equity holders.

(d) Tax

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Notes to the Financial Statements

For the year ended 31 January 2020

3. **Significant accounting policies** continued

(e) Dividend income

Dividend income from investments is recognised in profit or loss on the date on which the company's right to receive payment is established.

(f) Dividend distribution

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

(g) Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Discounting is applied only when the effect is material.

(h) Borrowing costs

Borrowing costs are written off as incurred. Invoice discounting fees are recognised as incurred.

(i) Alternative performance measures and exceptional items

Exceptional items are significant items considered outside the normal course of business and are presented separately on the face of the consolidated statement of profit and loss due to their nature and/or size with further information included in the notes to the financial statements. The separate reporting of such items helps to provide a better indication of the company's underlying business performance as it enables shareholders to see the results of the ongoing trading operations.

In the reporting of financial information, the company uses certain measures that are not required under IFRS. Management considers that these additional measures (commonly referred to as 'alternative performance measures' or 'APMs') provide shareholders with valuable additional information on the performance of the business. These measures are consistent with those used internally, and are considered critical to understanding the financial performance of the company. APMs are also used to enhance the comparability of information between reporting periods, by adjusting for exceptional or items considered to be distortive to trading performance which may affect IFRS measures, to aid shareholders in understanding the company's performance. These APMs are not intended to be a substitute for, or superior to, IFRS measures.

3. **Financial risk management**

Financing

The company's principal financial instrument is an equity instrument in the form of an investment in a subsidiary company. Where applicable, funds are made available for the financing of the company's subsidiaries through intercompany loans.

Objectives, policies and strategies

The most significant treasury exposure faced by the company is raising finance. The Board has established clear parameters, including levels of authority, on the type and use of financial instruments to manage these exposures. Transactions are only undertaken if they relate to underlying exposures and cannot be viewed as speculative.

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital for the company. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Notes to the Financial Statements

For the year ended 31 January 2020

3. Financial risk management continued

Interest rate risk management

The company has limited exposure to interest rate risk as the majority of funding is in the form of intercompany loans.

Market risk and foreign exchange risk management

The company has limited exposure to market and foreign exchange risk as the company is a non-trading entity.

Credit Risk

The company has no significant concentration of credit risk as the company is a non-trading entity.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash. Management monitors the company's liquidity reserve, however the company has limited exposure to liquidity risk as the company is a non-trading entity.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

The following are the critical judgements that the Directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

The presentation of selected items as exceptional items

The company applies judgement in identifying the significant non-recurring items of income and expense that are recognised as exceptional to help provide an indication of the company's underlying business performance. See note 10 for further details.

Key sources of estimation uncertainty

Due to the limited nature and volume and transactions during the period there is no significant estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5. Dividends received

	12 months ended 31 January 2020	12 months ended 31 January 2019
	£	£
Dividends received for the year ended 31 January 2020	3,539,849	2,413,614
Total dividends	**3,539,849**	**2,413,614**

Notes to the Financial Statements

For the year ended 31 January 2020

6. Exceptional items

	12 months ended 31 January 2020	12 months ended 31 January 2019
	£	£
Intercompany loan adjustment	(863,003)	215,727
Impairment of investment	1,385,827	-
Total exceptional items	**522,824**	**215,727**

7. Net finance income

	12 months ended 31 January 2020	12 months ended 31 January 2019
	£	£
Net finance income from group undertakings	588,855	522,445
Net finance income	**588,855**	**522,445**

8. Operating profit

The following items have been included in arriving at operating profit from continuing operations:

	12 months ended 31 January 2020	12 months ended 31 January 2019
	£	£
Auditors remuneration	6,000	-

9. Auditor's remuneration

The analysis of the auditor's remuneration is as follows:

	12 months ended 31 January 2020	12 months ended 31 January 2019
	£	£
Fees payable to the company's auditor for the audit of the company's Annual Report	6,000	-
Total audit fees	**6,000**	-

No services were performed pursuant to contingent fee arrangements. Non-audit fees in the current period related to various tax compliance of subsidiaries.

Notes to the Financial Statements

For the year ended 31 January 2020

10. Employees and directors

No employees were employed by the company and no directors emoluments or fees were received by the Directors for services to the company during the 12 month period.

11. Tax	**12 months ended 31 January 2020**	**12 months ended 31 January 2019**
	£	**£**
Corporation tax on profits in the period	-	-
Total current tax expense	-	-
Deferred tax	-	-
Total deferred tax expense	-	-
Total tax expense	-	-

The tax rate used for the reconciliation above is the corporate tax rate of 19.00% which was in effect the entire period.

The difference are explained below for the 12 month period ended 31 January 2020 using the UK standard rate of corporation tax:

	12 months ended 31 January 2020	**12 months ended 31 January 2019**
	£	**£**
Profit before tax	2,018,402	1,542,638
Tax at standard UK corporation tax rate of 19.00%	**(383,496)**	**(293,101)**
Effects of:		
Expenses not deductible for tax purposes	(289,075)	(165,485)
Income not taxable	672,571	458,587
Total taxation	-	-
Current tax:		
Tax on loss in the period	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Total deferred tax expense	-	-
Total tax charge	-	-

Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% would no longer occur and the Corporation Tax Rate would be held at 19%. As this substantive enactment is after the balance sheet date, UK deferred tax balances as at 31 January 2020 continue to be measured at a rate of 17%. The resulting difference from the change in rates is not considered to be material.

Notes to the Financial Statements

For the year ended 31 January 2020

12. Investments

	As at 31 January 2020	As at 31 January 2019
	£	£
Investments at beginning of the period	53,420,125	53,420,125
Impairments	(1,385,827)	-
At 31 January 2020	**52,034,298**	**53,420,125**

The Directors consider that the carrying value after impairment of the investments is supported by their underlying net assets. A full list of subsidiary companies and branches existing at 31 January 2020 can be found on page 22.
Following as assessment of investments held at year end, the investment in Nash Tech Japan KK was impaired to £nil.

13. Trade and other payables

	As at 31 January 2020	As at 31 January 2019
	£	£
Trade payables	6,000	-
Total trade and other payables	**6,000**	-

The directors believe the trade payables reflect their fair value at the balance sheet date.

14. Share capital

	As at 31 January 2020	As at 31 January 2019
	£	£
Called up, allotted and fully paid		
75,867,231 ordinary shares of 0.005 pence each	**3,793,362**	**3,793,362**

15. Retained earnings

	12 months ended 31 January 2020	12 months ended 31 January 2019
	£	£
At 1 February	8,876,284	10,541,125
Comprehensive income for the period	2,018,403	1,542,638
Dividends paid	(1,130,955)	(3,207,479)
At 31 January	**9,763,732**	**8,876,284**

Dividends paid per share amounted to £0.015 (2019: £0.042)

16. Group undertakings

The Company has taken advantage of exemptions permitted under FRS101 not to publish details of related party transactions and balances, which will be eliminated upon consolidation with its parent undertaking. No further transactions fall under this category.

Notes to the Financial Statements

For the year ended 31 January 2020

17. Ultimate parent company

The immediate parent company is Harvey Nash Group Holdings Limited, a company registered in the England & Wales (company number: 11464274). The parent undertaking of the smallest group, which includes the Company and for which group accounts are prepared is Harvey Nash Group Holdings Limited. The parent undertaking of the largest group, which includes the Company and for which group accounts are prepared is The Power of Talent Topco Limited. As a wholly owned subsidiary, the Company is exempt under Section 400 of the Companies Act 2006 from the obligation to prepare and deliver group financial statements. Copies of the group financial statements can be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

The ultimate parent undertaking is The Power of Talent Topco Limited (company number: 132333C), a company registered in the Isle of Man. The ultimate controlling party of the Company is DBAY Advisors Limited (company number: 126150C), a company registered in the Isle of Man.

These financial statements are separate financial statements.

18. Events after the balance sheet date

The Covid-19 crisis is the only significant event affecting the company since the balance sheet date of 31 January 2020. The effect of this on the company is not deemed to be material as the company is non-trading.
While the company is not directly affected by the impact of Covid-19, its direct investment in Harvey Nash Ltd is not unaffected. The company's technology sector focus and diversity across service lines has assisted in mitigating the impact of Covid-19. Despite reductions in demand due to Covid-19, operating profit and positive operating cash flows have continued in the first and second quarters of the financial year to 31 January 2021. This is considered to be a non-adjusting event.

Notes to the Financial Statements

For the year ended 31 January 2020

19. Prior period error

In the prior period, the year ended 31 January 2019, an error occurred where finance income was recognised as an expense. The net effect of this error was £1,044,890, made up of finance costs amounting to £466,352 and finance income of £1,511,242. This error has been retrospectively adjusted and the financial statements have been restated. The effects of the restatement are shown below:

Restated statement of profit and loss

	12 months ended 31 January 2019	Effect of error correction	Restated 12 months ended 31 January 2019
	£	£	£
Dividend income	2,413,614	-	2,413,614
Gross profit	**2,413,614**	-	**2,413,614**
Administrative expenses	(1,618,176)	-	(1,618,176)
Foreign currency translation differences	9,028	-	9,028
Profit before exceptional items	**804,466**	-	**804,466**
Exceptional items	215,727	-	215,727
Profit before finance costs	**1,020,193**	-	**1,020,193**
Net finance income/(costs)	**(522,445)**	**1,044,890**	**522,445**
Finance costs	233,176	(466,352)	(233,176)
Finance income	(755,621)	1,511,242	755,621
Profit before tax	**497,747**	**1,044,890**	**1,542,638**
Income tax expense	-	-	-
Profit for the period	**497,747**	**1,044,890**	**1,542,638**

Restated balance sheet excerpt

	Balance as at 31 January 2019	Effect of error correction	Restated balance as at 31 January 2019
ASSETS			
Non-current assets			
Investments	53,420,125	-	53,420,125
Loans receivable from group undertakings	22,630,635	1,044,890	23,675,525
EQUITY			
Ordinary shares	(3,793,362)	-	(3,793,362)
Share premium	(11,445,483)	-	(11,445,483)
Capital contribution reserve	(20,000,000)	-	(20,000,000)
Shares to be issued	-	-	-
Other reserve	(13,875,000)	-	(13,875,000)
Retained earnings	(7,831,393)	(1,044,890)	(8,876,284)
Total equity	**(56,945,238)**	**(1,044,890)**	**(57,990,128)**

Full list of Subsidiaries

		% Holding	Principal activity
United Kingdom			
110 Bishopsgate, London, EC2N 4AY			
Harvey Nash Ltd		100%	Recruitment consultancy
NashTech Ltd		100%	Software consultancy
Crimson Ltd		100%	Recruitment consultancy
Impact Executives Ltd		100%	Recruitment consultancy
Impact Executives Holdings Ltd		100%	Non-trading
Ireland			
Unit 2, 51 Sir John Rogerson's Quay, Dublin 2			
Harvey Nash (Ireland) Ltd		100%	Recruitment consultancy
NashTech Software Ltd		100%	Software consultancy
Netherlands			
Industrieweg 4 Maarssen, 3606 AS			
Harvey Nash BV		100%	Recruitment consultancy
Germany			
Grafenberger Allee 337a-c 40235 Düsseldorf			
Harvey Nash GmbH		100%	Recruitment consultancy
Nash Direct GmbH		100%	Recruitment consultancy
Impact Executives (Germany) GmbH		100%	Non-trading
Belgium			
Nieuwe gentesteenweg21/3, 1702 Groot-ijgaarden			
Harvey Nash IT Consulting NV		100%	Recruitment consultancy
Harvey Nash NV		100%	Recruitment consultancy
Residentie Docklands, Indiëstraat 2, 2000 Antwerpen			
eMenka NV		100%	Recruitment consultancy
Talent IT BVBA		100%	Recruitment consultancy
Team4Talent BVBA		100%	Recruitment consultancy
Pro-Cured BVBA		100%	Procurement
Switzerland			
Badenerstrasse 15, Postfach 8021 Zürich			
Harvey Nash AG		100%	Recruitment consultancy
Impact Executives Holdings AG		100%	Non-trading
Poland			
Al. Jerozolimskie 56C, 00-803 Warsaw			
Harvey Nash Alumni Sp. z o.o.	Warsaw	100%	Recruitment consultancy
Harvey Nash Technology Poland Sp. z o.o.	Warsaw	100%	Recruitment consultancy

Full list of Subsidiaries

	% Holding	Principal activity
Sweden		
World Trade Center, Kungsbron 1, Box 843, 101 36 Stockholm		
IE Management AB	100%	Recruitment consultancy
Harvey Nash Recruitment AB	100%	Recruitment consultancy
Harvey Nash Services AB	100%	Recruitment consultancy
PAT Management AB	100%	Recruitment consultancy
Finland		
Unionsgatan 22, 00130 Helsinki		
Harvey Nash OY	100%	Recruitment consultancy
Norway		
Haakon VII's Gate 6, 0161 Oslo		
Harvey Nash AS	100%	Recruitment consultancy
United States of America		
1680 Route 23 North, Suite 300, Wayne, NJ 07470		
Harvey Nash Inc	100%	Recruitment consultancy
Harvey Nash Holdings Inc	100%	Non-trading
SBS Group Inc	100%	Non-trading
Broadbay Networks Inc	100%	Non-trading
Tech Discovery LLC	100%	Non-trading
Euro Systems International Inc	100%	Non-trading
Applied Concepts Inc	100%	Non-trading
Scientific & Business Systems Inc	100%	Non-trading
Japan		
Tokyo Square Garden 14F, WeWork, 3-1-1 Kyobashi, Chuo-ku, Tokyo		
NashTech Japan KK	100%	Software consultancy
Vietnam		
364 Cong Hoa Street, Tan Binh District, Ho Chi Minh City		
Harvey Nash (Vietnam) Company Ltd	100%	Software consultancy
British Virgin Islands		
P.O Box 957, Offshore Incorporations Centre, Road Town, Tortola		
Harvey Nash Ltd (BVI)	100%	Non-trading
Singapore		
One Raffles Quay, North Tower, Level 25		
Harvey Nash Singapore PTE Ltd	100%	Non-trading
71 Robinson Road, #13-129		
NashTech Singapore PTE Ltd	100%	Software consultancy
Hong Kong		
Unit 1501, 15/F Henley Building, 5 Queen's Road Central, Central		
Harvey Nash (Hong Kong) Ltd	100%	Non-trading