

Harvey Nash Group Ltd  
Annual Report & Accounts

2019

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The Power of Talent

Company Number: 03320790

# Harvey Nash Group Ltd

For the year ended 31 January 2019

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# Strategic Report

For the year ended 31 January 2019

## Strategic Report

The directors present their strategic report on the Group for the year ended 31 January 2019.

### Strategy

The Group has a clear strategic vision and aim to be the leading global recruiter for leadership, technology recruitment and IT solutions throughout the UK, Northern Europe and Vietnam with challenger brands in the USA and Australia. Investment is primarily focused in locations where the Group has scale, a well-recognised brand and opportunities for growth.

The Group offers a one-stop-shop approach to technology and digital recruitment. A unique portfolio of services leverages the needs of the Group's clients, from the very top of an organisation down to the operational level, from CIO to application developer and offshore project manager. This model is resilient, supporting the Group throughout the business cycle.

Attracting the very best employees is critical to driving growth. The Group invests in people, fostering an inclusive and collegiate culture. The Group were the first recruitment business to be awarded the "Ernst and Young National Equalities Standard", the accepted standard for inclusiveness in business across the UK and increasingly the world.

During the year under review the Group was acquired by a subsidiary of DBAY Advisors and subsequently delisted from the AIM. The Group aims to accelerate growth through investment combined with the benefits of private ownership flowing through.

### Review of the business

The progress of Harvey Nash Group Ltd is summarised below:

### Results and performance

As shown on the Group's statement of profit and loss and other comprehensive income, the Group achieved revenue of £595m (2018: £535m). This is after taking into account the statutory reporting effect of IFRS15 which reduced gross reported revenue from £1.1bn (2018: £889m).

The Group reported an operating profit of £4.89m (2018: £6m). 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.

	2019 £' 000	2018 £' 000
Total billings	1,055,354	889,259
Revenue	595,074	534,927
Gross profit percentage	17.90%	18.71%
Operating profit percentage	0.82%	1.13%
Total equity	60,704	60,655

### Principal risks and uncertainties

There are certain risks and uncertainties inherent in the Group that may affect future performance, these are described below:

#### Legal and regulatory

The Group works in a number of geographic jurisdictions on a daily basis under a variety of laws and regulations. The Group mitigates this risk through comprehensive compliance policies and procedures including engaging with local advisers and regulators where necessary.

# Strategic Report

For the year ended 31 January 2019

## Strategic Report continued

### Principal risks and uncertainties continued

#### Financial

All potential areas of financial risk are regularly monitored and reviewed by the directors. Where necessary preventative and/or corrective measures are taken to reduce such risk. The company operates in a number of foreign markets, the existence of which exposes the company to a number of financial risks. These risks are addressed in note 4 of the financial statements.

#### Operational

The Group is reliant on its ability to fulfil client demand while recruiting, training and developing high quality talent to maintain and expand its future growth strategy.

The directors actively engage in providing a structure of sustainable career development for candidates. The Group continues to diversify its operations by expanding its geographies, and utilises its positioning in key sectors to protect against lower candidate availability in more mature markets.

Where possible the directors mitigate operational risks through the use of insurance policies.

#### Political

The uncertainty of the political environment surrounding the UK's departure from the EU has increased the risk of negative impact to the trading performance in our UK businesses, as clients become more cautious in headcount investment.

The Group continues to monitor the impact of Brexit and assess how to mitigate risks in the UK with opportunities in Continental Europe.

#### Future developments

Risks to growth have been mitigated by the continued focus on the resilient technology market and through the geographic diversity of the Group. As a result of strong organic growth combined with transformative actions taken by the executive team during the year, the Group has exceeded budget, improving margins and delivering operational efficiencies.

Despite the macro-economic uncertainty the directors are encouraged by the strong trading momentum which has continued into the first quarter of the year to 31 January 2020. As a result, the Board is confident the Group will continue to make further progress in the year ahead and deliver value to shareholders.



MJ Garratt

Date: 16 May 2019

Director

# Directors' Report

For the year ended 31 January 2019

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 January 2019.

The Group has chosen to prepare their financial statements in accordance with International Financial Reporting Standards (IFRS).

### Directors

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

Albert Ellis  
Mark Garratt  
Simon Mark Wassall  
Adrian Paul Gunn

The below changes to the directors occurred during the year:

Julie Baddeley	(Resigned 29 October 2018)
David Bezem	(Resigned 29 October 2018)
Ian Robert Davies	(Resigned 29 October 2018)
Kevin Thomas	(Resigned 29 October 2018)

### Subsidiaries outside the United Kingdom

For the year ended 31 January 2019, the Group had entities established for corporation tax purposes in a number of countries. A full list of subsidiaries and locations are set out on page 48 & 49.

### Future developments

Details of future developments can be found in the strategic report on page 3 and form part of this report by cross-reference.

### Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. Details of the Group's objectives and policies in response to these risks can be found within note 4 to the financial statements.

### Going concern

The directors have considered the current and forecast levels of trading, taking into account the cash and facilities available to the Group, and have concluded that the going concern basis of preparation remains appropriate. When forecasting future profitability, the directors foresee no material change from that disclosed in the financial statements.

### Directors' and third party indemnity provisions

The Group has maintained throughout the year directors' and officers' liability insurance for the benefit of the Group, the directors and its officers. The Group 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 and which were in force throughout the year and which remain in force at the date of these financial statements.

### Dividends

During the year dividends were declared and paid to the value of £3.2m (2018: £3m). No dividends have been proposed post year end.

# Directors' Report

For the year ended 31 January 2019

## Directors' report continued

### Share Capital

During the year there were changes to the issued share capital of the Group. These are set out in note 22 of the financial statements.

### 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 Group's auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Group'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.

A resolution to reappoint Deloitte LLP as auditor will be proposed at the forthcoming Annual General Meeting.

Approved and signed on behalf of the board:



MJ Garratt  
Director

Date: 16 May 2019

# Statement of Directors' Responsibilities in Respect of the Annual Report

For the year ended 31 January 2019

## 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 such financial statements for each financial year.

Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union and Article 4 of the IAS Regulation and they have also chosen to prepare the parent Company financial statements in accordance with Financial Reporting Standard ('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 the parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 Reduced Disclosure Framework has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

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.

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

# Independent auditor's report to the members of Harvey Nash Group Limited

For the year ended 31 January 2019

## Report on the audit of the financial statements

### Opinion

In our opinion:

- the financial statements of Harvey Nash Group Limited (the 'parent company') and its subsidiaries (the 'Group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 January 2019 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related consolidated notes 1 to 31.
- the related parent company notes 1 to 6.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements 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 group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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 group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.



# Independent auditor's report to the members of Harvey Nash Group Limited

For the year ended 31 January 2019

## Report on the audit of the financial statements continued

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.

### Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://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 the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

We have nothing to report in respect of these matters.

# Independent auditor's report to the members of Harvey Nash Group Limited

For the year ended 31 January 2019

## 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 ACA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

Date: 16 May 2019

## Consolidated Income Statement

For the year ended 31 January 2019

		2019	Restated due to IFRS 15
	Notes	£' 000	2018 £' 000
<b>Continuing operations</b>			
Revenue		595,074	534,927
Cost of sales		(488,569)	(434,853)
<b>Gross profit</b>	6	106,505	100,074
Administrative expenses		(91,287)	(89,322)
Operating profit before non-recurring items		15,218	10,752
Exceptional items	10	(10,328)	(4,720)
<b>Operating profit</b>	8	4,890	6,032
Finance costs	7	(1,323)	(671)
<b>Profit before tax</b>		3,567	5,361
Income tax expense	12	(2,941)	(1,869)
<b>Profit for the year</b>		626	3,492

## Consolidated Statement of Comprehensive Income

For the year ended 31 January 2019

	2019	2018
	£' 000	£' 000
Profit for the year	626	3,492
Foreign currency translation differences	(1,322)	(2,095)
Disposal of net investment		(5)
Other comprehensive loss for the year	(1,322)	(2,100)
<b>Total comprehensive (loss)/income for the year attributable to owners of the Company</b>	<b>(696)</b>	<b>1,392</b>

Financial Statements  
Consolidated Balance Sheet

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# Consolidated Balance Sheet

As at 31 January 2019

	Notes	2019 £' 000	2018 £' 000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	14	65,241	62,381
Property, plant and equipment	15	3,840	2,623
Right-of-use assets	15	13,078	-
Investments	17	-	234
Deferred tax assets	12	922	1,483
Loan receivable	31	2,006	2,015
		<b>85,087</b>	<b>68,736</b>
<b>Current assets</b>			
Trade and other receivables	18	176,639	152,664
Deferred tax assets	12	3,179	2,270
Cash and cash equivalents	19	16,448	10,487
		<b>196,266</b>	<b>165,421</b>
<b>Total assets</b>		<b>281,353</b>	<b>234,157</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	20	(164,702)	(148,294)
Current income tax liabilities		(590)	(1,575)
Borrowings	19	(38,183)	(17,261)
Short-term lease liabilities	27	(3,987)	-
Deferred consideration		(2,000)	(1,000)
Provisions	21	(268)	(1,991)
		<b>(209,730)</b>	<b>(170,121)</b>
<b>Net-current liabilities</b>		<b>(13,464)</b>	<b>(4,700)</b>
<b>Non-current liabilities</b>			
Deferred consideration		(1,550)	(3,060)
Long-term lease liabilities	27	(9,013)	-
Long-term provisions	21	(356)	(321)
		<b>(10,919)</b>	<b>(3,381)</b>
<b>Total liabilities</b>		<b>(220,649)</b>	<b>(173,502)</b>
<b>Net assets</b>		<b>60,704</b>	<b>60,655</b>
<b>EQUITY</b>			
Ordinary shares	22	3,793	3,673
Share premium		11,446	8,425
Fair value and other reserves	23	15,079	15,079
Own shares held	23	-	(811)
Cumulative translation reserve	23	3,218	4,540
Retained earnings	24	27,168	29,749
<b>Total equity</b>		<b>60,704</b>	<b>60,655</b>

The consolidated financial statements on pages 10 - 43 were approved by the board and signed on its behalf by Mark Garratt on 16 May 2019.



# Consolidated Statement of Changes in Equity

For the year ended 31 January 2019

	Share capital £' 000	Share premium £' 000	Fair value and other reserves £' 000	Own Shares Held £' 000	Cumulative translation reserve £' 000	Retained earnings £' 000	Total £' 000
Balance at 1 February 2017	3,673	8,425	15,079	(910)	6,640	29,132	62,039
Profit for the year	-	-	-	-	-	3,492	3,492
Currency translation adjustments	-	-	-	-	(2,100)	-	(2,100)
Total comprehensive (loss)/income for the year	-	-	-	-	(2,100)	3,492	1,392
Employee share option and bonus plan	-	-	-	-	-	187	187
Movement in own shares	-	-	-	99	-	(33)	66
Dividends paid	-	-	-	-	-	(3,029)	(3,029)
Balance at 31 January 2018	3,673	8,425	15,079	(811)	4,540	29,749	60,655
<b>Balance at 1 February 2018</b>	<b>3,673</b>	<b>8,425</b>	<b>15,079</b>	<b>(811)</b>	<b>4,540</b>	<b>29,749</b>	<b>60,655</b>
Profit for the year	-	-	-	-	-	626	626
Currency translation adjustments	-	-	-	-	(1,322)	-	(1,322)
Total comprehensive (loss)/income for the year	-	-	-	-	(1,322)	626	(696)
Movement in own shares	-	-	-	811	-	-	811
Shares issued during the year	120	3,021	-	-	-	-	3,141
Dividends paid	-	-	-	-	-	(3,207)	(3,207)
Balance at 31 January 2019	3,793	11,446	15,079	-	3,218	27,168	60,704

## Consolidated Cash Flow Statement

For the year ended 31 January 2019

	Notes	2019 £' 000	2018 £' 000
<b>Profit before tax</b>		3,567	5,361
Exceptional items	10	10,328	4,720
<b>Profit before tax and non recurring items</b>		13,895	10,081
Adjustments for:			
- depreciation	15	4,253	1,341
- amortisation	14	93	69
- loss on disposal of property, plant and equipment		39	7
- finance income	7	(53)	-
- finance costs	7	1,377	671
- share-based employee settlement and share option charge		-	253
<b>Operating cash flows before changes in working capital</b>		19,604	12,422
Changes in working capital:			
- (increase) in trade and other receivables		(23,463)	(22,516)
- increase in trade and other payables		18,754	15,994
- (decrease)/increase in provisions		(1,690)	2,191
<b>Cash flows from operating activities</b>		13,205	8,091
Exceptional items		(10,092)	(4,453)
Income tax paid		(4,226)	(3,098)
<b>Net cash generated/(used in) from operating activities</b>		(1,113)	540
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	15	(2,818)	(834)
Capitalised software development costs	14	(69)	(71)
Interest received	7	53	-
Cash acquired with acquisitions	30	311	75
Purchase of subsidiary undertakings	30	(880)	(7,757)
Settlement of deferred consideration		(2,318)	(250)
<b>Net cash used in investing activities</b>		(5,721)	(8,837)
<b>Cash flows from financing activities</b>			
Lease capital repayments		(3,414)	-
Dividends paid to Group shareholders	13	(3,207)	(3,029)
Interest paid	7	(1,377)	(671)
Increase in borrowings	19	20,496	2,260
<b>Net cash used in financing activities</b>		12,498	(1,440)
<b>Increase/(decrease) in cash and cash equivalents</b>		5,664	(9,737)
<b>Cash and cash equivalents at the beginning of the year</b>	19	10,487	20,250
Exchange movements on cash and cash equivalents	19	297	(26)
<b>Cash and cash equivalents at the end of the year</b>		16,448	10,487

# Notes to the Consolidated Financial Statements

For the year ended 31 January 2019

## 1. General information

Harvey Nash Group Ltd ('the Company') and its subsidiaries (together 'the Group') is a leading provider of specialist recruitment and outsourcing solutions. The Group has offices in the United Kingdom, Europe, the United States and Asia Pacific.

The Company is a private company incorporated in the United Kingdom. Its registered address is 110 Bishopsgate, London EC2N 4AY.

For the year ended 31 January 2019 the following subsidiaries of the Company were entitled to exemption from audit under s479A of the Companies Act 2006 relating to subsidiary companies.

NashTech Limited	(Company Number 09834873)
Impact Executives Holdings Limited	(Company Number 03566935)
Harvey Nash Group EBT Limited	(Company Number 03303165)

## 2. Adoption of new and revised standards

As at the date of authorisation of these financial statements, the following key standards and amendments were in issue and became effective during the year. The Group has applied these standards and interpretations in the preparation of these financial statements.

IFRS 9 'Financial Instruments'	Effective for annual periods beginning on or after 1 January 2018
IFRS 15 'Revenue from Contracts with Customers'	Effective for annual periods beginning on or after 1 January 2018

The following key standards and amendments were in issue but not yet effective. The Group has opted to early apply these standards and interpretations in the preparation of these financial statements.

IFRS 16 'Leases'	Effective for annual periods beginning on or after 1 January 2019
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The impact of IFRS 9, IFRS 15 and IFRS 16 is set out below and in the notes to the financials accordingly.

### IFRS 9 'Financial Instruments'

In the current year, the Group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Group has elected not to restate comparatives in respect of the classification and measurement of financial instruments.

IFRS 9 introduced new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities;
- 2) Impairment of financial assets; and
- 3) General hedge accounting.

Details of these new requirements as well as their impact on the Group's consolidated financial statements are described below.

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

(a) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Group has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 February 2018. Accordingly, the Group has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 February 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 February 2018. Comparative amounts in relation to instruments that continue to be recognised as at 1 February 2018 have been restated where appropriate.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Debt instruments that are held to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;

# Notes to the Consolidated Financial Statements

For the year ended 31 January 2019

## 2. Adoption of new and revised standards continued

### IFRS 9 'Financial Instruments' continued

Debt instruments that are held to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI).

All other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

The Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and

The Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

In the current year, the Group has not designated any debt investments that meet the amortised cost or FVTOCI criteria as measured at FVTPL.

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to impairment.

The directors of the Group reviewed and assessed the Group's existing financial assets as at 1 February 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Group's financial assets as regards their classification and measurement:

Financial assets classified as held-to-maturity and loans and receivables under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

None of the other reclassifications of financial assets have had any impact on the Group's financial position, profit or loss, other comprehensive income or total comprehensive income in the year.

### Impairment of financial assets

IFRS 9 requires an expected credit loss model, rather than an incurred credit loss model to be applied. This requires the assessment of the expected credit loss on each class of financial asset at each reporting date. This assessment should take into consideration any changes in credit risk since the initial recognition of the financial asset. The main classes of financial asset held by the Group are trade receivables, which are short-term in nature.

The directors of the Group have reviewed and assessed existing financial assets using reasonable and supportable information to determine credit risk and concluded that there is no material financial impact on the Group.



# Notes to the Consolidated Financial Statements

For the year ended 31 January 2019

## 2. Adoption of new and revised standards continued

### IFRS 15 'Revenue from Contracts with Customers'

The Group has adopted IFRS 15 from 1 February 2018 taking a full retrospective approach. IFRS 15 introduces a five-step approach to measuring and recognising revenue from contracts and replaces IAS 18 'Revenue' and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services.

The Group has performed a detailed analysis of the impact of the transition to IFRS 15, including a review of contracts, to determine the timing of the transfer of control in each of its service lines.

#### Principal versus agent considerations

The Group derives a significant proportion of its revenue from the provision of temporary workers to clients. Whether the full invoiced amount is recognised gross (inclusive of the costs of the temporary workers), or net (exclusive of costs of the workers) depends on whether the Group acts as principal or agent. IFRS 15 moves away from the 'risks and rewards' concept of revenue recognition used by IAS 18 'Revenue' to a concept of 'transfer of control'. Its core principle is whether the good or service is controlled by the entity prior to delivery to the client. For the purposes of determining whether an entity acts as an agent or principal, IFRS 15 provides indicators of where control may exist. Significantly, these indicators do not include credit risk as an indicator that an entity is acting as a principal.

A summary of the changes which have impacted the Group upon transition to IFRS 15 is shown below.

#### Temporary contractors

Where Harvey Nash has the primary responsibility to deliver and fulfil the promise to provide contractors to the client, this indicates that the entity controls the service before it is transferred to the client. This includes the acceptability of the service meeting the client's specifications. The Group is acting as principal. Revenue recognised is the gross amount billed to the client for the services of the temporary workers. This includes revenues from the placement of temporary contractors where Harvey Nash has a contract management services contract with the client. Revenue recognition therefore remains consistent with the current policy under IAS 18.

#### Contract management services – temporary contractors arranged by third party agencies

Harvey Nash acts as an agent when its primary responsibility is to provide administrative support to clients, acting as an intermediary between two parties. Harvey Nash does not control the service provided to the client as the primary responsibility to deliver the services to the client sits with a third party agency. Revenue is recognised as the commission only (exclusive of costs of the worker) and not gross as under IAS 18. There is no impact on cash flow or on gross profit, as there is an equal and opposite decrease to cost of sales. There is also no net impact on retained earnings in prior years, as the timing of revenue recognition has not changed.

#### Revenue earned on a retained basis

Revenue for permanent executive recruitment and assignment fees is based on a percentage of a candidate's remuneration package, recognised over time as the services are provided. Under IAS 18, an up-front retainer fee was recognised. Under IFRS 15 recruitment and assignment fees are considered as one performance obligation, delivered over time. When revenue is recognised over time, it is necessary to determine the entity's performance towards satisfaction of the performance obligation. Revenue can therefore not be recognised until the entity has performed a service that will take it closer to fulfilling the performance obligation. This resulted in the deferral of revenue to later stages of the contract. The Group has quantified the potential impact of this adjustment and concluded that it is immaterial.

#### Commissions

Under IAS 18, incremental costs incurred in obtaining a contract (such as sales commissions) are expensed as incurred. However, under IFRS 15, these costs are recognised as an asset and amortised over the life of the contract if they are expected to be recovered from the client. Given the short-term nature of the Group's contracts, the Group elected to take the practical expedient offered under IFRS 15 for contracts less than 12 months, allowing commissions to be expensed as incurred.

# Notes to the Consolidated Financial Statements

For the year ended 31 January 2019

## 2. Adoption of new and revised standards continued

### IFRS 15 'Revenue from Contracts with Customers' continued

The Group has performed a detailed analysis of the impact of the transition to IFRS 15, and provided this below:

	Prior to IFRS 15	IFRS15 Impact	Restated
	£000	£000	£000
<b>2019</b>			
Revenue	1,055,354	(460,280)	595,074
Cost of sales	(948,849)	460,280	(488,569)
Gross profit	106,505	-	106,505
	Prior to IFRS 15	IFRS15 Impact	Restated
	£000	£000	£000
<b>2018</b>			
Revenue	889,259	(354,332)	534,927
Cost of sales	(789,185)	354,332	(434,853)
Gross profit	100,074	-	100,074

# Notes to the Consolidated Financial Statements

For the year ended 31 January 2019

## 2. Adoption of new and revised standards continued

### IFRS 16 'Leases'

In the current year, the Group, for the first time, has applied IFRS 16 Leases (as issued by the IASB in January 2016) in advance of its effective date.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance lease requirements and requires the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of IFRS 16 on the Group's consolidated financial statements is described below.

The Group has elected to early adopt IFRS 16 'Leases' and it has been applied from 1 February 2018, using the modified retrospective approach, under which the right-of use asset is measured at the same amount as lease liability on the date of initial application (1 February 2018), adjusted only for any prepaid or accrued lease payments recognised in balance sheet on that date under IAS 17 'Leases'. Comparative information has therefore not been restated, and is reported under IAS 17 'Leases'.

Right-of-use assets are initially measured at cost, comprising the initial measurement of the lease liability, plus any initial direct costs and an estimate of asset retirement obligations, less any lease incentives. Subsequently, right-of-use assets are measured at cost, less any accumulated depreciation and any accumulated impairment losses, and are adjusted for certain remeasurements of the lease liability. Depreciation is calculated on a straight-line basis over the length of the lease.

#### Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those leases entered or modified before 1 February 2018.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 February 2018 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Group has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not change significantly the scope of contracts that meet the definition of a lease for the Group.

#### Impact on Lessee Accounting

##### Operating leases

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17.

Applying IFRS 16, for all leases (except as noted below), the Group:

- (a) Recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of future lease payments;
- (b) Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated income statement; and
- (c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated income statement.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities, whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets. This replaces the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within other expenses in the consolidated statement of profit and loss and other comprehensive income.

## Notes to the Consolidated Financial Statements

For the year ended 31 January 2019

### 2. Adoption of new and revised standards continued

#### IFRS 16 'Leases' continued

##### Impact on Lessee Accounting

##### Finance leases

The main difference between IFRS 16 and IAS 17 with respect to assets formerly held under a finance lease is the measurement of residual value guarantees provided by a lessee to a lessor. IFRS 16 requires that the Group recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. This change did not have a material effect on the Group's consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the year ended 31 January 2019

## 3. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied across the Group in both years presented.

### (a) Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs').

The financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

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 of the parent Company are prepared under Financial Reporting Standard ('FRS') 101 Reduced Disclosure Framework.

The Company has adopted the requirements of The Companies, Partnerships, and Groups (Accounts and Reports) Regulations 2015.

### (b) Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. The Group has assessed the potential outcomes of the UK leaving the EU and believes the impact would not have a material negative affect on the Group's future outlook or going concern assumption.

### (c) Basis of consolidation

The Group financial statements consolidate the results of the Company and all of its subsidiary undertakings drawn up to 31 January each year and are based on the consistent accounting policies disclosed herein.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

### (d) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair value of assets and liabilities transferred to the former owners of the acquiree in exchange for control of the acquiree. Acquisition related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred and the amount of any non-controlling interests in the acquiree, over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred and the amount of any non-controlling interests in the acquiree, the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes an asset or liability resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

## Notes to the Consolidated Financial Statements

For the year ended 31 January 2019

### 3. Significant accounting policies continued

#### (e) Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

#### (f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the supply of services, net of value added tax, rebates and discounts and after eliminating sales within the Group.

Revenue arising from permanent placements is recognised on acceptance of the candidate or on start date, subject to the contractual agreement. Provision is made for the expected cost of obligations where employees do not work for the specified contractual period.

Executive recruitment and assignment fees are recognised as services are provided, typically in two stages: shortlist and placement fee under new revenue recognition accounting standard IFRS 15. Provision is made for the expected cost of obligations where employees do not work for the specified contractual period.

The Group derives its revenue in the contract services and interim businesses on a time and materials basis. It is recognised as services are rendered as validated by receipt of a client-approved timesheet or equivalent. Where the Group is acting as a principal, turnover represents amounts billed for the services, inclusive of the remuneration costs of the workers.

For fixed price development work, revenue is recognised on the percentage completion basis, using pre-specified milestones or a client sign-off to trigger revenue recognition and the estimate of profit. Revenue from business process outsourcing is recognised as services are rendered, based on a time and materials basis.

Revenue anticipated, but not invoiced, at the balance sheet date is accrued on the balance sheet as accrued income. Revenue invoiced but not earned at the balance sheet date is recorded as a liability as deferred income.

#### (g) Investments

Investments in associated undertakings ('associated companies') are stated at the amount of the Group's share of net assets.

#### (h) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method, on the following bases:

Leasehold improvements	term of the lease
Furniture, fixtures and equipment	5 Years
Office equipment	5 Years
Computer equipment	3 Years
Motor vehicles	25% reducing balance
Right-of-use asset	term of the lease

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The gain or loss on disposal or retirement of an item of property, plant or equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Property, plant and equipment purchased to deliver outsourcing projects, which have been recharged to clients at cost, remain the legal property of the Group. The cost of the asset is capitalised within current assets and charged to cost of sales over the contract length.

# Notes to the Consolidated Financial Statements

For the year ended 31 January 2019

## 3. Significant accounting policies continued

### (i) Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity.

On the disposal of a foreign operation, all of the exchange differences accumulated in a separate component of equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

### (j) Leases

Leases are recognised, measured and presented in line with IFRS 16 'Leases'.

Rentals payable for short term leases, low value leases and leases which are not in scope for IFRS 16 are taken to the income statement on a straight-line basis over the lease term.

### (k) Intangible assets

Intangible assets which are acquired separately, or through a business combination, are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The Group does not have any assets, other than goodwill, with infinite useful lives. Any impairment is recognised immediately in the income statement.

Development costs are capitalised as an intangible asset if, and only if, all of the requirements of IAS 38 'Intangible Assets' are met. The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

### (l) Impairment of property, plant and equipment and intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. Assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

The recoverable amount is the higher of the asset's fair value less costs of sale and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Where an impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the original carrying value prior to any impairment charges.

# Notes to the Consolidated Financial Statements

For the year ended 31 January 2019

## 3. Significant accounting policies continued

### (m) Financial instruments

Financial assets and liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Group's contractual rights to the cash flows expire or the Group transfers substantially all the risks and reward of the financial asset. Financial liabilities are derecognised from the Group'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').

#### 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.

### (n) Cash and cash equivalents

Cash comprises cash in hand and deposits which can be withdrawn as cash without giving any notice and without suffering any penalty. Cash equivalents are short term, highly liquid investments which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

### (o) Share capital

Ordinary shares are classified as equity. Where any Group 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.

### (p) Tax

#### Current tax

The tax currently payable is based on taxable profit for the year. 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 Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.



# Notes to the Consolidated Financial Statements

For the year ended 31 January 2019

## 3. Significant accounting policies continued

### (p) Tax continued

#### 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 Group 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.

### (q) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

### (r) Employee benefits

#### Pension obligations

Wherever possible, the Group operates defined contribution pension schemes, under which the Group pays fixed contributions into separate entities. The Group has no legal or constructive obligation to pay further contributions. Pension costs are charged to the income statement in the year in which they arise. In Belgium and Switzerland, legislation requires the operation of pension schemes which contain an element of defined benefit, the obligations under which are fully insured and there are no unrecorded liabilities. These schemes are accounted for as defined contribution schemes.

#### Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or when an employee accepts voluntary redundancy in exchange for benefits. The Group recognises termination benefits when it is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal.

#### Bonus plan

The Group recognises a liability and an expense for bonuses when contractually obliged.

#### Share-based plans

During the year the Group's management awarded certain employees share options. The Group applied IFRS 2 'Share-based payments' to all instruments granted and adopted an appropriate model for the purposes of calculating fair value. All options vested during the year and at year end, no options were outstanding. These are detailed in note 25.

# Notes to the Consolidated Financial Statements

For the year ended 31 January 2019

## 3. Significant accounting policies continued

### (s) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group 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.

### (t) Borrowing costs

Borrowing costs are written off as incurred or, in the case of initial arrangement fees, may be spread over the term of the facility where appropriate. Invoice discounting fees are recognised as incurred.

### (u) Working capital facilities

The Group has access to working capital finance facilities provided by its bankers in the form of a confidential trade receivables finance facility which is secured by a floating charge over the Group's assets. The borrowings under this are included within current liabilities and described as borrowings on the Group's consolidated balance sheet and the facility is secured specifically against the Group's trade receivables. Trade receivables are included within trade receivables in the Group's consolidated balance sheet.

### (v) Exceptional items

Exceptional items are presented separately on the face of the Consolidated Income Statement 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 Group's underlying business performance as it enables shareholders to see the results of the ongoing trading operations.

# Notes to the Consolidated Financial Statements

For the year ended 31 January 2019

## 4. Financial risk management

### Financing

The Group's principal financial instruments are invoice discounting, overdrafts, cash and short-term deposits. The Group has other financial instruments such as trade receivables and trade payables that arise directly from its operations. Acquisitions are financed through a mixture of operating cash flow and equity. Working capital finance for day-to-day requirements is provided through operating cash generation, invoice discount facilities, and small short term overdraft facilities. Where applicable, funds are then made available for the financing of the Group's subsidiaries through intercompany loans.

### Objectives, policies and strategies

The most significant treasury exposures faced by the Group are raising finance, managing interest rates and currency positions as well as investing surplus cash in high-quality assets. 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 Group's objectives when managing capital are to safeguard the Group'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 Group. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

	2019 £' 000	2018 £' 000
Borrowings	38,183	17,261
Total Equity	60,704	60,655
Total Capital	98,887	77,916
Gearing ratio %	38.61%	22.15%

### Interest rate risk management

The Group's policy is to minimise interest charges through cash pooling and active cash management.

### Market risk and foreign exchange risk management

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group's policy is to minimise foreign currency risk. The Group manages its exposure on equity investments in overseas subsidiaries through foreign currency borrowings. The currency risk of holding assets and liabilities in foreign currencies across the Group is managed by partially matching foreign currency assets with foreign currency liabilities.

The Group's operating profit exposure to foreign currency translation is primarily in respect of the US dollar and the euro.

### Credit Risk

The Group has no significant concentration of credit risk. It has policies in place to ensure that sales of services are made to customers with an appropriate credit history and historically there are low levels of debt write-off throughout the Group. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. The Group does not have any significant credit risk exposure to a single customer.

	2019 Credit Limit	2019 Balance	2018 Credit Limit	2018 Balance
Rating *	£' 000	£' 000	£' 000	£' 000
Bank overdraft - secured	888-	-	2,000	-

\* Standard & Poor's rating

# Notes to the Consolidated Financial Statements

For the year ended 31 January 2019

## 4. Financial risk management continued

### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and committed credit facilities. Management monitors rolling forecasts of the Group's liquidity reserve (comprising undrawn borrowing facility, cash and invoice discounting) on the basis of expected cash flow. All borrowings are short term. The Group's main invoice finance facility was most recently renewed in November 2018.

## 5. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group'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 Group's accounting policies

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

### The presentation of selected items as non-recurring

The Group 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 Group's underlying business performance. See note 10 for further details.

### Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

### Impairment of goodwill

Determining whether the goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. These include forward-looking forecasts which are inherently judgemental. The carrying amount of goodwill at 31 January 2019 was £64.2m (2018: £61.3m). The key assumptions and sensitivities in the value-in-use calculations are set out in note 14.

## 6. Segment information

IFRS 8 'Operating Segments' requires disclosure of information about the Group's operating segments. It requires a management approach under which segment information is presented on a similar basis to that used for internal reporting purposes. The chief operating decision maker in the business has been identified as the Group Board. Services provided by each reportable segment are Executive Search, Technology Recruitment and Outsourcing.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3.

# Notes to the Consolidated Financial Statements

For the year ended 31 January 2019

## 6. Segment information continued

The Group Board analyses segmental information as follows:

Gross profit	2019	2018
Geographical	£' 000	£' 000
<b>United Kingdom &amp; Ireland</b>	<b>43,863</b>	<b>39,694</b>
<b>Mainland Europe</b>	<b>43,757</b>	<b>41,198</b>
Benelux	21,730	19,062
Nordics	14,799	14,743
Central Europe	7,228	7,393
<b>Rest of World</b>	<b>18,885</b>	<b>19,182</b>
United States	12,356	13,881
Asia Pacific	6,529	5,301
<b>Total gross profit</b>	<b>106,505</b>	<b>100,074</b>
<b>Service Line</b>		
Executive search	20,602	23,472
Technology recruitment	69,990	64,549
Outsourcing	15,913	12,053
<b>Total gross profit</b>	<b>106,505</b>	<b>100,074</b>
<b>Operating profit and profit before tax</b>	<b>2019</b>	<b>2018</b>
<b>Geographical</b>	<b>£' 000</b>	<b>£' 000</b>
<b>United Kingdom &amp; Ireland</b>	<b>7,598</b>	<b>6,699</b>
<b>Mainland Europe</b>	<b>10,028</b>	<b>8,877</b>
Benelux	8,239	7,162
Nordics	1,047	1,169
Central Europe	742	546
<b>Rest of World</b>	<b>2,858</b>	<b>857</b>
United States	568	143
Asia Pacific	2,290	714
<b>Total</b>	<b>20,484</b>	<b>16,433</b>
<b>Service Line</b>		
Executive search	1,074	2,045
Technology recruitment	15,769	12,475
Outsourcing	3,641	1,913
<b>Total</b>	<b>20,484</b>	<b>16,433</b>
<b>Group and central service costs</b>	<b>(5,266)</b>	<b>(5,681)</b>
<b>Total operating profit before non-recurring items</b>	<b>15,218</b>	<b>10,752</b>
<b>Exceptional items</b>	<b>(10,328)</b>	<b>(4,720)</b>
<b>Total operating profit</b>	<b>4,890</b>	<b>6,032</b>
<b>Finance costs</b>	<b>(1,323)</b>	<b>(671)</b>
<b>Profit before tax</b>	<b>3,567</b>	<b>5,361</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 January 2019

### 7. Finance costs

	2019 £' 000	2018 £' 000
Net interest on bank borrowings	983	671
Interest expense on lease liabilities	340	-
<b>Finance costs</b>	<b>1,323</b>	<b>671</b>

### 8. Operating profit

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

	2019 £' 000	2018 £' 000
Staff costs	110,752	105,777
Bad debt provision and debts directly written off	408	25
Depreciation of property, plant and equipment	1,256	1,341
Depreciation on right of use assets	2,997	-
Amortisation	93	69
Impairment	-	798
Operating lease rentals payable	2,070	5,247
Loss on foreign exchange	310	90
Loss on disposal of property, plant and equipment	39	7

### 9. Auditor's remuneration

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

	2019 £' 000	2018 £' 000
Fees payable to the Company's auditor for the audit of the Company's Annual Report	110	100
Fees payable to the Company's auditor for the audit of the Company's subsidiaries pursuant to legislation	322	334
<b>Total audit fees</b>	<b>432</b>	<b>434</b>
Tax and other services	36	14
<b>Total non-audit fees</b>	<b>36</b>	<b>14</b>
<b>Total Fees</b>	<b>468</b>	<b>448</b>

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

# Notes to the Consolidated Financial Statements

For the year ended 31 January 2019

## 10. Alternative performance measures and exceptional items

### Alternative performance measures

In the reporting of financial information, the Group uses certain measures that are not required under IFRS. We consider 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 Group. 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 Group's performance. These APMs are not intended to be a substitute for, or superior to, IFRS measures.

For this reason, the Group presents a number alternative performance measures, including:

Gross revenue prior to IFRS 15

Net debt

Exceptional items

The relevant notes show the reconciliation of these APMs to the most directly comparable IFRS equivalents.

### Exceptional items

	2019 £' 000	2018 £' 000
Acquisition costs	247	377
Delisting and change of ownership costs	7,170	-
Excess deferred consideration	-	220
GDPR compliance	17	-
Group transformation	1,220	5,951
Impairment of goodwill	-	798
Investment write-off	236	-
New accounting standards	44	-
Optimisation projects	468	-
Other	407	-
Release of aged accruals	-	(2,871)
Re-listing in AIM	-	245
Refinancing costs	519	-
<b>Total exceptional items</b>	<b>10,328</b>	<b>4,720</b>

During the year, the Group's shares were acquired by a newly incorporated entity (Harvey Nash Group Holdings Ltd) owned and controlled by DBAY funds. The Group subsequently delisted from the AIM market and incurred significant exceptional costs involved in the acquisition including professional and legal fees. Additionally as a result of the acquisition, £3.9m share options vested during the year. (see note 25).

The group continued the transformation projects initiated in the prior year. £1.2m of exceptional costs related to this.

In the year, a number of optimisation projects were initiated. The total of the costs to date for the year were £0.5m.

The group engaged in a refinancing project during the year in relation to the Invoice Finance debt. Total costs of the refinancing were £0.5m.

# Notes to the Consolidated Financial Statements

For the year ended 31 January 2019

## 11. Employees and Directors

Average number of people employed	UK & Ireland	Europe	Rest of World	Total
Executive directors	3	-	-	3
Sales	263	229	126	618
Administrative	118	71	107	296
Employees included within cost of sales	-	381	1,220	1,601
<b>Total 2018</b>	<b>384</b>	<b>681</b>	<b>1,453</b>	<b>2,518</b>
Executive directors	3	-	-	3
Sales	292	229	104	625
Administrative	120	82	98	300
Employees included within cost of sales	-	384	1,497	1,881
<b>Total 2019</b>	<b>415</b>	<b>695</b>	<b>1,699</b>	<b>2,809</b>

	2019 Cost of sales £' 000	2019 Admin expenses £' 000	2019 Total £' 000	2018 Cost of sales £' 000	2018 Admin expenses £' 000	2018 Total £' 000
<b>Total staff costs for the Group</b>						
Wages and salaries	37,128	56,331	93,459	34,067	53,934	88,001
Social security costs	6,887	7,260	14,147	5,848	7,700	13,548
Pension costs	2,158	988	3,146	2,047	2,181	4,228
<b>Total</b>	<b>46,173</b>	<b>64,579</b>	<b>110,752</b>	<b>41,962</b>	<b>63,815</b>	<b>105,777</b>

Directors' emoluments in respect of qualifying services to the Group were as follows:

	2019 £' 000	2018 £' 000
<b>Directors' remuneration</b>		
Aggregate emoluments	1,834	1,933
Pension contributions	119	127
Share-based payments	3,513	179
<b>Total director's remuneration</b>	<b>5,466</b>	<b>2,239</b>
<b>Highest paid director</b>		
Aggregate emoluments	801	779
Pension contributions	51	51
Share-based payments	1,805	86
<b>Total highest paid director</b>	<b>2,657</b>	<b>916</b>

In accordance with the Companies Act 2006, Directors' emoluments above represent the proportion of total emoluments paid or payable in respect of qualifying services.

During the year the Directors received no emoluments for non-qualifying services which are required to be disclosed. All long term incentive scheme shares vested and were given during the year and none were outstanding at year end.



# Notes to the Consolidated Financial Statements

For the year ended 31 January 2019

## 12. Tax

	2019 £' 000	2018 £' 000
Corporation tax on profits in the year - UK	-	-
Corporation tax on profits in the year - overseas	2,579	2,827
Adjustments in respect of prior years	709	(4)
<b>Total current tax</b>	<b>3,288</b>	<b>2,823</b>
Deferred tax	(347)	(954)
<b>Total tax charge</b>	<b>2,941</b>	<b>1,869</b>

The tax rate used for the 2019 reconciliation above is the corporate tax rate of 19.00% (2018: 19.17%) with effect from 1 April 2018.

The difference are explained below for 2019 and 2018 using the UK standard rate of corporation tax:

	2019 £' 000	2018 £' 000
Profit before tax from continuing operations	3,567	5,361
Tax at standard UK corporation tax rate of 19.00% (2018: 19.17%)	678	1,028
Effects of:		
Expenses not deductible for tax purposes	1,093	465
Income not taxable	(276)	(125)
Utilisation of brought forward tax losses not previously recognised	(43)	(185)
Tax losses for which no deferred tax asset is recognised	-	357
Tax losses now recognised for deferred tax	(193)	(64)
Adjustments to tax in respect of prior year	709	(4)
Effect of changes in tax rates on deferred tax balances	-	28
Deferred tax adjustment in respect of prior years	983	-
Profits taxed at overseas rates	(188)	355
Other	178	14
<b>Total Taxation</b>	<b>2,941</b>	<b>1,869</b>
<b>Current tax:</b>		
Tax on profit in the year	2,579	2,827
Adjustments in respect of prior years	709	(4)
<b>Total current tax</b>	<b>3,288</b>	<b>2,823</b>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(347)	(1,402)
Effect of changes in tax rates on deferred tax balances	-	448
<b>Total deferred tax credit</b>	<b>(347)</b>	<b>(954)</b>
<b>Total tax charge</b>	<b>2,941</b>	<b>1,869</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 January 2019

### 12. Tax continued

	2019 £' 000	2018 £' 000
<b>Deferred tax</b>		
<b>Deferred tax assets:</b>		
Deferred tax asset to be settled after more than 12 months	922	-1,483
Deferred tax asset to be settled within 12 months	3,179	2,270
	<b>4,101</b>	<b>3,753</b>
<b>Deferred tax liabilities:</b>		
Deferred tax liability to be settled after more than 12 months	-	-
Deferred tax liability to be settled within 12 months	-	-
	-	-
<b>Net deferred tax asset</b>	<b>4,101</b>	<b>3,753</b>

The deferred tax position is analysed below:

Asset:	Share based payments £' 000	Accelerated capital allowances £' 000	Tax losses £' 000	Accrued interest charges £' 000	Loan waiver £' 000	Total £' 000
01 February 2018	44	(29)	2,733	1,006	-	3,754
Reclassification	-	58	(656)	-	598	-
Movement	(44)	(10)	401	-	-	347
<b>31 January 2019</b>	<b>-</b>	<b>19</b>	<b>2,478</b>	<b>1,006</b>	<b>598</b>	<b>4,101</b>

The deferred tax asset recognised for accrued interest charges relates to Group interest charges payable by the US business.

Deferred tax assets arising from deductible temporary differences 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.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the periods in which they are realised. The rates enacted or substantively enacted by the UK Government for the relevant periods of reversal are 19% from 1 April 2017 and then 17% from 1 April 2020. The rates enacted by the US Government for the relevant periods of reversal was 26% from 22 December 2017.

Due to the uncertainty of recoverability, deferred tax assets in respect of tax losses, depreciation in excess of accelerated capital allowance and deductible temporary differences of £0.9m (2018: £3.6m) have not been recognised. Future tax charges may be reduced as a result of tax losses for which a deferred tax asset is currently not recognised.

# Notes to the Consolidated Financial Statements

For the year ended 31 January 2019

## 13. Dividends

The dividends paid in the year were £3.2m (2018 : £3.0m).

The final dividend paid in respect to the year ended 31 January 2018 was £1.9m (2.652 pence per share). An interim dividend was declared and paid during the year amounting to £1.3m (1.75 pence per share).

	2019 £' 000
Final dividend for the year ended 31 January 2018 of 2.652 pence per share	1,929
Interim dividend for the year ended 31 January 2019 of 1.75 pence per share	1,278
<b>Total</b>	<b>3,207</b>
	2018 £' 000
Final dividend for the year ended 31 January 2017 of 2.525 pence per share	1,834
Interim dividend for the year ended 31 January 2018 of 1.643 pence per share	1,195
<b>Total</b>	<b>3,029</b>

## 14. Intangible assets

	Capitalised development costs £' 000	Brands £' 000	Goodwill £' 000	Total £' 000
<b>Cost</b>				
At 31 January 2017	-	1,701	54,067	55,768
Additions	71	-	9,840	9,911
Exchange adjustments	-	(53)	(1,700)	(1,753)
<b>At 31 January 2018</b>	<b>71</b>	<b>1,648</b>	<b>62,207</b>	<b>63,926</b>
Additions	69	-	2,398	2,467
Exchange adjustments	-	(72)	527	455
<b>At 31 January 2019</b>	<b>140</b>	<b>1,576</b>	<b>65,132</b>	<b>66,848</b>
<b>Accumulated amortisation and impairment</b>				
At 31 January 2017	-	(595)	(99)	(694)
Charge for the year	-	(69)	-	(69)
Impairment loss	-	-	(798)	(798)
Exchange adjustments	-	22	(6)	16
<b>At 31 January 2018</b>	<b>-</b>	<b>(642)</b>	<b>(903)</b>	<b>(1,545)</b>
Charge for the year	(30)	(63)	-	(93)
Impairment loss	-	-	-	-
Exchange adjustments	-	31	-	31
<b>At 31 January 2019</b>	<b>(30)</b>	<b>(674)</b>	<b>(903)</b>	<b>(1,607)</b>
<b>Carrying amount</b>				
At 31 January 2018	71	1,006	61,304	62,381
<b>At 31 January 2019</b>	<b>110</b>	<b>902</b>	<b>64,229</b>	<b>65,241</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 January 2019

## 14. Intangible assets continued

The carrying amounts of the intangible assets by cash-generating unit ('CGU') are as follows:

	2019 £' 000	2018 £' 000
<b>Goodwill</b>		
Tech partners Group	14,509	14,509
Harvey Nash US	13,275	12,279
Harvey Nash (Ireland) Ltd	3,966	3,982
Harvey Nash BV	2,806	2,818
Harvey Nash IT Consulting NV	6,100	6,126
Talent-IT BVBA	3,489	3,504
Alumni AB	5,387	5,740
Bjerke and Luther AS	1,068	1,084
Harvey Nash (Vietnam) Ltd	1,537	1,422
PAT Management AB	2,236	2,382
Crimson Ltd	8,458	7,458
eMenka	1,398	-
	<b>64,229</b>	<b>61,304</b>
<b>Brands</b>		
Alumni AB Brand	600	683
Bjerke & Luther AS Brand	302	323
	<b>902</b>	<b>1,006</b>

During the year the goodwill in respect of each CGU was tested for impairment in accordance with IAS 36 'Impairment of Assets'. All CGU's were assessed to have a value-in-use in excess of their respective carrying values, thus no impairment adjustments to goodwill were considered necessary. Goodwill was also recognised during the year following the acquisition of eMenka NV.

The assumptions applied in the impairment review are consistent with those applied within the Group's long-term strategic plan, approved by management and the Board. The assumptions are based on latest industry forecasts and the expectations of management given their past experience. The key assumptions in the value-in-use calculations are disclosed below.

Significant cash-generating unit	Average growth rate in first five years		Long-term growth rate	
	2019	2018	2019	2018
Techpartners Group	6.0%	7.5%	2.7%	1.7%
Harvey Nash US	29.0%	10.6%	2.6%	1.7%
Crimson Ltd	6.0%	16.1%	2.7%	1.7%
Harvey Nash IT Consulting NV	3.0%	2.7%	2.6%	1.7%
Alumni AB	5.0%	8.8%	3.0%	1.7%

The full five year average has been utilised for all cash generating entities except for Harvey Nash US which has over 100% growth in the first year followed by 29% average growth in years 2-5. The terminal growth rate is based on the long-term growth rate for each country and was on average 2.7% (2018: 1.4%). Management believe the forecasts are achievable.

The pre-tax discount rate used was based on the industry weighted average cost of capital for each country and was on average 9.1% (2018: 8.6%).

The Group has carried out a sensitivity analysis on the impairment tests of each cash generating units to which goodwill has been allocated. Based on this analysis management believes any reasonable changes in the key assumptions used in the impairment model would not result in any material impairment charge being recorded in the financial statements.

# Notes to the Consolidated Financial Statements

For the year ended 31 January 2019

## 15. Property, plant and equipment

	Right of use assets £' 000	Leasehold improvements £' 000	Office Equipment £' 000	Furniture, fixtures and equipment £' 000	Computer equipment £' 000	Motor vehicles £' 000	Total £' 000
<b>Cost</b>							
At 31 January 2017	-	2,911	717	1,739	8,050	15	13,432
Additions	-	236	26	80	492	-	834
Acquisitions	-	166	-	18	223	-	407
Disposals	-	(296)	(147)	(299)	(679)	-	(1,421)
Exchange adjustments	-	(91)	(25)	(60)	(318)	1	(493)
<b>At 31 January 2018</b>	-	2,926	571	1,478	7,768	16	12,759
Additions	16,075	318	74	224	2,131	-	18,822
Acquisitions	-	-	-	26	45	-	71
Disposals	-	(176)	(47)	(218)	(963)	-	(1,404)
Exchange adjustments	-	30	5	29	14	-	78
<b>At 31 January 2019</b>	<b>16,075</b>	<b>3,098</b>	<b>603</b>	<b>1,539</b>	<b>8,995</b>	<b>16</b>	<b>30,326</b>
<b>Accumulated depreciation</b>							
At 31 January 2017	-	1,865	582	1,432	6,337	15	10,231
Charge for the year	-	284	64	119	874	-	1,341
Acquisitions	-	64	-	12	187	-	263
Disposals	-	(293)	(162)	(272)	(687)	-	(1,414)
Exchange adjustments	-	(39)	(19)	(39)	(189)	1	(285)
<b>At 31 January 2018</b>	-	1,881	465	1,252	6,522	16	10,136
Charge for the year	2,997	281	83	68	824	-	4,253
Acquisitions	-	-	-	19	39	-	58
Disposals	-	(167)	(40)	(208)	(950)	-	(1,365)
Exchange adjustments	-	47	(21)	42	258	-	326
<b>At 31 January 2019</b>	<b>2,997</b>	<b>2,042</b>	<b>487</b>	<b>1,173</b>	<b>6,693</b>	<b>16</b>	<b>13,408</b>
<b>Carrying amount</b>							
At 31 January 2017	-	1,046	135	307	1,713	-	3,201
At 31 January 2018	-	1,045	106	226	1,246	-	2,623
<b>At 31 January 2019</b>	<b>13,078</b>	<b>1,056</b>	<b>116</b>	<b>366</b>	<b>2,302</b>	<b>-</b>	<b>16,918</b>

During the year the Group early adopted IFRS 16. As a result of this, right of use assets were recognised during the year. The closing net book balance at 31 January 2019 for right of use assets was £13m.

## 16. Subsidiaries

The Group consists of a parent Company, Harvey Nash Group Ltd, incorporated in the UK and registered in England and Wales, and a number of directly and indirectly held subsidiaries around the world.

All subsidiary companies are consolidated: The Directors believe that the investments in subsidiaries should not be impaired at year end.

At 31 January 2019 the Group was a wholly owned subsidiary of Harvey Nash Group Holdings Ltd (company number: 11464274)

A full list of the Company's subsidiaries at 31 January 2019 is shown on page 48 - 49.

## Notes to the Consolidated Financial Statements

For the year ended 31 January 2019

### 17. Investments

	2019 £' 000	2018 £' 000
Investment in MOCAP Vietnam		234

The Group's 15% investment in MOCAP Vietnam was written off during the year.

### 18. Trade and other receivables

	2019 £' 000	2018 £' 000
Trade receivables	136,591	121,072
Less: Provision for bad and doubtful debts	(691)	(209)
	135,900	120,863
Other receivables	4,394	2,446
Prepayments	2,150	2,415
Accrued income	34,195	26,940
	176,639	152,664

Debtor days were 41.2 days (2018: 39.5 days). Debtor days are calculated by reference to outstanding debtors relative to amounts invoiced in the preceding months up to the year end.

Trade receivables that are less than three months past due are not considered impaired. As of 31 January 2019, trade receivables of £35.2m (2018: £25.3m) were aged over 30 days but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2019 £' 000	2018 £' 000
1-2 months	22,961	18,265
2-3 months	7,113	4,424
Over 3 months	5,183	2,637
	35,257	25,326

As of 31 January 2019, trade receivables of £0.7m (2018: £0.2m) were impaired and provided for.

The individually impaired receivables mainly relate to customers who are in difficult economic situations. All the impaired receivables are more than three months overdue. In the current year, the creation and release of provisions for impaired receivables have been included in 'administrative expenses' in the Consolidated Income Statement. The other classes within trade and other receivables do not contain impaired assets.

Movements on the Group provision for impairment of trade receivables are as follows:

	2019 £' 000	2018 £' 000
At 1 February	209	782
Provision for receivables impairment	633	205
Receivables written off during the year as uncollectible	(5)	(579)
Unused amounts reversed	(146)	(199)
At 31 January	691	209

# Notes to the Consolidated Financial Statements

For the year ended 31 January 2019

## 18. Trade and other receivables continued

	Current £' 000	30-60 days £' 000	60-90 days £' 000	90+ days £' 000	Total £' 000
Default rate	0.00%	1.25%	2.40%	4.50%	
Gross carrying amount	101,333	22,962	7,113	5,183	136,591
Lifetime expected credit loss	-	(287)	(171)	(233)	(691)
	101,333	22,675	6,942	4,950	135,900

The Group has applied the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable listed above. The Group does not hold any collateral as security.

	2019 £' 000	2018 £' 000
Sterling	49,579	41,296
Euro	112,070	98,466
US Dollar	6,454	6,000
Other currencies	8,536	6,902
	176,639	152,664

There is no material difference between the fair value and the carrying value of the Group's receivables.

## 19. Analysis of changes in net funds

	1 February 2018 £' 000	Cash flow £' 000	Foreign exchange movements £' 000	31 January 2019 £' 000
Cash and cash equivalents	10,487	5,664	297	16,448
Borrowings Note 29	(17,261)	(20,196)	(726)	(38,183)
<b>Net (debt)</b>	<b>(6,774)</b>	<b>(14,532)</b>	<b>(429)</b>	<b>(21,735)</b>

Net debt comprise cash and cash equivalents less overdraft and utilisation of the Group's invoice discounting facility.

## 20. Trade and other payables

	2019 £' 000	2018 £' 000
Trade payables	88,484	78,486
Other tax and social security payable	10,070	11,692
Accruals	64,021	56,372
Other payables	2,127	1,744
	164,702	148,294

# Notes to the Consolidated Financial Statements

For the year ended 31 January 2019

## 21. Provisions

	2019 £' 000	2018 £' 000
At February	2,312	96
Charge in the year	289	6,765
Utilised in the year	(1,973)	(4,673)
Foreign exchange movements	(4)	124
At 31 January	624	2,312
Current	268	1,991
Non-Current	356	321

A provision of £0.3m relates to a provision for legal fees. The remaining provision relates to an onerous lease £0.3m in Germany. These leases expire in July 2020.

## 22. Share capital

	2019 £' 000	2018 £' 000
Allotted and fully paid		
75,867,231 ordinary shares of 5 pence each (2018: 73,450,393)	3,793	3,673

During the year 2,416,838 shares at a nominal value of 5p each were issued in order to fulfil the obligation created when shares were awarded to qualifying employees under a share plan scheme (see note 25).

## 23. Other reserves

Fair value and other reserves of £15.1m (2018: £15.1m) include £1.7m relating to a capital redemption reserve. The remainder represents share premium on share capital issued in relation to the purchase of certain acquisitions.

Own shares held in reserve were utilised during the year in order to satisfy options under the Group's share options schemes (see note 25). The number of own shares held at year end was nil (2018: 811,201).

Cumulative translation reserves for the year amounted to £3.2m (2018: £4.5m).

## 24. Retained earnings

	2019 £' 000	2018 £' 000
At 1 February	29,749	29,132
Profit for the year	626	3,492
Dividends paid	(3,207)	(3,029)
Employee share option and bonus plan	-	187
Movement in own shares	-	(33)
At 31 January	27,168	29,749



# Notes to the Consolidated Financial Statements

For the year ended 31 January 2019

## 25. Share-based payments

Under the Harvey Nash Performance Share Plan ('PSP') scheme, the Remuneration Committee previously granted awards to Executive Directors subject to the achievement of performance targets. During the year the Group was acquired by Dbay Advisors and subsequently delisted off the AIM, resulting in all qualifying share awards vesting. No further awards are to be granted.

Details of the awards outstanding are as follows:

	2019 £' 000	2018 £' 000
Outstanding at the beginning of the year	2,909,141	2,921,357
Granted	53,669	927,487
Lapsed	-	(939,703)
Exercised	(2,962,810)	-
<b>Outstanding at the end of the year</b>	<b>-</b>	<b>2,909,141</b>
Exercisable at end of the year	-	-

The fair value of PSP awards granted during the year were calculated using the accepted share purchase price per share of 130p, agreed as part of the acquisition. The fair value of PSP awards granted in 2018 were calculated at the date of grant using a Monte Carlo binomial model or a Black-Scholes model, depending on the vesting criteria of each award.

Valuation model inputs were as follows:

	2019 £' 000	2018 £' 000
Share price at grant	130p	88.0p
Exercise price	-	5.0p
Expected volatility	-	29.62%
Expected life (years)	-	3.00%
Risk-free rate	-	0.54%
Expected dividends	-	4.64%

In order to fulfil the obligation created as a result of the vested awards granted, the company utilised its 545,972 own shares held, and issued 2,416,838 additional shares.

The total charge under IFRS 2 - "Share-based payments" accruing as a result of the vesting of awards amounted to £3.9m and were included in non-recurring expenditure during the year (see note 10).

## 26. Related party transactions

### Banking guarantees

Group guarantees have been entered into by the companies listed below and relate to any payment due under the banking agreement. The following companies have given security to Harvey Nash Group Ltd, the Company:

Name of company	Security	Security
Harvey Nash Ltd	Group guarantee	Debenture
Harvey Nash Group EBT Limited	Group guarantee	-
Broadbay Networks Inc	Group guarantee	-

The relationship between Harvey Nash Group plc and its principal subsidiaries is disclosed in note 16.

### Related party loans

	2019 £' 000	2018 £' 000
Included in other receivables is a related party loan which is outstanding at 31 January 2019.		
Harvey Nash Group Holdings Ltd	231	-

During the year the Group became subsidiary to Harvey Nash Group Holdings Ltd. The amount of £0.2m was owed to the Group at year end.

# Notes to the Consolidated Financial Statements

For the year ended 31 January 2019

## 27. Leases

### Leases classified under IFRS 16 "Leases"

During the year the Group elected to early adopt IFRS 16 "Leases". The Group applied a modified retrospective approach under which right-of-use assets are recognised and initially measured at the same amount as lease liability on the date of initial application. Under this approach, comparative information has not been restated, and is reported under IAS 17 'Leases'.

The lease liability is initially measured at the present value of lease payments, discounted using the Group's incremental borrowing rate. The lease term comprises the non-cancellable period of the contract, together with periods covered by an option to extend the lease where the Group is reasonably certain to exercise that option. Subsequently the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability, and reducing it by the lease payments made. The lease liability is remeasured when the Group changes its assessment of whether it will exercise an extension or termination option.

Lease liabilities are shown separately on the Consolidated Balance Sheet in current liabilities and non-current liabilities.

	2019 Leasehold offices £' 000
Current-liabilities - leases	3,987
Non-Current liabilities - leases	9,013
	13,000

The Group has elected to apply exemptions for short-term leases and leases for which the underlying asset is of low value. For these leases the lease payments are charged to the income statement on a straight-line basis over the term of the relevant lease.

### Operating lease commitments

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

	2019 Property £' 000	2019 Vehicles, plant and equipment £' 000	2018 Property £' 000	2018 Vehicles, plant and equipment £' 000
<b>Minimum lease payments under non-cancellable operating leases:</b>				
Within one year	305	673	3,938	771
Later than one year and less than five years	77	881	9,455	725
After five years	-	-	1,321	-
	382	1,554	14,714	1,496

## 28. Pensions

The Group operates separate defined contribution pension schemes in all locations. The Group's total contribution to such schemes for the year ended 31 January 2019 was £3.1m (2018: £4.2m).

The Group's largest pension scheme is a defined contribution scheme provided by Scottish Widows in the UK. Employees are invited to join the scheme automatically on completion of three months' qualifying service, although senior employees may be invited to join earlier at the discretion of the Directors. The Group contributes 5% and the employee contributes 5% of the employee's basic earnings (excluding bonuses) to the plan.

# Notes to the Consolidated Financial Statements

For the year ended 31 January 2019

## 29. Financial Instruments

The Group's financial instruments comprise cash, bank overdraft, invoice discounting and various items such as trade receivables and trade payables that arise directly from its operations. The fair value of financial assets and liabilities is approximately equal to their book values.

Additional disclosures are set out in the accounting policies relating to risk management. An explanation of the role that financial instruments have had during the year in the management of the Group's funding liquidity and foreign exchange is provided within note 4.

In accordance with IFRS 9 "Financial Instruments", the Group has reviewed all contracts and confirmed that none contain embedded derivatives that are required to be assessed and measured as per the requirements set out in the standard. While there were embedded derivatives at 31 January 2019 these were considered to be immaterial. (2018: none).

### Borrowing facilities

The Group had the following committed facilities available in respect of invoice discounting and a UK overdraft of £nil at 31 January 2019 (2018: £2.0m).

In September 2018, the Group invoice discounting facility was increased from £70m to £90m. At 31 January 2019 facility was allocated across the Group's operations as follows: £38m in the UK, EUR equivalent of £5m in Ireland, EUR equivalent of £30m in the Netherlands, EUR equivalent of £9.5m in Belgium and the USD equivalent of £7.5m in the USA.

The overdraft facilities are repayable on demand and the invoice discounting facilities are available on a rolling 12-month basis. The rates on all facilities are floating. All conditions precedent to the overdraft and invoice discounting were met at 31 January 2019 and 31 January 2018.

	2019	2018	2019	2018
	000	000	£' 000	£' 000
<b>Drawn borrowing facilities</b>				
Overdraft	£ -	-	-	-
Invoice discounting facilities – UK	£ 12,871	14,617	12,871	14,617
Invoice discounting facilities – Ireland	€ -	1,317	-	1,164
Invoice discounting facilities – Belgium	€ 4,908	1,555	4,281	1,374
Invoice discounting facilities – Netherlands	€ 20,547	2,170	17,923	1,918
Invoice discounting facilities – USA	\$ 4,791	3,676	3,642	2,665
Invoice discounting facilities – Crimson	£ 795	1,205	795	1,205
<b>Total 2019</b>			<b>39,512</b>	<b>22,943</b>
	2019	2018	2019	2018
	000	000	£' 000	£' 000
<b>Undrawn borrowing facilities</b>				
Overdraft	£ -	2,000	-	2,000
Invoice discounting facilities – UK	£ 22,629	13,483	22,629	13,483
Invoice discounting facilities – Ireland	€ 5,730	2,531	5,000	2,236
Invoice discounting facilities – Belgium	€ 5,980	7,952	5,219	7,026
Invoice discounting facilities – Netherlands	€ 13,840	26,238	12,077	23,182
Invoice discounting facilities – USA	\$ 5,073	3,221	3,858	2,335
Invoice discounting facilities – Crimson	£ 1,705	1,545	1,705	1,545
<b>Total 2019</b>			<b>50,488</b>	<b>51,807</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 January 2019

## 30. Business combinations

### eMenka NV

On 14 May 2018, the Group acquired 100% of the share capital of eMenka NV, a recruitment business in Antwerp, Belgium, for an initial cash consideration of €1.0m (£880k) and deferred cash consideration of up to €1.0m (£880k). The contingent consideration arrangements require the Group to pay the selling company, eMenka NV, if the average earn-out period EBIT is a positive amount, the additional consideration shall be equal to 37.5% to be capped at an aggregate amount of €1.0m.

The provisional fair value of the net assets acquired is approximately equal to the acquiree's carrying amount. The excess of consideration above net asset values has been attributed in full to goodwill as no other intangible assets have been identified.

Details of the net assets acquired and the goodwill recognised were as follows:

	£' 000
Cash consideration	880
Deferred consideration	880
Fair value of net identifiable assets acquired	(349)
Cost of Goodwill recognised at date of acquisition	1,411
Foreign exchange movements	(13)
Cost of Goodwill at 31 January 2019	1,398

The assets and liabilities arising at the date of acquisition were as follows:

	£' 000
Tangible assets	13
Cash	311
Receivables	666
Payables	(641)
Net identifiable assets acquired	349

	£' 000
Cash consideration	880
Cash and cash equivalents in subsidiary acquired	(311)
Acquisition costs	152
Cash outflow on acquisition	721

## 31. Loan receivable

### Nash Technologies GmbH

On 6 December 2015, the Group entered into a sale agreement to dispose of the German telecommunications outsourcing business Nash Technologies GmbH and its two fully owned subsidiaries, Nash Technologies Stuttgart GmbH and Nash Innovations GmbH ('NT Group'). On the disposal date, full control passed to the acquirer.

The Group has a £2.0m (£2.3m) loan receivable from NT Group included within non-current assets. The rate of interest is three-month EURIBOR plus 1.5% and the loan is due to mature on 30 June 2023.

Under the sale agreement, the Group remained liable, subject to a cap, for taxes owed by the entities up to the sale date. In the year ended 31 January 2017, an audit by the German tax office of the NT Group resulted in a tax charge of £0.3m relating to prior years.

# Company Balance Sheet

As at 31 January 2019

	Notes	2019 £' 000	2018 £' 000
<b>Fixed assets</b>			
Investments	3	53,420	53,420
<b>Current assets</b>			
Debtors	4	22,630	16,063
Cash		22	7
		<b>22,652</b>	<b>16,070</b>
<b>Creditors due within one year</b>			
<b>Net current assets</b>		<b>22,652</b>	<b>16,070</b>
<b>Total assets less current liabilities</b>		<b>76,072</b>	<b>69,490</b>
<b>Creditors due after more than one year</b>			
Amounts owed to subsidiary undertakings	5	(19,127)	(12,976)
<b>Net assets</b>		<b>56,945</b>	<b>56,514</b>
Capital and reserves			
Share capital	6	3,793	3,673
Share premium account		11,445	8,425
Capital contribution		20,000	20,000
Other reserves		13,875	13,875
Profit and loss account		7,832	10,541
Equity shareholders' funds		<b>56,945</b>	<b>56,514</b>

The profit for the year was £0.5m (2018: Profit £3.0m).

The financial statements on pages 44 - 47 were approved and authorised for issue by the board on 16 May 2019 and signed on its behalf by:



MJ Garratt

Date: 16 May 2019

Director

# Company Statement of Changes in Equity

For the year ended 31 January 2019

Notes	Share capital £' 000	Share premium £' 000	Capital contribution £' 000	Other reserves £' 000	Profit and loss account £' 000	Total £' 000
Balance at 1 February 2017	3,673	8,425	20,000	13,875	12,369	58,342
Profit for the year	-	-	-	-	2,950	2,950
Total comprehensive (loss)/income for the year	-	-	-	-	2,950	2,950
Dividends paid	-	-	-	-	(3,029)	(3,029)
Exchange movements	-	-	-	-	(1,749)	(1,749)
Balance at 31 January 2018	3,673	8,425	20,000	13,875	10,541	56,514
<b>Balance at 1 February 2018</b>	<b>3,673</b>	<b>8,425</b>	<b>20,000</b>	<b>13,875</b>	<b>10,541</b>	<b>56,514</b>
Profit for the year	-	-	-	-	489	489
<b>Total comprehensive (loss)/income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>489</b>	<b>489</b>
Shares issued during the year	120	3,020	-	-	-	3,140
Dividends paid	-	-	-	-	(3,207)	(3,207)
Exchange movements	-	-	-	-	9	9
<b>Balance at 31 January 2019</b>	<b>3,793</b>	<b>11,445</b>	<b>20,000</b>	<b>13,875</b>	<b>7,832</b>	<b>56,945</b>

The notes on pages 46 - 47 form part of these financial statements

## Notes to the Company Financial Statements

For the year ended 31 January 2019

### 1. Significant accounting policies

The separate financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under Financial Reporting Standard ('FRS') 100, issued by the Financial Reporting Council ('FRC'). Accordingly, the financial statements have been prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payment, financial instruments, capital management, presentation of a cash-flow statement, standards not yet effective, impairment of assets and certain related party transactions.

Where required, equivalent disclosures are given in the Group accounts.

The financial statements have been prepared on the historical cost basis, which is generally based on the fair value of the consideration given in exchange for the goods and services. The principal accounting policies adopted are the same as those set out in note 3 to the consolidated financial statements except as noted below.

#### Investments

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment. Impairment reviews are conducted annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of the asset's fair value less costs of sale and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. Assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

### 2. Profit for the year

The profit for the year ended 31 January 2019 in the financial statements of Harvey Nash Group Ltd, the Company, was £0.5m (2018: profit £3.0m). As permitted by s408 Companies Act 2006, no profit and loss account is presented in respect of the parent Company.

### 3. Investment in subsidiaries

	2019 £' 000	2018 £' 000
<b>Shares in Group undertakings</b>		
At 1 February	53,420	53,458
Additions	-	1,078
Investment write off	-	(1,116)
<b>At 31 January</b>	<b>53,420</b>	<b>53,420</b>

The Directors believe that the carrying value of the investments is supported by their underlying net assets. The carrying value of the investments was tested against discounted future cash flows during the year. The forecasts were based on post-tax cash flows derived from the approved budget for FY2019 and the long-term strategic plan. Management believe that these forecasts are achievable. Should future cash flows be unable to support the carrying value, an impairment would be recognised.

A full list of subsidiary companies and branches owned directly or indirectly by the Company as at 31 January 2019 is presented on pages 48-49.

## Notes to the Company Financial Statements

For the year ended 31 January 2019

### 4. Debtors

	2019	2018
	£' 000	£' 000
Amounts owed by subsidiary undertakings	22,630	16,063

Amounts owed by Group undertakings are unsecured and may be paid by the borrower at any time unless otherwise agreed between Group undertakings. The interest is charged at a 2.5% margin over LIBOR in accordance with formal loan agreements between the parties.

### 5. Creditors

	2019	2018
	£' 000	£' 000
Amounts owed to subsidiary undertakings	(19,127)	(12,976)

Amounts owed to Group undertakings are unsecured and may be paid by the Company at any time unless otherwise agreed between Group undertakings. Interest is charged at a 2.5% margin over the bank base rate applicable in the jurisdiction of the lender, in accordance with formal loan agreements between the parties.

### 6. Equity

	2019	2018
	£' 000	£' 000
<b>Allotted and fully paid</b>		
75,867,231 ordinary shares of 5 pence each (2018: 73,450,393)	3,793	3,673

During the year 2,416,838 shares at a nominal value of 5p each were issued in order to fulfil the obligation created when shares were awarded to qualifying employees under a share plan scheme of the Group.

The capital contribution reserve was created on flotation.



## Full list of Subsidiaries of Harvey Nash Group Ltd

	% Holding	Principal activity	
<b>United Kingdom</b>			
<b>110 Bishopsgate, London, EC2N 4AY</b>			
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	
Harvey Nash Group EBT Ltd	100%	Non-trading	
<b>Ireland</b>			
<b>Unit 2, 51 Sir John Rogerson's Quay, Dublin 2</b>			
Harvey Nash (Ireland) Ltd	100%	Recruitment consultancy	
NashTech Software Ltd	100%	Software consultancy	
<b>Netherlands</b>			
<b>Industrieweg 4 Maarssen, 3606 AS</b>			
Harvey Nash BV	100%	Recruitment consultancy	
<b>Germany</b>			
<b>Grafenberger Allee 337a-c 40235 Düsseldorf</b>			
Harvey Nash GmbH	100%	Recruitment consultancy	
Nash Direct GmbH	100%	Recruitment consultancy	
Impact Executives (Germany) GmbH	100%	Non-trading	
<b>Belgium</b>			
<b>Nieuwe gentesteeweg21/3, 1702 Groot-Ijgaarden</b>			
Harvey Nash IT Consulting NV	100%	Recruitment consultancy	
Harvey Nash NV	100%	Recruitment consultancy	
<b>Residentie Docklands, Indiëstraat 2, 2000 Antwerpen</b>			
eMenka NV	100%	Recruitment consultancy	
Talent IT BVBA	100%	Recruitment consultancy	
Team4Talent BVBA	100%	Recruitment consultancy	
Pro-Cured BVBA	100%	Procurement	
<b>Switzerland</b>			
<b>Badenerstrasse 15, Postfach 8021 Zürich</b>			
Harvey Nash AG	100%	Recruitment consultancy	
Impact Executives Holdings AG	100%	Non-trading	
<b>France</b>			
<b>8 Avenue, Kleber, F-75116, Paris</b>			
SA Harvey Nash	100%	Non-trading	
Harvey Nash IT SASU	100%	Non-trading	
<b>Poland</b>			
<b>Al. Jerozolimskie 56C, 00-803 Warsaw</b>			
Harvey Nash Alumni Sp. z o.o.	Warsaw	100%	Recruitment consultancy
Harvey Nash Technology Poland Sp. z o.o.	Warsaw	100%	Recruitment consultancy
<b>Harvey Nash Group Ltd</b>			

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## Full List of Subsidiaries of Harvey Nash Group Ltd

## Full list of Subsidiaries of Harvey Nash Group Ltd

	% Holding	Principal activity
<b>Sweden</b>		
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
<b>Finland</b>		
Unionsgatan 22, 00130 Helsinki		
Harvey Nash OY	100%	Recruitment consultancy
<b>Norway</b>		
Haakon VII's Gate 6, 0161 Oslo		
Harvey Nash AS	100%	Recruitment consultancy
<b>United States of America</b>		
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
<b>Japan</b>		
Shinagawa Grand Central Tower 2-16-4 Konan, Minato-ku Tokyo 108-0075		
Harvey Nash Japan KK	100%	Software consultancy
<b>Vietnam</b>		
364 Cong Hoa Street, Tan Binh District, Ho Chi Minh City		
Harvey Nash (Vietnam) Company Ltd	100%	Software consultancy
<b>British Virgin Islands</b>		
P.O Box 957, Offshore Incorporations Centre, Road Town, Tortola		
Harvey Nash Ltd (BVI)	100%	Non-trading
<b>Singapore</b>		
One Raffles Quay, North Tower, Level 25		
Harvey Nash Singapore PTE Ltd	100%	Non-trading
NashTech Singapore PTE Ltd	100%	Software consultancy
<b>Hong Kong</b>		
Unit 1501, 15/F Henley Building, 5 Queen's Road Central, Central		
Harvey Nash (Hong Kong) Ltd	100%	Non-trading

## Offices

### United Kingdom and Ireland

[www.harveynash.com/uk](http://www.harveynash.com/uk)

#### London

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London EC2N 4AY

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Birmingham Business Park  
Birmingham B37 7YE

#### Leeds

Marshall's Mill  
Marshall Street  
Leeds LS11 9YJ

#### Manchester

Lowry House  
17 Marble Street  
Manchester M2 3AW

#### Newcastle

Studio 308  
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NE6 2HL

#### Bristol

Ten Victoria Street  
Bristol BS1 6BN

#### Edinburgh

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2-4 Waterloo Place  
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[www.harveynash.com/ie](http://www.harveynash.com/ie)

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Grand Canal Dock  
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2000 Antwerpen

### Brussels

Nieuwe Gentesteeweg 21/3  
1702 Groot-Bijgaarden

### Ghent

Huize Minne  
Kortrijksesteenweg 62  
9830 Sint-Martens-Latem

### Netherlands

[www.harveynash.com/nl](http://www.harveynash.com/nl)

#### Utrecht

Industrieweg 4  
Maarsse, Utrecht 3606 AS

#### Groningen

Verlengde Hereweg 173  
Groningen, 9721 AP

### Germany

[www.harveynash.com/de](http://www.harveynash.com/de)

#### Düsseldorf

Grafenberger Allee 337a-c  
40235 Düsseldorf

#### Stuttgart

Tübinger Strasse 26  
D-70178 Stuttgart

#### Munich

Leonrodstrasse 52  
D-80636 München

### Switzerland

[www.harveynash.com/ch](http://www.harveynash.com/ch)

#### Zürich

Badenerstrasse 15  
Postfach 8021 Zürich

### Poland

[www.harveynash.com/pl](http://www.harveynash.com/pl)

#### Warsaw

Al. Jerozolimskie 56C  
00-803 Warsaw

### Sweden

[www.harveynash.com/se](http://www.harveynash.com/se)

#### Stockholm

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Kungsbron 1  
Box 843, 101 36 Stockholm

#### Gothenburg

Södra Larmgatan 20  
411 16 Göteborg

#### Malmö

Gibraltargatan 7  
211 18 Malmö

#### Lund

Kyrkogatan 9B  
222 22 Lund

### Norway

[www.harveynash.com/no](http://www.harveynash.com/no)

#### Oslo

Haakon VII's Gate 6  
0161 Oslo

### Finland

[www.harveynash.com/fi](http://www.harveynash.com/fi)

#### Helsinki

Unionsgatan 22  
00130 Helsinki

### Denmark

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2900 Hellerup, Copenhagen

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### Illinois

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Chicago, IL 60654

### New York

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Seattle, WA 98121

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