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HR GO PLC

Annual Report and Financial Statements 2019

AMENDED

These revised accounts replace the original accounts and are now the statutory accounts;

They have been prepared as at the date of the original accounts and not as the date of the revision and accordingly do not deal with event between those dates; and

The only change is to now include what was found to be a missing page – page 3, the Chairman's Statement – in the original accounts filed.



A9VX956P

A07 11/01/2021 #265
COMPANIES HOUSE

A9JXRXS0

A10 15/12/2020 #225
COMPANIES HOUSE

For further information regarding the
HR GO Group or its
services please contact Lynden Gandotra

| | |
|-----------|--|
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HR GO PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS 2019

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HR GO PLC

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

| | |
|-----------------|---|
| J C Parkinson * | <i>Chairman</i> |
| R G Barrow * | <i>Group Managing Director</i> |
| C L Hare | <i>Managing Director of HR GO Recruitment</i> |
| J M Parkinson | <i>Group CIO Director</i> |
| M J Taylor | <i>Group Finance Director</i> |

**Members of the Remuneration Committee*

SECRETARY

R G Barrow

REGISTERED IN ENGLAND AND WALES

No. 00924542

REGISTERED OFFICE

Wellington House
Church Road
Ashford
Kent
TN23 1RE

AUDITOR

UHY Hacker Young
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

BANKERS

National Westminster Bank Plc

SOLICITORS

Knights plc
Crawley

HR GO PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS 2019

INTRODUCTION TO HR GO PLC

HR GO plc is a predominantly UK based long established (63rd year of trading) group of leading independent suppliers of temporary and permanent staff.

The HR GO Group's key activity is providing first class recruitment services to its industrial, commercial and public sector clients. The Group is well supported by the considerable specialist skills and in-depth knowledge of its many operating company directors, consultants, and support staff. The sectors covered by the Group are diverse and include financial and business services, information technology, education, aviation, engineering and sales (construction, facilities management, oil, gas, food, processing and automotive industries) and high street (executive, commercial, technical, public sector, semi-skilled and unskilled staff). HR GO plc is able to offer staffing solutions that combine the activities of several of its operating companies working in unison. In addition to recruitment services, the Group offers e-commerce and digital marketing agency services.

SALIENT FEATURES OF THE LAST FIVE YEARS

| | 2015 £'000 | 2016 £'000 | 2017 £'000 | 2018 £'000 | 2019 £'000 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Turnover | 80,228 | 73,989 | 80,288 | 86,656 | 84,849 |
| Operating profit | 952 | 629 | 1,418 | 1,581 | 459 |
| Profit on ordinary activities before taxation | 753 | 565 | 1,300 | 1,470 | 321 |
| Tax on ordinary activities | (454) | (82) | (235) | (341) | (85) |
| Profit for the year | 299 | 483 | 1,065 | 1,129 | 236 |

HR GO PLC

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CHAIRMAN'S STATEMENT

I am pleased to report another profitable year for the Group despite a cautious outlook pertaining to the uncertain political climate, Brexit delays and potential IR35 concerns. Our permanent recruitment and digital sector performance fell below expectation following ongoing indecision over Brexit, which caused reduced client confidence and the propensity for investment to be delayed.

The Group has sought opportunities to diversify and continue its strategic expansion; I am pleased to report that seven new ventures were established in the year, in addition to the expansion of our Polish digital business in early 2019. The new joint ventures focus upon education, construction, and facilities management, together with our first Polish recruitment operation. As previously reported we acquired Sussex Recruitment Limited and Gel Resourcing Limited in Eastbourne in February 2019, continuing our acquisition trail with Red Berry Recruitment Limited in the South West of England in June 2019. Our new education brand, Teachright, with two entities and a facilities management joint venture, RHL (FM and Technical) all commenced operation in the latter half of the year. These new investments and the continued development of our national sales road map has allowed us to diversify into different sectors and attract larger clients.

The uncertainty in the market resulted in our revenues declining 2%, however our gross profit margin exhibited improvement. As a precautionary measure to safeguard against the market conditions, the Group sought to restructure some operations, the costs of which are detailed in the financial report. These costs and two material bad debts towards the year-end directly contributed to the overall reduction in the profits of the Group.

Whilst 2020 started well, with the establishment of three further joint ventures, Covid-19 has seen the Group's operations change significantly. Initially, there was a material reduction in the demand of our traditional clients, however, our fortuitous approach and the Group's diversified position has enabled it to support the sectors of Aviation, Hospitality, and Retail, which have been adversely hit. Every effort to retain staff was made, however it is regrettable that redundancies were made as no imminent recovery of some sectors was foreseen in the short to medium term. The adoption of the Government's Coronavirus Job retention Scheme, VAT deferral plan, and local authority council grants has ensured the Group's cash flow remains strong. We are delighted that our National coverage, IT infrastructure, and technology offering have enabled the Group to be reactive to the ongoing pandemic, enabling the Group to secure and fulfil essential service contracts. Our material investment in technology over the last two years has ensured staff can work effectively from home and the service we deliver to our clients is seamless.

I am delighted to report the Group's performance is exceeding budget for 2020 with record numbers of temporary staff working. Demand is anticipated to further increase in the final quarter of 2020. We envisage recovery for some sectors will be slow, but we are confident that our teams will have the resource to react when recovery returns to these areas.

My thanks go to all our staff, past and present, who have taken all the challenges in their stride and coped admirably in these unprecedented times of Covid-19. Nothing has been easy, but our strategy to diversify our business and invest in technology has enhanced the Group and we look forward to an even stronger future.



Jack C Parkinson
Chairman
24 September 2020

HR GO PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS 2019

STRATEGIC REPORT

DIRECTORS' DUTIES

The Directors of HR GO plc, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the Companies Act 2006, which is summarised as follows:

"A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole".

In doing so Directors must have regard to certain specific matters, amongst others, as laid out in section 172, and we explain below how HR GO plc Directors have complied with their duties in regard to these specific duties:

(a) the likely consequences of any decision in the long term;

All key decisions with a long-term impact are discussed by the board. The board receives regular updates at monthly meetings covering all major and long running projects, thereby ensuring that there is appropriate oversight.

(b) the interests of the company's employees;

This is detailed in the directors' report on page 8

(c) the need to foster the company's business relationships with suppliers, customers and others;

Building and maintaining strong relationships with our customers and suppliers is key to our success and growth. We have many on-going contracts with customers and with our key suppliers. Feedback is obtained from key partners and this is shared with the board.

(d) the impact of the company's operations on the community and the environment;

The Group's environmental policy is detailed in the directors' report on page 8

(e) the desirability of the company maintaining a reputation for high standards of business conduct;

We have a strong reputation as a leading provider of our services, and it is vital our high standards are maintained in order to keep this reputation intact. Appropriate systems and processes are in place to ensure the highest standards in business conduct. Should any matters arise which may give rise to reputational risk the systems in place ensure these are fed upward to the board, who can then consider any necessary mitigating action that may need to be taken.

(f) the need to act fairly between members of the company.

Whilst HR GO plc is a public limited company it is an unlisted company and the large majority of its shares are held by a director, Mr. J C Parkinson (the Chairman), and his wider family. This helps to ensure that the shareholders understand our strategy and objectives.

Our business is split into three main sectors as follows:

High Street

Companies in this sector provide executive, public sector, logistics, commercial, aviation, education, technical, semi-skilled, and unskilled permanent and temporary staff to many forms of businesses.

Turnover fell to £67.2m (£69.8m) with an operating profit of £818k compared with an operating profit of £1.62m last year. The decrease in turnover is due to the loss of a significant client and a reduction in our driving division activities. Operating profit fell as a result of one subsidiary suffering a material bad debt and reduced driving sector performance.

Engineering and Sales, including Construction and Facilities Management

Both temporary and permanent staff are supplied to the financial, construction and facilities management sectors via branded niche divisions within companies covering the engineering and sales sector.

This sector provides technical, scientific, engineering, sales, and marketing staff both nationally and internationally through temporary staff contracts as well as direct recruitment placements.

HR GO PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS 2019

STRATEGIC REPORT (continued)

Turnover for the year increased to £9.5m (£9.3m), with an operating loss of £392k, compared with an operating loss of £26k last year. This sector has seen a reduction in permanent business following market uncertainties regarding Brexit, but an increase in temporary revenue from existing clients. The increased gross profit from temporary placements has not offset the loss of permanent placement margin.

This sector has continued to expand during the year with three new start-ups, which have increased the operating loss for the year.

Digital Agency Services

This sector provides contractors, other consultancy, and managed services under medium term contracts to diverse business sectors.

Turnover for the year increased to £8.1m (£7.5m) with operating profit decreasing to £594k (£849k).

This sector has continued its growth and expansion into new and emerging specialist markets. The focus on finding new and innovative products and processes through research & development has resulted in a reduction in operating profit for the year.

PRINCIPAL RISKS AND UNCERTAINTIES

The company recognises that risk is an inherent part of being in business. Reviews of these risks and the potential effects on the business are conducted on a regular basis.

There is an unknown risk of government regulations changing which may put increased pressures on margins. HR GO monitors these changes and reacts accordingly.

The performance of the UK economy has significant impact on the UK market. However, the company is well positioned being involved in both development and support for its clients.

Client retention is a key strategy for our Group. However, it remains both a risk and opportunity to the company that a key customer could be won or lost, which could materially affect the results.

The board of directors sets out the financial risk management policies that are implemented by the group finance department. The board considers that financial risks do not pose a major threat to the group. Financial risks are considered further in note 30.

FINANCIAL REVIEW

The 2019 annual report has been produced in accordance with applicable accounting standards.

Going Concern

After making enquiries, the directors are satisfied that, at the time of approving the financial statements, the Group has adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Capital Expenditure

Capital expenditure on tangible fixed assets amounted to £704k (£831k) all used on IT hardware, software and other office equipment with the exception of £132k for routine fleet vehicle replacements and £10k for leasehold improvements.

Disposals

£947k of tangible fixed assets at cost with a net book value of £72k were disposed of during the year as part of the ongoing renewals policy adopted by the Group.

HR GO PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS 2019

STRATEGIC REPORT (continued)

Cash Flow and Borrowings

At the end of the year, the net borrowings of the Group amounted to £7.6m (£7.3m) an increase of £300k. Further details of the Group's cash flows are contained in the consolidated cash flow statement and in the notes to the financial statements.

The Group continues to operate on a day-to-day basis within its bank finance and invoice discounting facilities and given the reasonable expectation of the business to operate profitably, the directors are confident of the Group's ability to fund its normal future development. Any significant future acquisition would, of course, necessitate additional funding.

Financial Costs

Net interest amounted to £138k (£118k). The increase in interest charges is as a result of ongoing investment in tangible fixed assets and the acquisition of HR GO Recruitment (Sussex) Ltd.

Taxation

The tax charge for the year amounted to £85k (£341k) in respect of pre-tax profits of £321k (£1,470k). This reflects the groups inability to fully utilise the profits of some group companies against the losses of other subsidiary companies and certain Group companies' eligibility to make R & D claims.

Interest Rate Risk

The Group finances its operations by an invoice discounting facility and long-term loans. The Group borrows at both fixed and floating rates of interest. It also receives loans from some of its minority shareholders, some of which are interest free. The portfolio of borrowings is managed in order to reduce the Group's exposure to interest rate risk.

Liquidity Risk

The Group's policy is to ensure continuity of funding. Invoice discounting facilities help to achieve short-term flexibility.

Foreign Currency Risk

Overseas operations and investments are not material to the Group as a whole and so the Group is not exposed to any significant foreign currency risks. As at 31 December 2019, the Group had no forward exchange contracts.

At the time of approval of these financial statements the Group is, additionally, facing the unprecedented risk posed by COVID-19 pandemic. In recent months the directors have reacted immediately to the at times daily changes and updates in order to protect the health and safety of employees, customers, suppliers and visitors to its premises. Post balance sheet events note 28 explains in detail how COVID-19 has affected the Group and how this has been factored into the directors' assessment of going concern is explained in note 2.

The Strategic Report was approved by the board in conjunction with the Directors' Report as indicated on page 8.

HR GO PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS 2019

DIRECTORS' REPORT

The directors have pleasure in submitting their annual report to the shareholders, together with the audited financial statements for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Group based predominantly within the United Kingdom, is that of a recruitment specialist and supplier of temporary staff at different seniority levels across a broad spectrum of industry and commerce.

The Chairman's statement on page 3 and the Strategic Report on pages 4 to 6 describe the performance of the Group during the year and its future.

RESULTS

The Group's profit on ordinary activities before taxation for the year amounted to £321k (2018: £1,470k). The detailed results are set out in the consolidated profit and loss account on page 14.

Retained profit after minority interests of £156k (2018: £849k) has been transferred to reserves.

DIRECTORS INDEMNITIES

The Group maintains directors' liability insurance providing appropriate cover for any legal action brought against its Directors.

FUTURE DEVELOPMENTS

There have been no significant events subsequent to the year end not already mentioned in the chairman's statement.

DIVIDEND

The directors do not recommend the payment of a final dividend for the year (2018: £nil).

DIRECTORS AND THEIR INTERESTS

The directors in office at 31 December 2019 who served during the year and their interests in the share capital of the Company at 31 December 2019 and at 31 December 2018 were as follows:

| | | Ordinary shares of 1p each | |
|---------------|-------------------|-----------------------------------|-------------|
| | | 2019 | 2018 |
| J C Parkinson | - Beneficial | 13,897,118 | 13,334,120 |
| | - Family trust * | 7,087,000 | 7,087,000 |
| | - Family trust ** | 750,866 | 750,866 |
| R G Barrow | | - | - |
| C L Hare | | - | - |
| J M Parkinson | | 500,000 | 500,000 |
| M J Taylor | | - | - |

* Held by a family trust of which Mr J C Parkinson is a trustee and has a beneficial interest.

** Held by a family trust of which Mr J C Parkinson is a trustee and has no beneficial interest.

HR GO PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS 2019

DIRECTORS' REPORT (continued)

EMPLOYEE INVOLVEMENT

The Group's policy is to consult with employees and provide information on matters likely to affect their interest.

DISABLED PERSONS

Applications for employment made by disabled persons are given full and fair consideration, having regard to the disabilities of the persons concerned. The Group also makes reasonable effort to help with the rehabilitation of employees disabled in the course of employment and, when appropriate, seeks training opportunities for other positions within the Group. Opportunities for development and promotion are open to all employees.

ENVIRONMENTAL POLICY

The Group's policy is to conduct all business in a responsible manner in order to reduce recognised hazards, and respect the environment and the health and safety of its employees, customers and suppliers.

The Group endeavours to ensure that its business complies with all relevant environmental, safety and hygiene legislation.

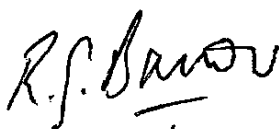
AUDITOR

The auditors, BDO LLP, resigned during the year and UHY Kent LLP t/a UHY Hacker Young were appointed on 7th February 2020. A resolution will be proposed for reappointment UHY Kent LLP in accordance with section 485 of the Companies Act 2006.

Insofar as the directors are aware:

- there is no relevant audit information of which the Group's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the Board of Directors and signed on behalf of the Board



R G Barrow
Director
24 September 2020

HR GO PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS 2019

CORPORATE GOVERNANCE

Although not required by regulation or legislation, the directors have decided to provide the following corporate governance disclosures:

BOARD COMPOSITION

The Board of directors, which meets monthly, currently comprises five executive directors.

The Board establishes the principal aims and strategic business direction of the Group and reviews each individual group company's objectives and guidelines as well as approving any changes that may be proposed. This includes all matters relating to financing, capital expenditure, acquisitions, and investments in existing and new companies. Annual operating budgets and the Group's management controls and procedures are subject to direct Board review and approval.

BOARD COMMITTEES

Given the small size of the Board, it is not practicable to establish a full range of committees to cover such issues as Audit, Nomination, and Corporate Governance. The company does however have a Remuneration Committee.

SEPARATE MANAGEMENT

Most subsidiary companies are managed by a separate board, which includes at least one executive director of HR GO plc. Management accounts and minutes of their meetings are available to and considered by members of the Group Board.

INTERNAL CONTROL

The Board is responsible for ensuring that the Group has in place a system of internal control. Any system of internal control can only provide reasonable, not absolute assurance against material misstatement or loss. The key features of the system include a clearly defined structure of responsibility and reporting as well as a system of internal reporting and review.

The Board has reviewed the effectiveness of the internal system of financial control both for the year under review and the period to the date of approval of these financial statements and believes that the system provides reasonable assurance that assets are safeguarded, transactions properly authorised and recorded and that material errors and irregularities are either prevented or would be detected within a timely period.

HR GO PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 the Group and of the result of the Group for that year. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and 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 any corporate and financial information included in the Group's website

HR GO PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HR GO PLC

Opinion

We have audited the financial statements of HR GO PLC (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2019, which comprise the consolidated profit and loss account, consolidated statement of comprehensive income, the Group and Company Balance sheets, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2019 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group'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.

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 Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

HR GO PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HR GO PLC (continued)

Opinion 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 Group 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 Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 10, 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.

Auditors' responsibilities for the audit of the financial statements

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

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

Other matters

The financial statements for the year ended 31 December 2018 were audited by the predecessor auditor, BDO LLP. The audit report was issued on 6 June 2019 and expressed an unqualified opinion on the financial statements.

HR GO PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS 2019

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HR GO PLC
(continued)**

Use of our report

This report is made solely to the Company's members 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 Auditors' 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 for our audit work, for this report, or for the opinions we have formed.

UHY Kent LLP

A. Hickie BSc FCA (Senior statutory auditor)

for and on behalf of

UHY Kent LLP

Chartered Accountants, Statutory Auditors

Thames House

Roman Square

Sittingbourne

Kent. ME10 4BJ

Date: *25 September 2020*

HR GO PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT Year ended 31 December 2019

| | Note | 2019 £'000 | 2018 £'000 |
|--|------|-----------------|-----------------|
| TURNOVER | 4 | 84,849 | 86,656 |
| Cost of sales | | (66,628) | (68,725) |
| GROSS PROFIT | | 18,221 | 17,931 |
| Administrative expenses: | | | |
| - before exceptional items | | (17,378) | (16,389) |
| - exceptional items | 5 | (455) | - |
| Administrative expenses | | (17,833) | (16,389) |
| Other operating income | | 71 | 39 |
| Operating profit: | | | |
| - before exceptional items | | 914 | 1,581 |
| - exceptional items | 5 | (455) | - |
| OPERATING PROFIT | 6 | 459 | 1,581 |
| Investment income | | - | 7 |
| Net interest payable and similar charges | 8 | (138) | (118) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 321 | 1,470 |
| Tax on ordinary activities | 11 | (85) | (341) |
| PROFIT FOR THE YEAR | | 236 | 1,129 |
| Total profit for the year attributable to: | | | |
| Owners of the parent company | | 157 | 849 |
| Non-controlling interests | | 79 | 280 |
| | | 236 | 1,129 |

The notes on pages 21 to 39 form part of these financial statements.

HR GO PLC**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
Year ended 31 December 2019

| | 2019 £'000 | 2018 £'000 |
|--|-----------------------------|-----------------------------|
| Profit for the financial year | 236 | 1,129 |
| Currency translation losses on foreign currency net investment | (20) | (6) |
| Total other comprehensive expenses | (20) | (6) |
| Total comprehensive income for the year | <u>216</u> | <u>1,123</u> |
| Total comprehensive income for the year attributable to: | | |
| Owners of the parent company | 140 | 844 |
| Non-controlling interests | 76 | 279 |
| Total comprehensive income for the year | <u>216</u> | <u>1,123</u> |

The notes on pages 21 to 39 form part of these financial statements.

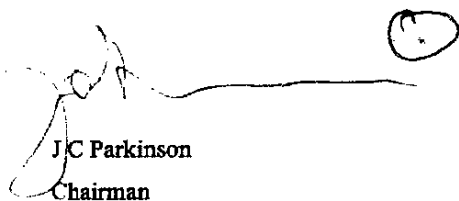
HR GO PLC**CONSOLIDATED BALANCE SHEET**
31 December 2019

| | Note | 2019 £'000 | 2018 £'000 |
|--|------|-----------------|-----------------|
| FIXED ASSETS | | | |
| Intangible fixed assets | 12 | 688 | 717 |
| Tangible fixed assets | 13 | 1,168 | 1,104 |
| | | <u>1,856</u> | <u>1,821</u> |
| CURRENT ASSETS | | | |
| Debtors | 16 | 15,803 | 16,696 |
| Deferred taxation - asset | 17 | 85 | - |
| Cash at bank and in hand | | 354 | 255 |
| | | <u>16,242</u> | <u>16,951</u> |
| CREDITORS: amounts falling due within one year | 18 | <u>(13,928)</u> | <u>(14,820)</u> |
| NET CURRENT ASSETS | | <u>2,314</u> | <u>2,131</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>4,170</u> | <u>3,952</u> |
| CREDITORS: amounts falling due after more than one year | 19 | <u>(1,089)</u> | <u>(1,115)</u> |
| Provisions for liabilities | 20 | (3) | (3) |
| NET ASSETS | | <u>3,078</u> | <u>2,834</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 21 | 259 | 259 |
| Share premium | | 594 | 594 |
| Capital redemption reserve | | 56 | 56 |
| Profit and loss account | | 1,949 | 1,715 |
| | | <u>2,858</u> | <u>2,624</u> |
| Equity attributable to owners of the company | | <u>2,858</u> | <u>2,624</u> |
| Non-controlling interests | | <u>220</u> | <u>210</u> |
| TOTAL EQUITY | | <u>3,078</u> | <u>2,834</u> |

The notes on pages 21 to 39 form part of these financial statements.

These financial statements were approved by the Board of directors and authorised for issue on 24 September 2020.

Signed on behalf of the Board of directors:


J.C Parkinson
Chairman

HR GO PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
31 December 2019

| | Called up share capital £'000 | Share premium £'000 | Capital reserve £'000 | Profit and loss account £'000 | Shareholders' equity £'000 | Non-controlling interest £'000 | Total equity £'000 |
|--|-------------------------------------|---------------------------|-----------------------------|-------------------------------------|----------------------------------|--------------------------------------|--------------------------|
| At 31 December 2017 | 259 | 594 | 56 | 1,104 | 2,013 | 126 | 2,139 |
| Profit for the year | - | - | - | 849 | 849 | 280 | 1,129 |
| Currency translation differences on foreign currency net investment | - | - | - | (5) | (5) | (1) | (6) |
| Total comprehensive income for the year | - | - | - | 844 | 844 | 279 | 1,123 |
| Profit/(loss) on acquisition and disposal of stakes in subsidiaries | - | - | - | 25 | 25 | (101) | (76) |
| Acquisition of new non-controlling interests | - | - | - | - | - | 3 | 3 |
| Dividends | - | - | - | (258) | (258) | (97) | (355) |
| At 1 January 2019 | 259 | 594 | 56 | 1,715 | 2,624 | 210 | 2,834 |
| Profit for the year | - | - | - | 157 | 157 | 79 | 236 |
| Currency translation differences on foreign currency net investment | - | - | - | (17) | (17) | (3) | (20) |
| Total comprehensive income for the year | - | - | - | 140 | 140 | 76 | 216 |
| Profit/(Loss) on acquisition and disposal of stakes in subsidiaries | - | - | - | 94 | 94 | (44) | 50 |
| Minority interest leaving the group | - | - | - | - | - | (8) | (8) |
| Acquisition of new non-controlling interests | - | - | - | - | - | 30 | 30 |
| Dividends | - | - | - | - | - | (44) | (44) |
| At 31 December 2019 | 259 | 594 | 56 | 1,949 | 2,858 | 220 | 3,078 |

HR GO PLC

CONSOLIDATED CASH FLOW STATEMENT Year ended 31 December 2019

| | Note | 2019 £'000 | 2018 £'000 |
|--|------|---------------|----------------|
| Net cash inflow from operating activities | 23 | 619 | 2,659 |
| Returns on investments and servicing of finance | | | |
| Interest received | | 1 | 1 |
| Interest paid | | (122) | (107) |
| Interest element of hire purchase payments | | (17) | (12) |
| Dividend paid to minority interests | | (97) | (56) |
| Dividends received from joint ventures & associates | | - | 6 |
| Net cash outflow from returns on investments and servicing of finance | | (235) | (168) |
| Taxation | | | |
| UK corporation tax paid | | 180 | 263 |
| Capital expenditure and financial investment | | | |
| Payments to acquire tangible fixed assets | | (453) | (511) |
| Receipts from sale of tangible fixed assets | | 66 | 22 |
| Net cash outflow from capital expenditure and financial investment | | (387) | (489) |
| Acquisitions and disposals | | | |
| Payment to acquire subsidiary | 15 | (225) | (53) |
| Payments to increase stakes in subsidiaries | 15 | (89) | (115) |
| Receipts from sale of stakes in subsidiaries | 15 | 101 | 4 |
| Net cash acquired with subsidiary undertaking | | 80 | 63 |
| Payments to acquire assets and trades of business | | (22) | (24) |
| Net cash outflow from acquisitions and disposals | | (155) | (125) |
| Equity dividends paid | | - | (258) |
| Net cash inflow/(outflow) before financing | | 22 | (1,882) |
| Financing | | | |
| Invoice discounting advance/(settlement) | | 352 | (2093) |
| Receipt of loans | | 10 | 300 |
| Repayment of loans | | (71) | (39) |
| Capital element of hire purchase payments | | (214) | (173) |
| Net cash inflow/(outflow) from financing | | 77 | (2,005) |
| Increase/(decrease) in cash in the year | | 99 | (123) |
| Cash at beginning of year | | 255 | 378 |
| Cash at end of year | 24 | 354 | 255 |

The notes on pages 21 to 39 form part of these financial statements.

HR GO PLC**COMPANY BALANCE SHEET**
31 December 2019

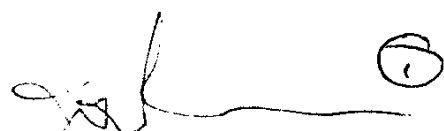
| | Note | 2019 £'000 | 2018 £'000 |
|--|------|-----------------|-----------------|
| FIXED ASSETS | | | |
| Tangible fixed assets | 13 | 412 | 339 |
| Investments | 14 | 2,031 | 2,112 |
| | | <u>2,443</u> | <u>2,451</u> |
| CURRENT ASSETS | | | |
| Debtors | 16 | 12,058 | 11,529 |
| Cash at bank and in hand | | 65 | 68 |
| | | <u>12,122</u> | <u>11,597</u> |
| CREDITORS: amounts falling due within one year | 18 | <u>(11,628)</u> | <u>(11,086)</u> |
| NET CURRENT ASSETS | | <u>495</u> | <u>511</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>2,938</u> | <u>2,962</u> |
| CREDITORS: amounts falling due after more than one year | 19 | <u>(960)</u> | <u>(989)</u> |
| NET ASSETS | | <u>1,978</u> | <u>1,973</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 21 | 259 | 259 |
| Share premium account | | 594 | 594 |
| Capital redemption reserve | | 56 | 56 |
| Profit and loss account | | 1,069 | 1,064 |
| TOTAL EQUITY | | <u>1,978</u> | <u>1,973</u> |

The notes on pages 21 to 39 form part of these financial statements.

These financial statements were approved by the Board of directors and authorised for issue on 24 September 2020.

The company profit for the year was £5,000 (2018: £67,000)

Signed on behalf of the Board of directors:


J C Parkinson
Chairman
Company Number 00924542

HR GO PLC

COMPANY STATEMENT OF CHANGES IN EQUITY 31 December 2019

| | Called up share capital £'000 | Share premium £'000 | Capital reserve £'000 | Profit and loss account £'000 | Shareholders' equity £'000 |
|--|--|---------------------------|-----------------------------|---|----------------------------------|
| At 31 December 2017 | 259 | 594 | 56 | 1,255 | 2,164 |
| Profit for the year | - | - | - | 67 | 67 |
| Total comprehensive income for the year | - | - | - | 67 | 67 |
| Dividends paid | - | - | - | (258) | (258) |
| At 1 January 2019 | 259 | 594 | 56 | 1,064 | 1,973 |
| Profit for the year | - | - | - | 5 | 5 |
| Total comprehensive income for the year | - | - | - | 5 | 5 |
| Dividends paid | - | - | - | - | - |
| At 31 December 2019 | 259 | 594 | 56 | 1,069 | 1,978 |

The notes on pages 21 to 39 form part of these financial statements.

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 December 2019**

1. GENERAL INFORMATION

HR GO plc is a Public limited company limited by shares incorporated in England & Wales (registration number 00924542). The address of the registered office is shown on page 1. The principal activities of the Group are recruitment specialists and suppliers of temporary staff and that of digital agency services. The principal activity of the company is that of providing administrative services to the subsidiaries within the Group. The financial statements are prepared in sterling, which is the functional currency of the Group.

2. ACCOUNTING POLICIES

Basis of preparation and statement of compliance

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3). As permitted by Section 408 of the Companies Act 2006, the parent company's profit and loss account has not been included in these financial statements. The following principal accounting policies have been applied:

Basis of consolidation

The Group financial statements comprise the statements of the holding company and all its subsidiaries. The principal subsidiaries are listed in note 14. The financial statements of all subsidiaries are made up to 31 December 2019. Intra-Group sales and results are eliminated on consolidation.

On acquisition of a subsidiary, all of the subsidiary's assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control is passed. Acquisitions are accounted for under the acquisition method.

Disclosure exemptions

The Company has taken the exemption available under FRS 102 from the requirement to include a company cash flow statement as part of its financial statements.

Going concern

The directors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The directors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements.

Since mid-March 2020, and as explained in post balance sheet event note 28, the Group has been affected by the COVID-19 pandemic. With the country tentatively returning to more normal working arrangements at the time of approval of these financial statements the directors are hopeful that the worst is now over and that trading will continue to improve. The directors do, however, recognise that some inherent uncertainties remain, particularly the risk of a full second national lockdown period or more local lockdowns affecting areas in which the Group operates.

For the purpose of assessing going concern, the directors have assumed that the Group will continue to be able to provide its services to customers and that there will be no significant extended period arising due to COVID-19 where it is unable to do so.

Taking all of the above into account, the directors have concluded there are no material uncertainties about the Group's ability to continue as a going concern and that it remains appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

Non-controlling interests

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's own equity interests. Non-controlling interests consist of those interests in the subsidiaries' net assets or liabilities at the balance sheet date. Net liabilities associated with non-controlling interests in discontinued subsidiary operations form part of the Group's own equity interest.

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

2. ACCOUNTING POLICIES (continued)

Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised in equal annual instalments over its useful economic life of 10 years.

Impairment of goodwill and fixed asset investments

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on a straight-line basis in order to write off the cost of the assets, less their estimated residual values, over their estimated useful lives at the following rates:

| | |
|---|--|
| Short-term leasehold improvements | 10% per annum or term of lease if less than 10 years |
| Motor vehicles, office equipment, hardware and related software and fixtures and fittings | Between 12.5% - 33% per annum |

Taxation

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all material timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less, or to receive more or less tax.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 December 2019**

2. ACCOUNTING POLICIES (continued)

Investments

Investments held as fixed assets are stated at cost less provision for any impairment.

Leases

Assets held under finance leases and hire purchase contracts are capitalised and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding. Operating lease rentals are charged to the profit and loss in equal amounts over the lease term.

Pension scheme

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided.

The assets for the Group employees' money purchase pension scheme are held separately from those of the Group in independently administered funds. The pension charge for the year is disclosed in note 7 to the financial statements.

Financial Instruments

Financial instruments are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price unless the arrangement constitutes a financing transaction, which includes transaction costs for financial instruments not subsequently measured at fair value. Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS 102.

Financial Liabilities

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities within the scope of IAS 39 are initially classified as financial liabilities at fair value through profit or loss, loans and borrowings.

The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequently, the measurement of financial liabilities depends on their classification as follows:

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Group becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

Borrowing costs

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

Research and development

The RDEC, Research and Development Expenditure Credit, is set against administrative expenses as a taxable above the line credit in accordance with legislation in the Finance Bill 2013. The net of this and the corporation tax charge is recognised as a debtor or creditor as appropriate.

Expenditure on research and development is written off in the year in which it is incurred.

Foreign exchange

Transactions in currencies other than GBP are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date.

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2019

2. ACCOUNTING POLICIES (continued)

Non-monetary assets and liabilities 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. Gains and losses arising on exchange are included in profit or loss. No Group entity operates in a hyper-inflationary economy.

In the case of foreign entities, the financial statements of the Group's overseas operations are translated as follows on consolidation: Assets and liabilities, at exchange rates ruling on the reporting date, income, and expense items at the average rate of exchange for the period and equity at exchange rates ruling on the dates of the transactions. Exchange differences arising are classified as equity and transferred to a separate translation reserve via other comprehensive income.

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

When preparing the financial statements, management is required to make estimates and assumptions, which affect reported income, expenses, assets, and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates. The judgements and estimates, which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities, are discussed below.

Goodwill

The group establishes a reliable estimate of the useful life of goodwill arising in business combination based on a variety of factors, including historical experience and expected useful life of the cash-generating unit to which the goodwill is attributed.

Provisions and accruals

Provisions and accruals in respect of potential liabilities are made by management based on historical experience and through taking external advice on the latest legislations affecting the group.

Impairment of goodwill and fixed asset investments

The carrying value of both goodwill and fixed asset investments is reviewed at each reporting date as explained in the accounting policy on page 22.

An impairment provision in respect of goodwill has been deemed necessary for the year ended 31 December 2019 in relation to two subsidiary undertakings. Individual provisions of £90k and £35k make up the total of £125k shown in note 12, and these have been calculated by the directors after taking into account a mid-to-long term view that smooths the short-term impact of one-off events, including that of COVID-19.

The carrying value of one of these same subsidiaries in HR GO plc's own individual balance sheet is also deemed to be impaired following similar careful consideration. The adjustment of £170k is shown in note 14, investments.

Providing for doubtful debts

Management review trade debtor balances and consider the need for provisions against any debts considered doubtful. Consideration has been given to the likely recoverability of the debts, with legal advice having been sought where necessary.

4. TURNOVER

| | 2019 £'000 | 2018 £'000 |
|-----------------------------|---------------|---------------|
| Services provided in the UK | <u>84,849</u> | <u>86,656</u> |

In the directors' opinion, there are no significant trading activities other than recruitment, e-commerce, and digital agency services and associated activities within the UK.

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2019

4. TURNOVER (continued)

Analysis of turnover by country of destination

The directors have chosen not to include a geographical analysis of the Group's turnover because they feel this gives competitors unfair advantage, which prejudice the Group's interests.

Analysis of turnover by class of business:

The directors have chosen not to include a category analysis of the Group's turnover because they feel this gives competitors unfair advantage, which prejudice the Group's interests.

5. EXCEPTIONAL ITEMS

Administrative expenses include £149k of redundancy costs in respect of some staff restructuring in the year, £181k in respect of material bad debts and £125k of goodwill impairment, as detailed further in note 14 to the financial statements.

6. OPERATING PROFIT

Operating profit is stated after charging/(crediting) the following items:

| | 2019 £'000 | 2018 £'000 |
|--|-------------------|-------------------|
| Operating lease expense | | |
| - land and buildings | 753 | 660 |
| - plant and machinery | 4 | 8 |
| Depreciation | | |
| - owned assets | 399 | 316 |
| - assets held under finance leases and hire purchase contracts | 169 | 146 |
| Loss/(profit on sale of tangible fixed assets) | 1 | (3) |
| Impairment of goodwill | 125 | 50 |
| Amortisation of goodwill | 174 | 111 |
| Rent receivable | - | (35) |
| | <u> </u> | <u> </u> |

Analysis of activities:

| | Existing Operations £'000 | Acquired & Start-up Operations £'000 | Sold and Closed Operations £'000 | 2019 Total £'000 |
|-------------------------|---------------------------------|---|---|------------------------|
| Turnover | 83,191 | 1,331 | 327 | 84,849 |
| Cost of sales | (65,720) | (868) | (40) | (66,628) |
| Administrative expenses | (16,961) | (598) | (274) | (17,833) |
| Other operating income | 71 | - | - | 71 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Operating profit/(loss) | 581 | (135) | 13 | 459 |

HR GO PLC**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 December 2019****6. OPERATING PROFIT (continued)**

| | Existing Operations £'000 | Start-up Operations £'000 | Sold and Closed Operations £'000 | 2018 Total £'000 |
|-------------------------|---------------------------------|---------------------------------|---|------------------------|
| Turnover | 85,591 | 1,065 | - | 86,656 |
| Cost of sales | (68,004) | (721) | - | (68,725) |
| Administrative expenses | (15,944) | (445) | - | (16,389) |
| Other operating income | 33 | 6 | - | 39 |
| Operating profit/(loss) | <u>1,676</u> | <u>(95)</u> | <u>-</u> | <u>1,581</u> |

7. AUDITOR'S REMUNERATION

| | 2019 £'000 | 2018 £'000 |
|--|---------------|---------------|
| Fees payable to the company's auditor and its associates for the audit of the parent company and the group's consolidated financial statements | 11 | 20 |
| Fees payable to the company's auditor and its associates for audit of the company's subsidiaries | <u>41</u> | <u>80</u> |

The Group's predecessor auditor, BDO LLP, charged the Group £18k for Tax advisory services (2018: £12k) and £nil for other services (2018: £7k)

8. NET INTEREST PAYABLE AND SIMILAR CHARGES

| | 2019 £'000 | 2018 £'000 |
|---|---------------|---------------|
| Interest payable and similar charges: | | |
| On bank overdrafts and invoice discounting | 123 | 107 |
| On finance leases and hire purchase contracts | <u>17</u> | <u>12</u> |
| | 140 | 119 |
| Interest receivable and similar income: | | |
| Interest receivable | <u>(2)</u> | <u>(1)</u> |
| | <u>138</u> | <u>118</u> |

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2019

9. INFORMATION REGARDING EMPLOYEES

During the year the average monthly number of persons employed by the Group, including directors was as follows:

| | 2019 No. | 2018 No. |
|------------------------------------|-------------|-------------|
| Recruitment, IT and administration | <u>364</u> | <u>345</u> |

This includes persons employed by the company including directors 48 (2018: 47)

The aggregate payroll costs of these persons including directors were as follows:

| | 2019 £'000 | 2018 £'000 |
|-----------------------|---------------|---------------|
| Wages and salaries | 13,026 | 12,574 |
| Social security costs | 1,510 | 1,454 |
| Other pension costs | 330 | 289 |
| | <u>14,866</u> | <u>14,317</u> |

10. EMOLUMENTS OF DIRECTORS

| | 2019 £'000 | 2018 £'000 |
|--|---------------|---------------|
| Aggregate emoluments including benefits in kind | <u>725</u> | <u>752</u> |
| Company pension contributions to money purchase scheme | <u>37</u> | <u>37</u> |

Emoluments of highest paid director:

| | 2019 £'000 | 2018 £'000 |
|-----------------------|---------------|---------------|
| Total emoluments | 184 | 237 |
| Money purchase scheme | <u>24</u> | <u>22</u> |

The number of directors who accrued benefits under the company pension scheme was as follows:

| | 2019 No. | 2018 No. |
|------------------------|-------------|-------------|
| Money purchase schemes | <u>4</u> | <u>4</u> |

The company considers there to be no key management personnel outside of the board of directors.

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

11. TAX ON ORDINARY ACTIVITIES

| | 2019 £'000 | 2018 £'000 |
|--|---------------|---------------|
| United Kingdom corporation tax payable | 187 | 316 |
| (Over)/under provision for corporation tax in prior year | (17) | 25 |
| Total current tax charge | 170 | 341 |
| Deferred tax asset movement (see note 17) | (85) | - |
| Total tax charge | 85 | 341 |

The standard rate of tax for the year is 19% (2018: 19%). The current tax charge is different from the standard rate for the reasons set out in the following reconciliation:

| | 2019 £'000 | 2018 £'000 |
|--|---------------|---------------|
| Profit on ordinary activities before taxation | 321 | 1,470 |
| Tax on profit on ordinary activities at standard rate | 61 | 279 |
| (Income)/expenses disallowed for tax purposes | (14) | 25 |
| Deferred tax not recognised | 140 | 12 |
| Adjustment to tax charge in respect of previous period | (17) | 25 |
| Total current tax charge | 170 | 341 |

A deferred tax asset has not been recognised in respect of timing differences relating to certain group companies' tax losses and depreciation in excess of capital allowances, as there is insufficient evidence that the asset will be recovered in the foreseeable future. The amount of the asset not recognised is £1,029k (2018: £1,038k).

A reduction in the UK corporation tax rate to 17% will be effective from 1 April 2020.

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2019

12. INTANGIBLE FIXED ASSETS

| | Goodwill £'000 |
|------------------------------------|---------------------------|
| Group | |
| Cost | |
| At 1 January 2019 | 2,527 |
| Additions | 270 |
| | <hr/> |
| At 31 December 2019 | 2,797 |
| Amortisation | |
| At 1 January 2019 | 1,810 |
| Amortisation provided for the year | 174 |
| Impairment | 125 |
| | <hr/> |
| At 31 December 2019 | 2,109 |
| Net book value | |
| At 31 December 2019 | 688 |
| | <hr/> |
| At 31 December 2018 | 717 |
| | <hr/> |

13. TANGIBLE FIXED ASSETS

Group

| | Short-term leasehold improvements £'000 | Motor vehicles, office equipment, fixtures and fittings and related software £'000 | Total £'000 |
|-----------------------|--|---|------------------------|
| Cost | | | |
| At 1 January 2019 | 390 | 4,042 | 4,432 |
| Additions | 10 | 694 | 704 |
| Disposals | - | (947) | (947) |
| | <hr/> | <hr/> | <hr/> |
| At 31 December 2019 | 400 | 3,789 | 4,189 |
| Depreciation | | | |
| At 1 January 2019 | 322 | 3,006 | 3,328 |
| Charge for the year | 19 | 549 | 568 |
| Disposals | - | (875) | (875) |
| | <hr/> | <hr/> | <hr/> |
| At 31 December 2019 | 341 | 2,680 | 3,021 |
| Net book value | | | |
| At 31 December 2019 | 59 | 1,109 | 1,168 |
| | <hr/> | <hr/> | <hr/> |
| At 31 December 2018 | 68 | 1,036 | 1,104 |
| | <hr/> | <hr/> | <hr/> |

The net book value of tangible fixed assets includes an amount of £240k (2018: £328k) in respect of assets held under finance leases and hire purchase contracts.

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

13. TANGIBLE FIXED ASSETS (continued)

Company

| | Short-term leasehold improvements £'000 | Motor vehicles, office equipment, fixtures and fittings and related software £'000 | Total £'000 |
|-----------------------|--|--|----------------|
| Cost | | | |
| At 1 January 2019 | 186 | 1,572 | 1,758 |
| Additions | - | 278 | 278 |
| At 31 December 2019 | 186 | 1,850 | 2,036 |
| Depreciation | | | |
| At 1 January 2019 | 186 | 1,233 | 1,419 |
| Charge for the year | - | 205 | 205 |
| At 31 December 2019 | 186 | 1,438 | 1,624 |
| Net book value | | | |
| At 31 December 2019 | - | 412 | 412 |
| At 31 December 2018 | - | 339 | 339 |

The net book value of tangible fixed assets includes an amount of £31k (2018: £56k) in respect of assets held under finance leases and hire purchase contracts.

14. INVESTMENTS

Investment in subsidiaries

| Company | Total £'000 |
|--------------------------------------|----------------|
| Cost | |
| At 1 January 2019 | 2,945 |
| Additions | 89 |
| At 31 December 2019 | 3,034 |
| Provision against investments | |
| At 1 January 2019 | 833 |
| Impairment | 170 |
| At 31 December 2019 | 1,003 |
| Net book value | |
| At 31 December 2019 | 2,031 |
| At 31 December 2018 | 2,112 |

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2019

14. INVESTMENTS (continued)

The directors consider that to give full particulars of all subsidiary undertakings would lead to a statement of excessive length. The following information is provided in relation to those UK subsidiary undertakings who are trading or are in the opinion of the Directors material to the group. The companies, which have not been disclosed, are dormant in the year. Full details of these companies can be obtained from HR Go plc's registered office as detailed on page 1.

| Name of company | Issued share capital £ | Class of Ordinary Share p | % held Company | % held Group |
|--|---------------------------------|------------------------------------|-------------------|-----------------|
| Airport Placements Limited* | 104 | 1 | 100 | 100 |
| Eclipse Group Solutions Limited | 460 | 1 | 87 | 87 |
| Gel Resourcing Limited* | 100 | 100 | - | 70 |
| HR GO (Doncaster) Limited | 100 | 1 | - | 76 |
| HR GO (Glasgow) Limited* | 68 | 1 | - | 80 |
| HR GO (Dover) Limited* | 1000 | 100 | - | 89 |
| HR GO (Driving Fenlands) Limited | 200 | 100 | - | 95 |
| HR GO (Driving North) Limited | 2 | 1 | - | 100 |
| HR GO (Driving South) Limited* | 1 | 1 | - | 100 |
| HR GO (Huntingdon) Limited* | 100 | 1 | - | 89 |
| HR GO (Kent) Limited | 10,000 | 10 | 89 | 89 |
| HR GO (Liverpool) Limited | 117 | 1 | - | 74 |
| HR GO (Newcastle) Limited* | 200 | 1 | - | 89 |
| HR GO (Northampton) Limited* | 100 | 1 | 100 | 100 |
| HR GO (Norwich) Limited* | 179 | 1 | - | 89 |
| HR GO Recruitment Limited | 1 | 1 | 89 | 89 |
| HR GO Recruitment (Shepton Mallet) Limited** | 100 | 100 | 51 | 51 |
| HR GO Recruitment (Sussex) Limited** | 100 | 100 | - | 60 |
| HR GO Recruitment (SW) Limited* | 100 | 1 | 100 | 100 |
| HR GO Recruitment (Luton) Limited* | 1 | 100 | 100 | 100 |
| HR GO (Somerset) Limited* | 1 | 1 | 100 | 100 |
| RHL (FM & Technical) Limited* | 2 | 1 | 90 | 90 |
| RHL (Bristol) Limited* | 100 | 100 | - | 73 |
| Recruitment Holdings Limited | 10,000 | 1 | 98 | 98 |
| Space Between Group Limited* | 100 | 1 | 100 | 100 |
| Teachright (HBB) Limited* | 2 | 1 | 80 | 80 |
| Teachright (Kent) Limited* | 1 | 1 | 75 | 75 |

**formerly Red Berry Recruitment Ltd until 6 May 2020

**formerly Sussex Recruitment Ltd until 18 April 2019

The Company has guaranteed the liabilities of the subsidiaries marked with a (*) above as they are exempt from audit under Section 479A of the Companies Act 2006.

The above subsidiaries are all incorporated in Great Britain and trade in Great Britain and have the same registered office as detailed on page 1. They are all direct subsidiaries of HR GO plc, with the exception of:-

- 1) RHL (Bristol) Limited, which is a 75% subsidiary of Recruitment Holdings Limited.
- 2) HR GO (Doncaster) Limited, HR GO (Glasgow) Limited, HR GO (Huntingdon) Limited, HR GO (Liverpool) Limited, HR GO (Newcastle) Limited, HR GO (Norwich) Limited and HR GO (Dover) Limited, which are all subsidiaries of HR GO Recruitment Limited, an 89% owned subsidiary of HR GO plc.

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

14. INVESTMENTS (continued)

- 3) HR GO Driving (North) Limited and HR GO Driving (South) Limited, which are subsidiaries of HR GO (Driving) Limited, a 100% owned subsidiary of HR GO plc.
- 4) HR GO (Driving Fenlands) Limited which is a 95% subsidiary of HR GO (Driving North) Limited.
- 5) Gel Resourcing Limited and HR GO Recruitment (Sussex) Limited, 70% and 60% respective subsidiaries of Sussex Recruitment Ltd which is a 100% subsidiary of HR GO Plc.

All companies remain subsidiaries by virtue of the controlling interest that HR GO plc has in Recruitment Holdings Limited, HR GO Recruitment Limited, HR GO (Driving) Limited and Sussex Recruitment Limited.

All of the above companies are engaged in recruitment activities with the exception of Eclipse Group Solutions Limited (IT consultancy, support, and outsourcing services) and Space Between Group Limited (website development company).

The following investments are held overseas:

| Name of company | Country of incorporation | % held Company | % held Group |
|----------------------------------|--------------------------|-------------------|-----------------|
| Eclipse Poland Limited sp.zo.o | Poland | - | 87 |
| Recruitment Holdings Pty Limited | Australia | - | 98 |
| HR GO Recruitment Poland sp.zo.o | Poland | - | 89 |

Eclipse Poland Limited sp.zo.o is a 100% subsidiary of Eclipse Group Solutions Limited. It remains a subsidiary by virtue of the controlling interest that HR GO plc has in Eclipse Group Solutions Limited. The company's activities are IT consultancy, support, and outsourcing services.

Recruitment Holdings Pty Limited is a 100% subsidiary of Recruitment Holding Limited. It remains a subsidiary by virtue of the controlling interest that HR GO plc has in Recruitment Holdings Limited.

HR GO Recruitment Poland sp.zo.o is a 100% subsidiary of HR GO Recruitment Ltd it remains a subsidiary by virtue of the controlling interest that HR GO Plc has in HR GO Recruitment Ltd.

An impairment amounting to £90k in the goodwill of Airport Placements Ltd, together with a full impairment amounting to £35k of the goodwill in subsidiary company HR GO Northampton Ltd, was considered necessary in the year following disappointing trading results.

In February 2019, the Group acquired a majority stake in Sussex Recruitment Ltd now known as HR GO Recruitment (Sussex) Ltd and its subsidiary company Gel Resourcing Ltd. The acquisitions have served to strengthen the Groups presence in the Eastbourne area. Red Berry Recruitment Ltd operating in the Somerset area also joined the Group in June 2019.

15. INVESTMENT ACQUISITIONS AND DISPOSALS

The movement in stakes held in various subsidiary companies in 2019 have been accounted for by the acquisition method with no fair value adjustments being deemed necessary by the directors. In total the sum of £314k (2018: £168k) was paid for the increase in stakes in subsidiary companies, the net assets acquired were valued at net book value of £76k (2018: £122k)

The Acquisitions in the year included a 60% stake in HR GO Recruitment (Sussex) Ltd formerly known as Sussex Recruitment for £210k, the net assets acquired on acquisition were valued at £26k

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

15. INVESTMENTS ACQUISITIONS AND DISPOSALS (continued)

Stakes were reduced in various subsidiary companies and proceeds of £101k (2018: £4k) were received for the disposal of these shares, at the date of disposal the net assets sold were valued at £39k (2018: £2k)

On the 31 December 2019, the Group sold its 85% stake in subsidiary company Discoverable Ltd for £96k. The net assets at the date of disposal were valued at £46k.

16. DEBTORS

| | 2019 | | 2018 | |
|--------------------------------------|---------------|---------------|---------------|---------------|
| | Group | Company | Group | Company |
| | £'000 | £'000 | £'000 | £'000 |
| Falling due within one year: | | | | |
| Trade debtors | 13,893 | 183 | 15,151 | 37 |
| Loans to subsidiaries | - | 101 | - | 171 |
| Amounts owed by subsidiary companies | - | 10,369 | - | 9,785 |
| Corporation tax recoverable | 778 | 331 | 564 | 288 |
| Other debtors | 342 | 77 | 239 | 86 |
| Prepayments and accrued income | 790 | 997 | 742 | 1,159 |
| | <u>15,803</u> | <u>12,058</u> | <u>16,696</u> | <u>11,526</u> |
| Falling due after one year: | | | | |
| Loans to subsidiaries | - | - | - | 3 |
| | <u>15,803</u> | <u>12,058</u> | <u>16,696</u> | <u>11,529</u> |

17. DEFERRED TAXATION - ASSET

| | 2019 | 2018 |
|---|-----------|----------|
| | £'000 | £'000 |
| Group | | |
| At 1 January | - | - |
| Transfer to profit and loss account (see note 11) | <u>85</u> | <u>-</u> |
| At 31 December | <u>85</u> | <u>-</u> |

The directors have prepared forecasts, which show that certain companies within the Group will continue to make sufficient profits to utilise their existing tax losses. As a result, a deferred tax asset has been recognised on a prudent basis at £85k and will be recovered when sufficient profits have been generated.

HR GO PLC**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 December 2019****18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

| | 2019 | | 2018 | |
|--|----------------|------------------|----------------|------------------|
| | Group £'000 | Company £'000 | Group £'000 | Company £'000 |
| Obligations under finance leases and hire purchase contracts | 203 | 26 | 146 | 29 |
| Minority shareholders' and other loans | 65 | 19 | 124 | 82 |
| Invoice discounting advances | 6,253 | 6,253 | 5,900 | 5,900 |
| Trade creditors | 1,207 | 630 | 1,010 | 437 |
| Amounts owed to subsidiary companies | - | 3,806 | - | 3,562 |
| Other taxes and social security | 1,394 | 450 | 2,555 | 384 |
| Other creditors | 2,128 | 164 | 2,154 | 111 |
| Accruals and deferred income | 2,678 | 280 | 2,931 | 581 |
| | 13,928 | 11,628 | 14,820 | 11,086 |

The invoice discounting advances are secured by fixed and floating charges over the assets of HR GO plc and the majority of its subsidiaries.

Various minority shareholders' and other loans are secured by fixed and floating charges on the assets of the individual subsidiary company.

19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2019 | | 2018 | |
|--|----------------|------------------|----------------|------------------|
| | Group £'000 | Company £'000 | Group £'000 | Company £'000 |
| Obligations under finance leases and hire purchase contracts | 139 | 10 | 162 | 36 |
| Other loans | 950 | 950 | 953 | 953 |
| | 1,089 | 960 | 1,115 | 989 |

The net finance lease and hire purchase contract obligations to which the Group is committed are:

| | 2019 | | 2018 | |
|----------------------------|----------------|------------------|----------------|------------------|
| | Group £'000 | Company £'000 | Group £'000 | Company £'000 |
| In one year or less | 203 | 26 | 146 | 29 |
| Between one and five years | 139 | 10 | 162 | 36 |
| | 342 | 36 | 308 | 65 |

Obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2019

20. PROVISIONS FOR LIABILITIES

| | 2019 £'000 | 2018 £'000 |
|----------------|---------------|---------------|
| Group | | |
| Deferred tax | | |
| At 1 January | 3 | 3 |
| At 31 December | 3 | 3 |

21. SHARE CAPITAL

| | 2019 £'000 | 2018 £'000 |
|--|---------------|---------------|
| Authorised: | | |
| 50,000,000 ordinary shares of 1p each | 500 | 500 |
| Allotted, called up and fully paid: | | |
| 25,881,546 (2018: 25,881,546) ordinary shares of 1p each | 259 | 259 |

22. RESERVES

Called up share capital - This reserve records the nominal value received for shares issued. Details of the shares can be found within note 21.

Share premium - This reserve records the premium paid on shares issued.

Capital redemption reserve - This is a reserve that reflects the value of shares, which had been previously issued but have now been bought back by the company and cancelled.

Profit and loss account - This reserve records retained earnings and accumulated losses.

Non-controlling interest - This reserve records amounts attributable to the non-controlling shareholders within the group.

23. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

| | Discontinued Operations £'000 | Continuing Operations £'000 | 2019 £'000 | 2018 £'000 |
|--|-------------------------------------|-----------------------------------|---------------|---------------|
| Operating profit | 12 | 447 | 459 | 1,581 |
| Depreciation | 3 | 565 | 568 | 462 |
| Loss/(profit) on sale of tangible fixed assets | - | 1 | 1 | (4) |
| Amortisation of goodwill | - | 174 | 174 | 111 |
| Goodwill impairment | - | 125 | 125 | 50 |
| Change in debtors | 19 | 783 | 802 | (233) |
| Change in creditors | 2 | (1,497) | (1,495) | 697 |
| Other non-cash movements | - | (15) | (15) | (5) |
| Net cash inflow from operating activities | 36 | 583 | 619 | 2,659 |

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

24. ANALYSIS OF CHANGES IN NET DEBT

| | At 31 December 2018 £'000 | Cash Flow £'000 | Other Non-cash changes £'000 | At 31 December 2019 £'000 |
|--------------------------|------------------------------------|-----------------------|---------------------------------------|------------------------------------|
| Cash at bank and in hand | 255 | 99 | - | 354 |
| | 255 | 99 | - | 354 |
| Debt due after one year | (953) | 3 | - | (950) |
| Debt due within one year | (6,024) | (294) | - | (6,318) |
| Finance leases | (308) | 214 | (248) | (342) |
| Total | (7,030) | 22 | (248) | (7,256) |

25. OPERATING LEASE COMMITMENTS

At 31 December 2019, the Group had total commitments under non-cancellable operating leases as follows:

| | Plant and machinery | | Land and buildings | |
|--------------------------|---------------------|---------------|--------------------|---------------|
| | 2019 £'000 | 2018 £'000 | 2019 £'000 | 2018 £'000 |
| Leases which expire: | | | | |
| Within one year | 2 | 4 | 705 | 502 |
| Within two to five years | - | 2 | 1,477 | 791 |
| After five years | - | - | 402 | 47 |
| | 2 | 6 | 2,584 | 1,340 |

26. COMMITMENTS

The Company has given cross guarantees to National Westminster Bank plc in respect of the bank overdrafts of other members of the HR GO Group of companies. At 31 December 2019, the bank overdrafts under this guarantee amounted to £nil (2018: £nil).

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2019

27. RELATED PARTY TRANSACTIONS

- a) During the year the Group rented six (2018: six) properties from the pension scheme of Mr J C Parkinson, the Chairman of the Group. Rents paid for these properties during the year were £193k (2018: £173k). The rents on these properties are determined by an independent professional valuer. There were no outstanding balances at the year end.
- b) The amount due to/(payable by) HR GO plc from/(to) its subsidiaries at 31 December 2019 is detailed below:

| Name of company | Amount Receivable £'000 | Amount Payable £'000 | Loans Receivable £'000 |
|--|-------------------------------|----------------------------|------------------------------|
| Airport Placements Limited | 112 | - | - |
| Eclipse Group Solutions Limited | - | 2,946 | - |
| Gel Resourcing Limited | 26 | - | - |
| HR GO (Doncaster) Limited | 363 | - | - |
| HR GO (Dover) Limited | 59 | - | - |
| HR GO (Driving Fenlands) Limited | 187 | - | - |
| HR GO (Driving North) Limited | 494 | - | - |
| HR GO (Driving South) Limited | 70 | - | - |
| HR GO (Glasgow) Limited | - | 69 | - |
| HR GO (Huntingdon) Limited | 5 | - | - |
| HR GO (Kent) Limited | 1,974 | - | - |
| HR GO (Liverpool) Limited | - | 497 | 2 |
| HR GO (Newcastle) Limited | 247 | - | - |
| HR GO (Northampton) Limited | 498 | - | - |
| HR GO (Norwich) Limited | - | 90 | 5 |
| HR GO Recruitment Limited | 4,718 | - | 48 |
| HR GO Recruitment (Luton) Limited | 57 | - | - |
| HR GO Recruitment (Shepton Mallet) Limited | 94 | - | - |
| HR GO Recruitment (Sussex) Limited | 104 | - | - |
| HR GO Recruitment (SW) Limited | - | 5 | - |
| HR GO (Somerset) Limited | 135 | - | 10 |
| RHL (Bristol) Limited | 479 | - | - |
| RHL (FM & Technical) Limited | 6 | - | - |
| Recruitment Holdings Limited | 483 | - | - |
| Space Between Group Limited | - | 94 | 10 |
| Sussex Recruitment Limited | 210 | - | - |
| Teachright (HBB) Limited | - | 7 | - |
| Teachright (Kent) Limited | 48 | - | - |
| 41 other Group subsidiary companies | - | 98 | - |
| 2 other Group subsidiary companies | - | - | 26 |
| | <u>10,369</u> | <u>3,806</u> | <u>101</u> |

During the year, it was agreed a loan receivable from HR GO Recruitment (SW) Limited amounting to £40k would be written off.

The directors consider that to give full particulars of all transactions with its subsidiaries would lead to a statement of excessive length.

Transactions with subsidiary companies are detailed in the financial statements of those subsidiaries. A list of the principal subsidiaries is contained within note 14.

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

27. RELATED PARTY TRANSACTIONS (continued)

The amount due to/(payable by) HR GO plc from/(to) its subsidiaries at 31 December 2018 is detailed below:

| Name of company | Amount Receivable £'000 | Amount Payable £'000 | Loans Receivable £'000 |
|-------------------------------------|-------------------------------|----------------------------|------------------------------|
| Airport Placements Limited | 170 | - | - |
| Discoverable Limited | 8 | - | - |
| Eclipse Group Solutions Limited | - | 3,241 | - |
| HR GO (Doncaster) Limited | 284 | - | - |
| HR GO (Dover) Limited | 29 | - | - |
| HR GO (Driving Fenlands) Limited | 258 | - | - |
| HR GO (Driving North) Limited | 635 | - | - |
| HR GO (Driving South) Limited | 386 | - | - |
| HR GO (Glasgow) Limited | - | 36 | - |
| HR GO (Huntingdon) Limited | - | 27 | - |
| HR GO (Kent) Limited | 1,348 | - | - |
| HR GO (Liverpool) Limited | 293 | - | 26 |
| HR GO (Newcastle) Limited | 350 | - | - |
| HR GO (Northampton) Limited | 708 | - | - |
| HR GO (Norwich) Limited | - | 90 | 14 |
| HR GO Recruitment Limited | 4,744 | - | 48 |
| HR GO Recruitment (SW) Limited | 2 | - | 40 |
| HR GO Recruitment (Luton) Limited | 92 | - | - |
| HR GO (Somerset) Limited | 47 | - | 10 |
| RHL (Bristol) Limited | 413 | - | - |
| Recruitment Holdings Limited | 18 | - | 10 |
| Space Between Group Limited | - | 70 | - |
| 41 other Group subsidiary companies | - | 98 | - |
| 2 other Group subsidiary companies | - | - | 26 |
| | <u>9,785</u> | <u>3,562</u> | <u>174</u> |

- c) During the year the company provided administrative and management services to its subsidiary undertakings for which it charged £3,032k (2018: £2,616k). In addition the company also paid £372k (2018: £497k) to its subsidiaries in relation to IT Services.

- d) The directors have prepared budgets and forecasts for all companies within the group, which indicate that the above amounts owed by its subsidiary companies are recoverable.

The directors consider the ultimate controlling party to be Mr J C Parkinson.

28. POST BALANCE SHEET EVENTS

In late March 2020, the country faced a COVID-19 pandemic requiring the government to take unprecedented action to curtail the spread of the virus. The closure of all but essential services for a period of time partially impacted the Group's operations on a temporary basis. During this period, the Group took advantage of the government's rescue packages put in place such as the Coronavirus Job Retention Scheme, VAT deferral, and local authority grants/rebates. These measures coupled with the investment in technology and some restructuring have allowed the Group to materially expand its business activities and ensured it is in a strong position to meet its liabilities as they fall due in the future.

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2019

29. FINANCIAL LIABILITIES

Interest rate profile of financial liabilities

| | 2019 Group £'000 | 2019 Company £'000 | 2018 Group £'000 | 2018 Company £'000 |
|------------------------|------------------------|--------------------------|------------------------|--------------------------|
| Floating interest rate | 7,211 | 7,211 | 6,900 | 6,900 |
| Fixed interest rate | 353 | 47 | 344 | 100 |
| Interest free | 46 | - | 41 | - |
| | <u>7,610</u> | <u>7,258</u> | <u>7,285</u> | <u>7,285</u> |

The floating interest rate is linked to the Royal Bank of Scotland base rate.

The average fixed interest rate is 6%

The average maturity date for the interest free loans is over five years from the balance sheet date.

Maturity profile of financial liabilities

| | 2019 Group £'000 | 2019 Company £'000 | 2018 Group £'000 | 2018 Company £'000 |
|------------------------------|------------------------|--------------------------|------------------------|--------------------------|
| Due within one year | 6,521 | 6,298 | 6,170 | 6,011 |
| Due within two to five years | 139 | 10 | 165 | 39 |
| Due after five years | 950 | 950 | 950 | 950 |
| | <u>7,610</u> | <u>7,258</u> | <u>7,285</u> | <u>7,000</u> |

30. FINANCIAL RISK MANAGEMENT

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board is responsible for developing and monitoring the Group's risk management strategy and policies. There have been no changes to the Group's exposures to risk or the methods used to measure and manage these risks during the year.

The group has exposure to the following risks from the use of its financial instruments.

Credit Risk Management

Debtors consist mainly of trade receivables. The Group monitors the financial position of their customers on an ongoing basis. The granting of credit is controlled by application and account limits. An allowance is made for specific bad debts and at the reporting date, management did not consider there to be any material credit risk exposure.

Interest Rate Risk

The Group finances its operations by an invoice discounting facility and long-term loans. The Group borrows at both fixed and floating rates of interest. It also receives interest free loans from some of its minority shareholders. The portfolio of borrowings is managed in order to reduce the Group's exposure to interest rate risk.

Liquidity Risk

The Group's policy is to ensure continuity of funding. Invoice discounting facilities help to achieve short-term flexibility.

Foreign Currency Risk

Overseas operations and investments are not material to the Group as a whole and so the Group is not exposed to any significant foreign currency risks. At 31 December 2019, the Group had no forward exchange contracts.

The Directors do not feel the Group is exposed to any other significant financial risks.