

HR GO PLC

Annual Report and Financial Statements 2020

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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 2020

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ANNUAL REPORT AND FINANCIAL STATEMENTS 2020

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>

SECRETARY

R G Barrow

REGISTERED IN ENGLAND AND WALES

No. 00924542

REGISTERED OFFICE

The Cedars
Church Road
Ashford
Kent
TN23 1RQ

AUDITOR

UHY Kent LLP t/a UHY Hacker Young
Chartered Accountants & Statutory Auditors
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 2020

INTRODUCTION TO HR GO PLC

HR GO plc is a predominantly UK based long established (64th year of trading) group of leading independent suppliers of temporary and permanent staff together with an e-commerce and digital marketing agency.

The HR GO Group's key activity is providing first class recruitment services to its industrial, commercial and public sector clients, whilst managing a portfolio of e-commerce 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.

SALIENT FEATURES OF THE LAST FIVE YEARS

	2016	2017	2018	2019	2020
	£'000	£'000	£'000	£'000	£'000
Turnover	73,989	80,288	86,656	84,849	114,605
Operating profit	629	1,418	1,581	459	2,069
Profit on ordinary activities before taxation	565	1,300	1,470	321	1,965
Tax on ordinary activities	(82)	(235)	(341)	(85)	(162)
Profit for the year	483	1,065	1,129	236	1,803
Earnings before interest tax depreciation and amortisation	1,111	1,886	2,154	1,201	2,801

HR GO PLC

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CHAIRMAN'S STATEMENT

I am pleased to report another record year for the Group for contractor numbers, turnover and profitability, despite an unprecedented year materially affected by Covid-19. In the latter half of the year Recruitment provided excellent support under our National Sales contracts to various Essential Service providers. However, our permanent recruitment, aviation, education and digital sectors fell below expectation all negatively impacted by the pandemic. Fortunately, the diverse nature of the Group and the excellent performance of Recruitment supported by the prior years' investment in National Sales and technology supported growth in the business.

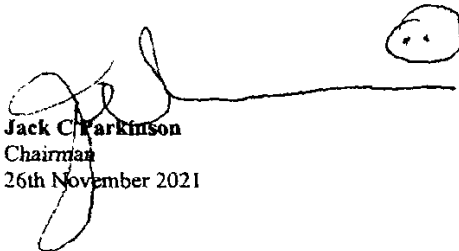
The uncertainty in the market caused by Covid, created a material impact on the business as many clients locked down and temporarily stopped trading. Temporary staff were often the first to be released with reduced demand as the world stayed at home. Following the introduction of furlough, by June and July certain sectors started to recover. Our major work in Essential Services assisting the Government with testing centres, track and trace and supplementing hospital staff, enabled our contractor numbers to grow to an exceptional 8,600 workers by December 2020, doubling our previous record, and delivered further record numbers over 10,000 in February 2021.

We are delighted that our national footprint, IT infrastructure and technology offering enabled the Group to scale during the ongoing pandemic, enabling the Group to secure and fulfil essential service contracts. Our staff can work effectively from home and the service we deliver to our clients is seamless. Communication has also been enhanced by the in-house development of candidate and client portals.

We have made good progress with expanding businesses overseas in both Australia and Poland, despite some impact from Covid. We look forward to further expansion into 2022.

In 2021, the results in the first half of the year show further record growth, strong profits and conclusively demonstrates our ability to be deliver a first-class recruitment service on a national scale. During the second half of 2021 we will investigate opportunities to invest in niche sectors or partner with struggling businesses.

The challenges presented in 2020 were unprecedented, however the Group has delivered a strong performance through its diversification and national presence. We will continue to invest and develop our offering to deliver our vision of providing the best candidate and client experiences through cutting-edge technology and recruitment expertise.



Jack C Parkinson
Chairman
26th November 2021

HR GO PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS 2020

STRATEGIC REPORT

INTRODUCTION

The Directors present their Strategic Report on the group for the year ended 31 December 2020.

BUSINESS REVIEW

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 businesses in different sectors.

Turnover increased to £100.3m (2019: £67.2m) with an operating profit of £4.59m (2019: £0.8m profit). The increase in turnover and operating profit is due to securing a number of large new national contracts more than offsetting the fall in revenues in areas such as aviation.

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.

Turnover for the year has remained consistent at £9.5m (2019: £9.5m), with an operating loss of £0.3m, compared with an operating loss of £0.4m last year. Some of the specialist areas in which this sector operates have been affected by the pandemic, resulting in a reduction in turnover for one long established company which has been compensated by turnover in our new start-ups.

This sector has continued to expand with one new start-up in the year following three last year. Start-ups are not expected to be profitable from the outset and have contributed to the operating loss for the year.

Digital Agency Services

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

Turnover for the year decreased to £4.8m (2019: £8.1m) with an operating loss of £1.2m (2019: £0.6m profit).

Clients within this sector have been materially affected by the pandemic which has resulted in the reduction in turnover and operating profit.

This sector has continued to focus on finding new and innovative products and processes through research & development, whilst operations have temporarily been scaled down with restructuring costs adding to the operating loss for the year. However we expect this sector to recover in 2021.

PRINCIPLE 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 adapts to ensure we provide compliant, competitive and valuable recruitment services to our customers and workers in a changing regulatory environment.

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

STRATEGIC REPORT (continued)

PRINCIPLE RISKS AND UNCERTAINTIES (CONTINUED)

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 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 2020, the Group had no forward exchange contracts.
- *Cash Flow and Borrowings Risk*
At the end of the year, the net borrowings of the Group amounted to £6m (2019: £7.6m) a decrease of £1.6m. Further details of the Group's cash flows are contained in the consolidated cash flow statement and in the notes to the financial statements.
- *Global Pandemic Risk*
The Group secured a number of large national contracts during the pandemic. Should these contracts come to an end and the traditional clients not kick start, there is a risk there could be a short term fall in activity.

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 may necessitate additional funding.

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

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STRATEGIC REPORT (continued)

DIRECTORS' STATEMENT OF COMPLIANCE WITH DUTY TO PROMOTE THE SUCCESS OF THE GROUP

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;

The Group's policy is to consult with employees and provide information on matters likely to affect their interest. This is explained further in the Directors' report.

(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 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.

(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, including due diligence 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.

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 2020

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 2020.

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 AND DIVIDENDS

The Group's profit on ordinary activities before taxation for the year amounted to £2.0m (2019: £0.3m). The detailed results are set out in the consolidated profit and loss account on page 13.

Retained profit after minority interests of £1.4m (2019: £0.2m) has been transferred to reserves.

The directors do not recommend the payment of a final dividend for the year (2019: £nil).

FUTURE DEVELOPMENTS

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

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

J C Parkinson
R G Barrow
C L Hare
J M Parkinson
M J Taylor

ENGAGEMENT WITH EMPLOYEES

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.

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS

Please see information as detailed in the section 172 disclosure in the Strategic report on page 6.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the 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.

HR GO PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS 2020

DIRECTORS' REPORT

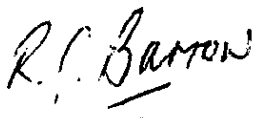
POST BALANCE SHEET EVENTS

There have been no significant events affecting the Group since the year end.

AUDITORS

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

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



R G Barrow
Director
26th November 2021

HR GO PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group strategic report, the Directors' report, and the consolidated 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, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 group and company and of the Company and the Group and of the profit or loss of the Group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions.

HR GO PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS 2020

INDEPENDENT AUDITOR'S REPORT (continued)

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 2020, which comprise the Group Profit and loss account, the Group 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 2020 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

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.



INDEPENDENT AUDITOR'S REPORT (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.

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.

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 Group financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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INDEPENDENT AUDITOR'S REPORT (continued)

How the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- we identified the laws and regulations applicable to the Group and parent Company through discussions with management, and from our commercial knowledge and experience of the recruitment sector (and, for one subsidiary, the digital agency sector);
- we focused on specific laws and regulations which we considered may have a direct material effect on the accounts or the operations of the Group and parent Company;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting correspondence; and
- identified laws and regulations were communicated within the audit team and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Group's and parent Company's accounts to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. As a result there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

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INDEPENDENT AUDITOR'S REPORT (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 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, as a body, for our audit work, for this report, or for the opinions we have formed.



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: 21 December 2021

HR GO PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 31 December 2020

	Note	2020 £'000	2019 £'000
TURNOVER	4	114,605	84,849
Cost of sales		(96,264)	(66,628)
GROSS PROFIT		18,341	18,221
Administrative expenses:			
- before exceptional items		(16,952)	(17,378)
- exceptional items	5	(833)	(455)
Administrative expenses		(17,785)	(17,833)
Other operating income			
- before exceptional items		106	71
- exceptional items	5	1,407	-
Other operating income		1,513	71
Operating profit:			
- before exceptional items		1,495	914
- exceptional items	5	574	(455)
OPERATING PROFIT	6	2,069	459
Net interest payable and similar charges	8	(104)	(138)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,965	321
Tax on ordinary activities	11	(162)	(85)
PROFIT FOR THE YEAR		1,803	236
Profit for the year attributable to:			
Owners of the parent company		1,385	157
Non-controlling interests		418	79
		1,803	236

The notes on pages 21 to 40 form part of these financial statements

HR GO PLC**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
Year ended 31 December 2020

	2020 £'000	2019 £'000
Profit for the financial year	1,803	236
Currency translation differences	<u>3</u>	<u>(20)</u>
Total other comprehensive expenses	<u>3</u>	<u>(20)</u>
Total comprehensive income for the year	<u>1,806</u>	<u>216</u>
Total comprehensive income for the year attributable to:		
Owners of the parent company	1,388	140
Non-controlling interests	<u>418</u>	<u>76</u>
Total comprehensive income for the year	<u>1,806</u>	<u>216</u>

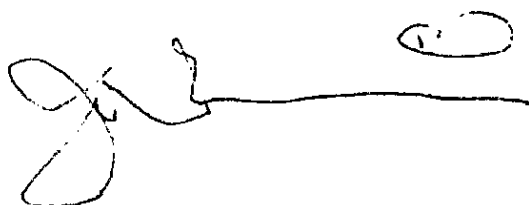
[†] The notes on pages 21 to 40 form part of these financial statements.

HR GO PLC
Company Number 00924542
CONSOLIDATED BALANCE SHEET
31 December 2020

	Note	2020 £'000	2019 £'000
FIXED ASSETS			
Intangible fixed assets	12	-	688
Tangible fixed assets	13	724	1,168
		<u>724</u>	<u>1,856</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	16	28,922	15,803
Deferred taxation - asset	17	165	85
Cash at bank and in hand	24	449	354
		<u>29,536</u>	<u>16,242</u>
Creditors: amounts falling due within one year	18	(24,383)	(13,928)
NET CURRENT ASSETS		<u>5,153</u>	<u>2,314</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,877	4,170
Creditors: amounts falling due after more than one year	19	(1,141)	(1,089)
Provisions for liabilities	20	(3)	(3)
NET ASSETS		<u><u>4,733</u></u>	<u><u>3,078</u></u>
CAPITAL AND RESERVES			
Called up share capital	21	259	259
Share premium		594	594
Capital redemption reserve		56	56
Profit and loss account		3,345	1,949
Equity attributable to owners of the company		<u>4,254</u>	<u>2,858</u>
Non-controlling interests		479	220
TOTAL EQUITY		<u><u>4,733</u></u>	<u><u>3,078</u></u>

The financial statements were approved and authorised for issues by the board and were signed on its behalf on 26th November 2021.

J C Parkinson
Director



The notes on pages 21 to 40 form part of these financial statements

HR GO PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 31 December 2020

	Called up share capital	Share premium	Capital reserve	Profit and loss account	Equity attributable to the owners of the parent	Non- controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
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	-	-	-	(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 1 January 2020	259	594	56	1,949	2,858	220	3,078
Profit for the year	-	-	-	1,385	1,385	418	1,803
Currency translation differences	-	-	-	3	3	-	3
Total comprehensive income for the year	-	-	-	1,388	1,388	418	1,806
Profit/(loss) on acquisition and disposal of stakes in subsidiaries	-	-	-	8	8	(29)	(21)
Dividends	-	-	-	-	-	(130)	(130)
At 31 December 2020	259	594	56	3,345	4,254	479	4,733

The notes on pages 21 to 40 form part of these financial statements



HR GO PLC

CONSOLIDATED CASH FLOW STATEMENT Year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Net cash from operating activities		1,637	619
Taxation received		338	180
Net cash generated from operating activities		1,975	799
Cash flow from investing activities			
Payment to acquire subsidiary	15	-	(225)
Payments to increase stakes in subsidiaries	15	(22)	(89)
Receipts from sale of stakes in subsidiaries	15	1	101
Net cash acquired with subsidiary undertaking		-	80
Net cash disposed of with subsidiary undertaking		-	(22)
Payments to acquire assets and trades of business	15	(50)	-
Purchase of tangible assets		(124)	(453)
Proceeds from disposal of fixed assets		141	66
Interest received		1	1
Net cash used in investing activities		(53)	(541)
Cash flow from financing activities			
Invoice discounting (settlement)/advance		(1,706)	352
Repayment of obligations under finance leases		(277)	(214)
Receipt of loans		409	10
Repayment of loans		(104)	(71)
Dividends paid to non-controlling interest		(44)	(97)
Interest paid		(105)	(139)
Net cash used in financing activities		(1,827)	(159)
Net increase in cash		95	99
Cash at the beginning of the year		354	255
Cash at end of year	24	449	354

The notes on pages 21 to 40 form part of these financial statements.



HR GO PLC**COMPANY BALANCE SHEET**
31 December 2020

	Note	2020 £'000	2019 £'000
FIXED ASSETS			
Tangible fixed assets	13	187	412
Investments	14	1,718	2,031
		<u>1,905</u>	<u>2,443</u>
CURRENT ASSETS			
Debtors	16	11,928	12,058
Cash at bank and in hand		72	65
		<u>12,000</u>	<u>12,123</u>
Creditors: amounts falling due within one year	18	(11,544)	(11,628)
NET CURRENT ASSETS		<u>456</u>	<u>495</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,361</u>	<u>2,938</u>
Creditors: amounts falling due after more than one year	19	(1,086)	(960)
NET ASSETS		<u>1,275</u>	<u>1,978</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		366	1,069
TOTAL EQUITY		<u>1,275</u>	<u>1,978</u>

The company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the parent company profit and loss account. The company's loss for the year was £703,000 (2019: profit £5,000).

The financial statements were approved and authorised for issues by the board and were signed on its behalf on 26th November 2021.



J C Parkinson
Director

The notes on pages 21 to 40 form part of these financial statements

HR GO PLC

COMPANY STATEMENT OF CHANGES IN EQUITY 31 December 2020

	Called up share capital £'000	Share premium £'000	Capital reserve £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2019	259	594	56	1,064	1,973
Profit for the year	-	-	-	5	5
Dividends	-	-	-	-	-
At 1 January 2020	259	594	56	1,069	1,978
Loss for the year	-	-	-	(703)	(703)
Dividends	-	-	-	-	-
At 31 December 2020	259	594	56	366	1,275

The notes on pages 21 to 40 form part of these financial statements.



HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE

HR GO plc ('the company') and its subsidiaries (together 'the group') principal activities 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 company is a Public limited company limited by shares and is incorporated in England & Wales (registration number 00924542). The address of the registered office is shown on page 1.

The group and individual financial statements of HR GO plc have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

2. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group and company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

The company has taken advantage of the exemption in section 408 of the Companies Act 2006 from presenting its individual profit and loss account.

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.

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.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to conditions.

The company has taken advantage of the following exemptions in its individual financial statements:

- from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the company's cash flows;
- from the financial instrument disclosures, required under FRS 102 paragraphs, 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A, as the information is provided in the consolidated financial statement disclosures;

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

2. ACCOUNTING POLICIES (continued)

Exemptions for qualifying entities under FRS 102 - continued

- from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7.

Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. The principal subsidiaries are listed in note 14. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated profit and loss account from the date on which control is obtained. They are deconsolidated from the date control ceases.

Foreign currency translation

- *Functional and presentation currency*

The financial statements are prepared in sterling, which is the functional currency of the Group.

- *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'finance (expense)/income'. All other foreign exchange gains and losses are presented in the profit and loss account within 'other operating (losses)/gains'.

- *Translation*

The trading results of group undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year-end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in 'Other comprehensive income' and allocated to non-controlling interest as appropriate.

Revenue recognition

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

2. ACCOUNTING POLICIES (continued)

Exceptional items

The group classifies certain one-off charges or credits that have a material impact on the group's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Group.

Operating leases: the Group as lessee

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Leased assets: the Group as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets, where substantially all of the benefits and risks of ownership are assumed by the company. Assets acquired by hire purchase contracts and finance leases are depreciated over the shorter of the lease term and their useful lives. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding.

Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred.

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

Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in the consolidated profit and loss account under other operating income, in the same period as the related expenditure.

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 9 to the financial statements.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

- *Current tax*

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

2. ACCOUNTING POLICIES (continued)

Taxation - continued

• *Deferred tax*

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.

Business combination and goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Intangible assets are only recognised separately from goodwill where they are separable and arise from contractual or other legal rights.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the group's interest in the identifiable net assets, liabilities and contingent liabilities acquired. On acquisition, goodwill is allocated to cash-generating units ('CGU's') that are expected to benefit from the combination.

Goodwill is amortised over its expected useful life which was estimated to be ten years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. No reversals of impairment are recognised.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost (or deemed cost), less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use.

Costs associated with maintaining computer software and website applications are recognised as a tangible assets provided they are directly associated with revenue generating services for the group or directly related to. Any expenditures which do not meet this criteria are recognised as an expense as incurred.

Depreciation on other assets is calculated, using the straight-line method, to allocate the depreciable amount to their residual values over their estimated useful lives, as follows:

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

2. ACCOUNTING POLICIES (continued)

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 (or CGU'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 (CGUs).

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.

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Financial Instruments

The group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

Financial assets are not recognised when (a) the contractual rights to the cash flows from the asset expire or are settled; or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party; or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial Liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

- **Borrowing costs**

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

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.

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.

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 in note 2.

An impairment provision in respect of goodwill has been deemed necessary for the year ended 31 December 2020 in relation to five subsidiary undertakings. Individual provisions of £316k, £148k, £24k, £46k and £18k make up the total of £552k 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 together with a full impairment of an acquisition in 2019 following similar careful consideration. The total adjustment of £315k is shown in note 14, investments.

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.

Lease dilapidation provisions

The determination of costs to repair and redecorate leasehold properties involves estimation. Management has assessed the likely dilapidation provisions required for each property based on past experience and the lease period remaining.

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.

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

4. TURNOVER

	2020 £'000	2019 £'000
Services provided	<u>114,605</u>	<u>84,849</u>

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

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 is prejudice to 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 is prejudice to the Group's interests.

5. EXCEPTIONAL ITEMS

Exceptional items included in administrative expenses include £281k of redundancy costs in respect of some staff restructuring in the year and £552k of goodwill impairment, as detailed further in note 14 to the financial statements. Other operating income includes £1,407k of government COVID-19 grants.

6. OPERATING PROFIT

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

	2020 £'000	2019 £'000
Operating lease expense		
- Land and buildings	658	753
- Plant and machinery	2	4
Depreciation on tangible fixed assets	575	568
Loss on disposal of tangible fixed assets	49	1
Impairment of goodwill	552	125
Amortisation of goodwill	157	174
Foreign exchange (gains)/losses	(8)	(8)
Grants receivable	<u>(1,407)</u>	<u>-</u>

Analysis of activities:

	Existing Operations £'000	Acquired & Start-up Operations £'000	Sold and Closed Operations £'000	2020 Total £'000
Turnover	106,510	8,059	36	114,605
Cost of sales	(89,539)	(6,701)	(24)	(96,264)
Administrative expenses	(16,343)	(1,418)	(24)	(17,785)
Other operating income	1,396	117	-	1,513
Operating profit/(loss)	<u>2,024</u>	<u>57</u>	<u>(12)</u>	<u>2,069</u>

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2020

Analysis of activities:

	Existing Operations £'000	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
Operating profit/(loss)	<u>581</u>	<u>(135)</u>	<u>13</u>	<u>459</u>

7. AUDITOR'S REMUNERATION

	2020 £'000	2019 £'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	<u>11</u>	<u>11</u>
Fees payable to the company's auditor and its associates for audit of the company's subsidiaries	<u>41</u>	<u>41</u>

8. NET INTEREST PAYABLE AND SIMILAR CHARGES

	2020 £'000	2019 £'000
Interest payable and similar charges:		
On bank overdrafts and invoice discounting	92	123
On finance leases and hire purchase contracts	<u>13</u>	<u>17</u>
	105	140
Interest receivable and similar income:		
Interest receivable	<u>(1)</u>	<u>(2)</u>
	<u>104</u>	<u>138</u>

9. EMPLOYEES

The average monthly number of persons (including directors) employed by the group during the year was:

	Group 2020 No.	Company 2020 No.	Group 2019 No.	Company 2019 No.
Recruitment, IT and Administration	<u>323</u>	<u>49</u>	<u>364</u>	<u>48</u>

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

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

	Group 2020 £'000	Company 2020 £'000	Group 2019 £'000	Company 2019 £'000
Wages and salaries	13,506	2,541	13,026	1,935
Social security costs	1,619	280	1,510	210
Pension costs	299	83	330	78
	<u>15,424</u>	<u>2,904</u>	<u>14,866</u>	<u>2,223</u>

10. EMOLUMENTS OF DIRECTORS

	2020 £'000	2019 £'000
Aggregate emoluments including benefits in kind	<u>1,181</u>	<u>725</u>
Company pension contributions to money purchase scheme	<u>38</u>	<u>37</u>
Emoluments of highest paid director:	2020 £'000	2019 £'000
Total emoluments	374	184
Money purchase scheme	<u>6</u>	<u>24</u>

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

	2020 No.	2019 No.
Money purchase schemes	<u>4</u>	<u>4</u>

11. TAX ON ORDINARY ACTIVITIES

	2020 £'000	2019 £'000
United Kingdom corporation tax payable	254	187
Over provision for corporation tax in prior year	<u>(12)</u>	<u>(17)</u>
Total current tax charge	242	170
Deferred tax asset movement (see note 17)	<u>(80)</u>	<u>(85)</u>
Total tax charge	<u>162</u>	<u>85</u>

The standard rate of tax for the year is 19% (2019: 19%).

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

11. TAX ON ORDINARY ACTIVITIES CONTINUED

The current tax charge is different from the standard rate for the reasons set out in the following reconciliation:

	2020 £'000	2019 £'000
Profit on ordinary activities before taxation	1,965	321
Tax on profit on ordinary activities at standard rate	373	61
Expenses/(Income) disallowed for tax purposes	209	(14)
Deferred tax not recognised	(408)	55
Adjustment to tax charge in respect of previous period	(12)	(17)
Total current tax charge	162	85

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 £738k (2019: £1,029k).

12. INTANGIBLE FIXED ASSETS

	Goodwill £'000
Group	
Cost	
At 1 January 2020	2,797
Additions	50
Disposals	(1,530)
At 31 December 2020	1,317
Amortisation	
At 1 January 2020	2,109
Amortisation provided for the year	157
Impairment	552
Disposals	(1,501)
At 31 December 2020	1,317
Net book value	
At 31 December 2020	-
At 31 December 2019	688

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

13. TANGIBLE FIXED ASSETS

Group	Short-term leasehold improvements £'000	Plant, Equipment, Fixtures & Fittings and Software £'000	Total £'000
Cost			
At 1 January 2020	400	3,789	4,189
Additions	-	321	321
Disposals	(10)	(1,759)	(1,769)
At 31 December 2020	390	2,351	2,741
Depreciation			
At 1 January 2020	341	2,680	3,021
Charge for the year on owned assets	19	402	421
Charge for the year on financed assets	-	154	154
Disposals	(9)	(1,570)	(1,579)
At 31 December 2020	351	1,666	2,017
Net book value			
At 31 December 2020	39	685	724
At 31 December 2019	59	1,109	1,168

The net book value of tangible fixed assets includes an amount of £306k (2019: £240k) in respect of assets held under finance leases and hire purchase contracts.

Company	Short-term leasehold improvements £'000	Plant, Equipment, Fixtures & Fittings and Software £'000	Total £'000
Cost			
At 1 January 2020	186	1,850	2,036
Additions	-	97	97
Disposals	-	(1,156)	(1,156)
At 31 December 2020	186	791	977
Depreciation			
At 1 January 2020	186	1,438	1,624
Charge for the year on owned assets	-	209	209
Charge for the year on financed assets	-	10	10
Disposals	-	(1,053)	(1,053)
At 31 December 2020	186	604	790
Net book value			
At 31 December 2020	-	187	187
At 31 December 2019	-	412	412

The net book value of tangible fixed assets includes an amount of £82k (2019: £31k) in respect of assets held under finance leases and hire purchase contracts.

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2020

14. INVESTMENTS

Investment in subsidiaries

Company	Total £'000
Cost	
At 1 January 2020	3,034
Additions	12
Disposals	(10)
At 31 December 2020	3,036
Impairment	
At 1 January 2020	1,003
Charge for the period	315
At 31 December 2020	1,318
Net book value	
At 31 December 2020	1,718
At 31 December 2019	2,031

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 all active UK subsidiary undertakings. The companies, which have not been disclosed, are dormant in the year. All subsidiaries are included on consolidation. 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
A.C. Appointments Limited*	100	100	-	89
Eclipse Business Services Limited*	200	1	100	100
Eclipse Group Solutions Ltd	460	1	87	87
Gel Resourcing Ltd*	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) Limited*	1	1	100	100
HR GO (Driving Fenlands) Limited	200	100	-	100
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	100	89	89
HR GO Recruitment (Luton) Limited*	100	100	100	100
HR GO Recruitment (Shepton Mallet) Ltd	100	100	51	51
HR GO Recruitment (Sussex) Limited*	100	100	-	100
HR GO Recruitment (SW) Limited*	100	1	100	100

HR GO PLC

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14. INVESTMENTS CONTINUED

Name of company	Issued share capital £	Class of Ordinary Share p	% held Company	% held Group
HR GO Recruitment (Technical Aviation) Limited* <i>(formerly Airport Placements Limited)</i>	104	1	100	100
HR GO Recruitment (Watford) Limited	100	1	70	70
HR GO (Somerset) Limited*	1	1	100	100
RHL (FM & Technical) Limited*	2	1	90	90
RHL (Construction & Property) 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	-	87
Sussex Recruitment Limited*	1	100	100	100
HR GO Recruitment Education (NW) Limited* <i>(formerly Teachright (Cheshire) Limited)</i>	2	1	80	80
HR GO Recruitment Education (EA) Limited* <i>(formerly Teachright (Essex) Limited)</i>	2	1	90	90
Teachright (HBB) Limited*	2	1	100	100
HR GO Recruitment Education (SE) Limited* <i>(formerly Teachright (Kent) Limited)</i>	1	1	80	80

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) A.C.Appointments Limited, 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.
- 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 100% subsidiary of HR GO (Driving North) Limited.
- 5) Gel Resourcing Ltd and HR GO Recruitment (Sussex) Limited, 70% and 100% respective subsidiaries of Sussex Recruitment Limited which is a 100% subsidiary of HR GO Plc.
- 6) Space Between Group Ltd 100% subsidiary of Eclipse Group Solutions Limited.

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, Sussex Recruitment Limited and Eclipse Group Solutions Ltd.

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

14. INVESTMENTS CONTINUED

All of the above companies are engaged in recruitment activities with the exception of Eclipse Group Solutions Ltd and Space Between Group Limited (e-commerce and digital marketing agency services).

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	-	86
HR GO Recruitment Poland sp.zo.o	Poland	-	89

Eclipse Poland Limited sp.zo.o is a 100% subsidiary of Eclipse Group Solutions Ltd. It remains a subsidiary by virtue of the controlling interest that HR GO plc has in Eclipse Group Solutions Ltd. The company's activities are that of e-commerce and digital marketing agency services.

Recruitment Holdings Pty Limited is a 88% 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 £316k in the goodwill of HR GO Recruitment (Technical Aviation) Limited, £148k in HR GO Recruitment (Sussex) Limited, £46k in HR GO Recruitment (Watford) Limited and £18k in HR GO (Dover) Limited was considered necessary in the year, together with a full impairment amounting to £24k of the goodwill in subsidiary company A.C.Appointments Limited.

15. INVESTMENT ACQUISITIONS AND DISPOSALS

The movement in stakes held in various subsidiary companies in 2020 have been accounted for by the acquisition method with no fair value adjustments being deemed necessary by the directors. In total the sum of £22k (2019: £314k) was paid for the increase in stakes in subsidiary companies, the net assets acquired were valued at net book value of £26k (2019: £76k).

Stakes were reduced in various subsidiary companies and proceeds of £1k (2019: £101k) were received for the disposal of these shares, at the date of disposal the net assets sold were valued at £3k (2019: £39k).

In February 2020 the Group acquired the trade and assets of a business in Watford the goodwill arising on this acquisition amounted to £50k.

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020		2019	
	Group £'000	Company £'000	Group £'000	Company £'000
Trade debtors	26,759	47	13,893	183
Loans to subsidiaries	-	99	-	101
Amounts owed by subsidiary companies	-	9,160	-	10,369
Corporation tax recoverable	753	319	778	331
Other debtors	825	788	342	77
Prepayments and accrued income	585	1,515	790	997
	<u>28,922</u>	<u>11,928</u>	<u>15,803</u>	<u>12,058</u>

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NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

17. DEFERRED TAXATION – ASSET

	2020 £'000	2019 £'000
Group		
At 1 January	85	-
Transfer to profit and loss account (see note 11)	80	85
At 31 December	<u>165</u>	<u>85</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 £165k (2019: £85k) and will be recovered when sufficient profits have been generated.

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020		2019	
	Group £'000	Company £'000	Group £'000	Company £'000
Obligations under finance leases and hire purchase contracts	167	34	203	26
Minority shareholders' and other loans	274	54	65	19
Invoice discounting advances	4,547	4,547	6,253	6,253
Trade creditors	1,603	1,060	1,207	630
Amounts owed to subsidiary companies	-	3,430	-	3,806
Other taxes and social security	3,630	309	1,394	450
Other creditors	7,935	1,218	2,128	164
Accruals and deferred income	6,227	892	2,678	280
	<u>24,383</u>	<u>11,544</u>	<u>13,928</u>	<u>11,628</u>

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

	2020		2019	
	Group £'000	Company £'000	Group £'000	Company £'000
Obligations under finance leases and hire purchase contracts	95	40	139	10
Other loans	1,046	1,046	950	950
	<u>1,141</u>	<u>1,086</u>	<u>1,089</u>	<u>960</u>

HR GO PLC

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Year ended 31 December 2020

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

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

	2020		2019	
	Group £'000	Company £'000	Group £'000	Company £'000
In one year or less	167	34	203	26
Between one and five years	95	40	139	10
	<u>262</u>	<u>74</u>	<u>342</u>	<u>36</u>

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

20. PROVISIONS FOR LIABILITIES

	2020 £'000	2019 £'000
Deferred tax - Group		
At 1 January and 31 December	<u>3</u>	<u>3</u>

21. SHARE CAPITAL

	2020 £'000	2019 £'000
Authorised:		
50,000,000 ordinary shares of 1p each	<u>500</u>	<u>500</u>
Allotted, called up and fully paid:		
25,881,546 ordinary shares of 1p each	<u>259</u>	<u>259</u>

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.

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

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

	Discontinued Operations £'000	Continuing Operations £'000	2020 £'000	2019 £'000
(Loss)/Profit for the financial year	(10)	1,813	1,803	236
Adjustments for:				
Tax on profit	(2)	164	162	85
Net interest expense	-	104	104	138
Operating (loss)/profit	(12)	2,081	2,069	459
Depreciation	-	575	575	568
Loss on sale of tangible fixed assets	-	49	49	1
Amortisation of goodwill	-	157	157	174
Goodwill impairment	-	552	552	125
Loss on disposal of goodwill	-	29	29	-
Change in debtors	49	(13,748)	(13,699)	802
Change in creditors	(59)	11,961	11,902	(1,495)
Other non-cash movements	-	3	3	(15)
Net cash from operating activities	(22)	1,659	1,637	619

24. ANALYSIS OF CHANGES IN NET DEBT

	At 31 December 2019 £'000	Cash Flow £'000	Other Non-cash changes £'000	At 31 December 2020 £'000
Cash at bank and in hand	354	95	-	449
	354	95	-	449
Debt due after one year	(950)	(96)	-	(1,046)
Debt due within one year	(6,318)	1497	-	(4,821)
Finance leases	(342)	277	(197)	(262)
Total	(7,256)	1,773	(197)	(5,680)

25. OPERATING LEASE COMMITMENTS

At 31 December 2020, the Group had total commitments under non-cancellable operating leases as follows:

	Plant and machinery		Land and buildings	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Leases which expire:				
Within one year	-	2	599	705
Within two to five years	-	-	1,022	1,477
After five years	-	-	303	402
	-	2	1,924	2,584

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NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2020

25. OPERATING LEASE COMMITMENTS CONTINUED

At 31 December 2020, the Company had total commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2020	2019
	£'000	£'000
Leases which expire:		
Within one year	153	153
Within two to five years	311	364
After five years	250	320
	<u>714</u>	<u>837</u>

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 2020, the bank overdrafts under this guarantee amounted to £nil (2019: £nil).

27. RELATED PARTY TRANSACTIONS

Transactions with key management personnel

- a) The company considers there to be no key management personnel outside of the board of directors. See note 10 for total emoluments to the board of directors.
- b) During the year the Group rented five (2019: five) properties from Bareham Investments Ltd, the pension company of a director and one property (2019: one) from another company indirectly controlled by the same director. Rents paid for these properties during the year were £135k (2019: £189k) and £3k (2019: £4k) respectively. The rents on these properties are determined by an independent professional valuer. There were no outstanding balances at the year end.
- c) The company loans at the balance sheet date presented in creditors amounts falling due within one year, £54k (2019: £19k) and presented in creditors falling due more than one year £1,046k (2019: £950k) have been received from two directors who are also shareholders and from a member of their close family.

The loans are unsecured interest only repayment loans, subject to a rate of interest at:

a. Director and shareholder:

i. cash loans	5%	£901k	(2019: £758k)
ii. car loans	9.5%	£nil	(2019: £11k)

From October 2019 the lender has not required the company to repay the interest due on the loan balance. The unpaid loan interest is included in creditors falling due within one year.

During the year the lender received loan capital repayment of £103k and provided a new cash loan of £200k.

b. Director and shareholder:

i. cash loan	1.35%	£100k	(2019: £100k)
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c. Close family member of directors:

i. cash loan	1.35%	£100k	(2019: £100k)
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HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

27. RELATED PARTY TRANSACTIONS CONTINUED

Transactions with subsidiaries

- a) The aggregate amount receivable from group subsidiaries on intra-group balances at 31 December 2020 amounted to £9,259k (2019: £10,470k), which includes intra-group loans receivable of £99k (2019: £101k).

The aggregate amount payable to group subsidiaries on intra-group balances at 31 December amounted to £3,430k (2019: £3,806k).

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

During the year the aggregate Group subsidiary debt write offs totalled £119k (2019: £102k) and the aggregate Company subsidiary debt write offs totalled £111k (2019: £86k).

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.

- b) During the year the company made the following charges to its subsidiary undertakings:

Management services £3,563k (2019: £3,032k);
Interest on finance facility £394k (2019: £434k);
Property rental £54k (2019: £39k); and
Other centralised costs £37k (2019: £57k).

At the year end £925k (2019: £366k) was outstanding and included within prepayments. The receivable is unsecured, no guarantees have been received and is due in 30 days (2019: 30 days).

- c) During the year the company made the following payments to its subsidiaries:

IT & related marketing services £195k (2019: £403k)
Interest on finance facility £22k (2019: £53k)
Property rental £nil (2019: £37k)
Other centralised costs £17k (2019: £39k)
Acquisition of fixed assets £nil (2019: £236k)

At the year end £36k (2019: £16k) was outstanding and included within trade creditors. The payable is unsecured, no guarantees have been issued and is due in 30 days (2019: 30 days).

28. CONTROLLING PARTY

The ultimate controlling party is J C Parkinson.

29. FINANCIAL LIABILITIES

Interest rate profile of financial liabilities

	2020 Group £'000	2020 Company £'000	2019 Group £'000	2019 Company £'000
Floating interest rate	5,648	5,648	7,211	7,211
Fixed interest rate	262	73	353	47
Interest free	219	-	46	-
	<u>6,129</u>	<u>5,721</u>	<u>7,610</u>	<u>7,258</u>

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

29. FINANCIAL LIABILITIES CONTINUED

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

	2020 Group £'000	2020 Company £'000	2019 Group £'000	2019 Company £'000
Due within one year	4,988	4,635	6,521	6,298
Due within two to five years	95	40	139	10
Due after five years	1,046	1,046	950	950
	<u>6,129</u>	<u>5,721</u>	<u>7,610</u>	<u>7,258</u>