

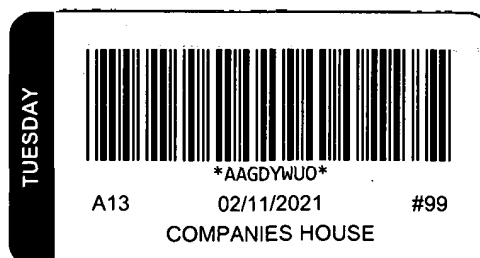
Penta Consulting Limited

Annual Report and Financial Statements

Year Ended

31 March 2020

Company Number 03525651



Penta Consulting Limited

Company Information

Directors	P R Clark A Patel F W Searle P Braham K England-Smith
Company secretary	J Brookes
Registered number	03525651
Registered office	Crosspoint House 28 Stafford Road Wallington Surrey SM6 9AA
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

Penta Consulting Limited

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Penta Consulting Limited

Group Strategic Report For the Year Ended 31 March 2020

The directors present the Group strategic report for the year ended 31 March 2020.

Introduction

The Company is a global provider of technology services. The main focus remains delivering professional services to businesses operating in Europe, Africa and Middle East regions and managed services globally.

Our customers are principally IT & Telecom vendors, system integrators and enterprise customers that utilise our vertical areas of specialisation.

Penta group operates throughout the world and has offices in the UK, France, Poland, Germany, Dubai, Abu Dhabi, South Africa, Indonesia and Saudi Arabia. The services are provided via our local operating companies or long term partners.

Turnover to international customers this year amounts to 74% (FY2019: 75%). The high level of international activity maintains the exposure of the business to currency fluctuations, mainly in Euro and US\$, the effects of which are mitigated where possible with appropriate hedging structures.

Strategy

At the end of FY2019, the Company undertook a strategic business review, the outcomes of which were:

- The termination of certain businesses arrangements in the Middle East
- Disposal of the business in Qatar
- Focus on business opportunities in Europe, with the opening of companies in Poland and Germany.
- Reduction in headcount, particularly at executive sales level.
- Realigning the sales teams to focus on technology skills.
- Investment in new IT systems and related infrastructure.

The objectives were to improve operational performance, streamline reporting lines, reduce costs, focus on higher margin business and reduce exposure to operations where payment for services is challenging.

During FY2020, Penta made excellent progress in delivering the outcomes from the strategic review. Offices have been opened in Germany, Poland and Saudi Arabia.

The sales teams were restructured to focus on technology skills. The exit of three directors and other sales and operational staff was completed. In October 2019, the company started the implementation of a cloud based IT system and in April 2020, a new CRM and Finance System went live. The move to cloud based systems enabled the Company to easily transition to remote working at the start of the lockdown in March 2020.

In November 2019, the disposal of the Qatar business was completed.

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Group Strategic Report (continued) For the Year Ended 31 March 2020

Operating and Financial review

FY 2020 has been a very challenging year. The benefits from the strategic business review, including realignment of the sales teams, growing Europe, headcount reductions and improved operational performance have taken longer to flow through to improved financial performance. Turnover in the year decreased by 6% to £39.2m (2019: £41.5m). This decrease was entirely attributable to the effects of the termination certain businesses arrangements in the Middle East and the disposal of Qatar. Excluding Qatar and the terminated business agreement in the Middle East, turnover increased slightly to £35.5m (2019: £35.3m).

Gross profit reduced by £1.4m to £8.3m (2019: £9.7m). Excluding Qatar and the terminated business agreement in the Middle East, gross profit reduced by £0.6m. Gross margins decreased to 21.3% (2019: 23.4%). The decrease in margins is mainly attributable to continued downward margin pressure from customers.

In FY 2020, the Group incurred an operating loss of £1.1m, compared with a profit of £1.0m in 2019.

Administrative expenses in FY2020 of £9.4m (FY2019: £8.7m) include exceptional expenses of £0.7m (2019: £0.6m) relating to;

- a) legal fees in connection with claims against former directors and employees of £0.4m (2019: £0.1m) and the termination of certain businesses arrangements in the Middle East of £0.1m (2019: £0.5m)
- b) fees of £0.2m in connection with a potential acquisition which the Board decided not to proceed with.

In addition, the financial performance in FY2020 was adversely affected by the salary costs of senior staff who were either no longer involved in the business or who had left and were being paid during their notice period. These amounts, including lump sum payments, totalled £0.4m (2019: £0.2m).

Excluding these costs, underlying administrative expenses were £8.3m, compared with £7.9m in FY2019.

Management charges from the holding company were slightly lower at £1.4m (2019: £1.6m).

Interest payable and similar expenses in the year was £0.1m, compared with £0.2m in 2019, which included an interest charge on the settlement of the Employee Benefit Trust (EBT) with HMRC of £0.1m.

The Group incurred a loss on disposal of Qatar of £0.4m which included a reduction of £0.1m in the purchase price.

Loss before tax was £1.6m, compared with a profit of £0.9m in 2019.

The tax on profit for the year was £0.5m, a decrease of £0.4m, compared with 2019. The tax charge for 2019 included £0.2m in respect of the EBT settlement. The high tax rate is due to irrecoverable overseas corporate and withholding taxes which reflect the high percentage of overseas sales.

The weakening of sterling versus the US dollar, from \$1.30/£1 at March 2019 to \$1.23/£1 at March 2020, has had a positive impact on earnings.

Operating cashflow in 2020 was a cash outflow of £3.7m, compared with an outflow of £0.5m in 2019. This outflow included £1.0m (2019: £1.4m) of cash funding provided to group companies. Net cash inflow from the disposal of the Qatar business was £0.7m. Net cash outflow, excluding movements on the invoice discounting facility, was £3.4m, compared with a cash outflow of £0.6m in 2019. Net borrowings increased from £1.1m to £4.5m at the end of the year. At the year-end cash and cash equivalents amounted to (£0.6m) (FY2019: £1.6m) and the amount drawn down on the invoicing discounting facility was to £3.9m (FY2019: £2.7m).

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Group Strategic Report (continued) For the Year Ended 31 March 2020

Principal risks and uncertainties

Credit risk - including the risk of financial loss if a customer fails to meet its contractual obligations. It is Group policy to assess the credit risk of new customers before entering into contracts with them. Credit risk also arises from cash, cash equivalents and deposits with banks and financial institutions.

Liquidity risk - arises from the Group's management of working capital, and the risk that it will encounter difficulty in meeting its financial obligations as they fall due. Management regularly monitors its liquidity position, and reviews forecasts for future cash flows to ensure that sufficient liquid resources are maintained.

Foreign exchange risk - arises when the Group enters into transactions denominated in a currency other than the functional currency. There is a continued policy of transacting with clients in their primary currency to best match revenues and costs in a particular currency. This mitigates the risk that the exchange rate may move unfavourably, resulting in adverse cash outflows.

Employee Benefit Trust (EBT)

In July 2019, the Group reached agreement with HMRC to settle the PAYE and NI liabilities arising from 2010 and 2011, payable in instalments. The Group has signed a settlement agreement with HMRC in October 2021 - the liability is not materially different to the amount disclosed in note 20.

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Group Strategic Report (continued) For the Year Ended 31 March 2020

Impact of Covid 19

In March 2020, the World Health Organisation declared the outbreak of the coronavirus (COVID-19) a global pandemic. The UK Government, as with other governments, implemented a series of national lockdowns.

The key risks to the Company of COVID-19 are:

- that our resources will be unable to work, due to national government restrictions, and therefore generate revenue. The mitigation for this risk is that the majority of resources are paid on the basis of the hours worked.
- customers start to delay or scale back investment in new IT projects.
- customers will be unwilling to pay, due to their own cash conservation measures or unable to pay due to central bank regulations.

In response to the outbreak and for the health and well-being of our global workforce and broader benefits to public health and safety, the Company closed all physical offices and shifted to working remotely. The Company already had the systems and technology infrastructure in place to quickly transition to an effective remote work environment. Business has continued as usual since the transition. The Directors continue to closely the situation and follow the recommendations from the UK and overseas governments to help ensure both the safety of our workforce and business continuity for our clients. Our COVID 19 response has been focused on the safety and welfare of our staff and our resources working at our clients. The key actions taken include:

- Staff working at home during periods of lockdown, with regular contact through video conferencing and email
- Rolling programme of contacting resources to check on health and working status
- Regular contact with our clients to assess the impact on resource requirements and working status
- Focus on cash collection with regular client contact to identify signs and instances where COVID 19 may cause a delay in payment
- In April 2020, the company initiated a series of cash conservation initiatives including:
 - Furloughing certain employees from April 2020 to July 2020
 - Staff reductions during April 2020 to July 2020
 - Salary redundancies in July 2020

As the lockdown restrictions have eased, particularly in the UK, our staff have gradually been returning to office working.

Current trading levels have not been materially affected by the outbreak of COVID-19. During FY2021, revenue and gross profit, on a like for like basis, has remained constant compared with FY2020. The Group continues to generate cash and trade profitably.

In October 2020, Penta secured a 3 year CBIL for £500,000, which is interest free and no repayments due, for the first 12 months.

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Group Strategic Report (continued) For the Year Ended 31 March 2020

Going concern

The Directors have assessed the Group's and Company's ability to adopt a going concern basis of accounting. In coming to their conclusion, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approval of these financial statements.

Current trading levels have not been materially affected by national governmental restrictions. During FY2021, revenue and gross profit, on a like for like basis, has remained constant compared with FY2020. The Group continues to generate cash and trade profitably.

The Directors have considered the Group's profit and cash flow plans for the next 12 months, and have run various downside scenarios. These downside forecasts include scenarios based on a prolonged period of continued disruption which results in an overall reduction of 18% in forecast revenues compared with FY2021. Due to the nature of the business if there is a short-term decline in trading, the working capital requirements and therefore liquidity of the business will improve in the short-term.

The Company has facilities available for the management and maintenance of monthly liquidity levels, which include:

- An invoice discounting facility available to the Group to draw down on the majority of its UK-based debtors. The terms of the invoice discounting facility allow either party to terminate the agreement with no less than one months notice. Based on the ongoing relationship, the directors consider this to be remote; and
- An overdraft facility amounting to £1.2m which is on an uncommitted basis and subject to a minimum annual review. There is no indication the overdraft facility will be removed from the Group.

Neither of the above facilities are governed by the requirement to prepare or submit financial covenants and therefore compliance with such measures has not needed to be factored into the Directors' going concern assessment.

The Directors forecasts demonstrate that the Group is expected to generate profits and cash in the year ending 31 March 2022, and beyond, and that the Group has sufficient cash reserves and banking facilities to enable the Group to meet its obligations as they fall due for a period of at least 12 months from the date of signing of these financial statements.

As such, the directors are satisfied that the Group has adequate resources to continue to operate for the foreseeable future. For this reason, they continue to adopt the going concern basis for preparing these financial statements.

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Group Strategic Report (continued) For the Year Ended 31 March 2020

Outlook

The trading outlook is looking positive, as national governments start to lift restrictions. However, it is not possible to determine with certainty how long it will take for countries to get back to any sort of normal level of trading activity. The COVID-19 crisis has clearly demonstrated the need for investment in digital technology and Penta is ideally positioned to benefit from increasing demand for technology based services.

This report was approved by the board on 31 October 2021 and signed on its behalf.

Paul Clark

P R Clark
Director

Penta Consulting Limited

Directors' Report For the Year Ended 31 March 2020

The directors present their report and the financial statements for the year ended 31 March 2020.

Principal activity

The principal activity of the Group continued to be a global provider of specialist telecoms and IT resources and outsourcing services, mainly to the financial services, IT and mobile network infrastructure markets.

Business review

A review of the business is included in the Strategic report on page 1.

Directors

The directors who served during the year were:

P R Clark
J R Foley (resigned 1 April 2021)
A Patel
R A Wilson (resigned 1 April 2021)
I M O'Neill (resigned 3 May 2019)
A D Olver (resigned 3 May 2019)
F W Searle
R Harverson (resigned 1 April 2021)
J A Sobrany (resigned 25 February 2020)
L G Penn (appointed 28 May 2019, resigned 24 July 2020)

P Braham and K England-Smith were appointed to the board of directors on 6 May 2021.

Results and dividends

The loss for the year, after taxation and minority interests, amounted to £2,236,217 (2019 - loss £116,184).

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Financial instruments

The Group holds or issues financial instruments to finance its operations. Operations are financed by a mixture of retained profits, a multi currency invoice finance facility and a multi currency overdraft facility. The multi currency invoice finance facility carries an interest rate of 2.25% above the base rate set by central bank for the relevant currency. The overdraft facility carries an interest rate of 2.25% above base rate set by the central bank for the relevant currency. Both of these margins are applied to the Interbank and base rate of the currency borrowed. Working capital requirements are met principally out of these facilities and retained profits. In addition, various financial instruments such as trade debtors and trade creditors arise directly from the Group's operations. The Group's finance facilities are held in Sterling, Euros and US Dollars. The Group tries to ensure that sales and cost of sales are contracted in the same currencies to minimise currency exposure risk.

The Group is mainly exposed to credit risk from credit sales. It is company policy to assess the credit risk of new customers and to factor the information from these credit ratings into future dealings with the customers. The Group also has Credit Insurance to minimise this risk. At the Balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Balance sheet.

The directors monitor the liquidity and cash flow risk of the Group carefully. The Group agreed the invoice discounting facility and the multi currency overdraft facility with the Group's bankers to help manage fluctuations in cash flow. Cash flow is monitored by the directors on a regular basis and appropriate action would be taken where additional funds are required.

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Directors' Report (continued) For the Year Ended 31 March 2020

Matters covered in the strategic report

Information in relation to future events has been included within the strategic report instead of the directors' report.

Disclosure of information to auditor

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 auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Post balance sheet events

During the financial year, the group was involved in legal disputes against former directors employed by the Group. Post year end, the legal disputes with the former directors were concluded with the company receiving £725,000 in settlement of all claims. The amount represents a contingent asset under FRS 102 and has not been accounted for within the 31 March 2020 year end financial statements.

On 1 April 2021 Penta Consulting Group Limited acquired the entirety of the share capital of Penta Consulting Limited.

The Group has signed a settlement agreement with HMRC in October 2021 - the liability is not materially different to the amount disclosed in note 20.

Auditor

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

This report was approved by the board on 31 October 2021 and signed on its behalf.

Paul Clark

P R Clark
Director

Penta Consulting Limited

Directors' Responsibilities Statement For the Year Ended 31 March 2020

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 Group and Company 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 profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Penta Consulting Limited

Independent Auditor's Report to the Members of Penta Consulting Limited

Opinion

We have audited the financial statements of Penta Consulting Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 March 2020 which comprise Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity and Consolidated Statement of Cash Flows, and the notes to the financial statements, 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 March 2020 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We 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 or 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.

Penta Consulting Limited

Independent Auditor's Report to the Members of Penta Consulting Limited (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and 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 Strategic report and 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.

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Independent Auditor's Report to the Members of Penta Consulting Limited (continued)

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Parent 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 Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Stuart Godfrey

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Stuart Godfrey (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom
31 October 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Penta Consulting Limited

Consolidated Profit and Loss Account For the Year Ended 31 March 2020

	Note	2020 £	2019 £
Turnover	4	39,226,149	41,520,860
Cost of sales		(30,888,418)	(31,831,518)
Gross profit		8,337,731	9,689,342
Administrative expenses		(8,697,019)	(8,133,352)
Exceptional administrative expenses	7	(740,251)	(574,144)
Other operating income	5	-	27,441
Operating (loss)/profit	6	(1,099,539)	1,009,287
Loss on disposal of subsidiary	23	(430,051)	-
Interest receivable and similar income	11	6,255	72,649
Interest payable and similar expenses	12	(80,329)	(180,592)
(Loss)/profit before tax		(1,603,664)	901,344
Tax on (loss)/profit	13	(512,659)	(876,843)
(Loss)/profit for the financial year		(2,116,323)	24,501
(Loss)/profit for the year attributable to:			
Owners of the parent		(2,236,217)	(116,184)
Non-controlling interests		119,894	140,685
		(2,116,323)	24,501

The notes on pages 22 to 49 form part of these financial statements.

Penta Consulting Limited

Consolidated Statement of Comprehensive Income For the Year Ended 31 March 2020

	Note	2020 £	2019 £
(Loss)/profit for the financial year		(2,116,323)	24,501
Other comprehensive income			
Currency translation differences		100,955	19,176
Total comprehensive income for the year		<u>(2,015,368)</u>	<u>43,677</u>
Total comprehensive income attributable to:			
Owners of the parent company		(2,102,555)	(105,173)
Non-controlling interest		87,187	148,850
		<u>(2,015,368)</u>	<u>43,677</u>

The notes on pages 22 to 49 form part of these financial statements.

Penta Consulting Limited
Registered number:03525651

Consolidated Balance Sheet
As at 31 March 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	14	182,676	-
Tangible assets	15	60,699	55,626
		<u>243,375</u>	<u>55,626</u>
Current assets			
Debtors: amounts falling due within one year	17	19,446,872	18,494,005
Cash at bank and in hand		311,098	1,585,357
		<u>19,757,970</u>	<u>20,079,362</u>
Creditors: amounts falling due within one year	18	(8,763,099)	(6,231,678)
Net current assets		<u>10,994,871</u>	<u>13,847,684</u>
Other provisions		-	(566,194)
Net assets		<u><u>11,238,246</u></u>	<u><u>13,337,116</u></u>
Capital and reserves			
Called up share capital	21	17,210	17,210
Share premium account	22	119,263	119,263
Capital redemption reserve	22	5,930	5,930
Other reserves	22	24,546	42,059
Profit and loss account	22	10,886,174	12,988,729
Equity attributable to owners of the parent Company		<u>11,053,123</u>	<u>13,173,191</u>
Non-controlling interests		185,123	163,925
		<u><u>11,238,246</u></u>	<u><u>13,337,116</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
31 October 2021


F W Searle
Director

The notes on pages 22 to 49 form part of these financial statements.

Penta Consulting Limited
Registered number:03525651


Company Balance Sheet
As at 31 March 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	14	182,676	-
Tangible assets	15	51,254	54,553
Investments	16	107,995	86,502
		<u>341,925</u>	<u>141,055</u>
Current assets			
Debtors: amounts falling due within one year	17	17,579,022	14,999,127
Cash at bank and in hand		111,131	928,044
		<u>17,690,153</u>	<u>15,927,171</u>
Current liabilities			
Creditors: amounts falling due within one year	18	(9,206,367)	(7,597,651)
Net current assets		<u>8,483,786</u>	<u>8,329,520</u>
Total assets less current liabilities		<u>8,825,711</u>	<u>8,470,575</u>
Other provisions		-	(566,194)
Net assets		<u><u>8,825,711</u></u>	<u><u>7,904,381</u></u>
Capital and reserves			
Called up share capital	21	17,210	17,210
Share premium account	22	119,263	119,263
Capital redemption reserve	22	5,930	5,930
Profit and loss account	22	8,683,308	7,761,978
		<u><u>8,825,711</u></u>	<u><u>7,904,381</u></u>

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit of the company for the year was £842,891 (2019 - loss of £1,032,875).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31 October 2021

F W Searle
Director



The notes on pages 22 to 49 form part of these financial statements.

Penta Consulting Limited

Consolidated Statement of Changes in Equity For the Year Ended 31 March 2020

	Called up share capital £	Share premium account £	Capital redemption reserve £	Other reserves £	Profit and loss account £	Equity attributable to owners of parent Company £	Non- controlling interests £	Total equity £
At 1 April 2019	17,210	119,263	5,930	42,059	12,988,729	13,173,191	163,925	13,337,116
Comprehensive income for the year								
Loss for the year	-	-	-	-	(2,236,217)	(2,236,217)	119,894	(2,116,323)
Currency translation differences	-	-	-	-	133,662	133,662	(32,707)	100,955
Other comprehensive income for the year	-	-	-	-	133,662	133,662	(32,707)	100,955
Total comprehensive income for the year	-	-	-	-	(2,102,555)	(2,102,555)	87,187	(2,015,368)
Contributions by and distributions to owners								
Disposal of subsidiary	-	-	-	(17,513)	-	(17,513)	(65,989)	(83,502)
Total transactions with owners	-	-	-	(17,513)	-	(17,513)	(65,989)	(83,502)
At 31 March 2020	17,210	119,263	5,930	24,546	10,886,174	11,053,123	185,123	11,238,246

The notes on pages 22 to 49 form part of these financial statements.

Penta Consulting Limited

Consolidated Statement of Changes in Equity For the Year Ended 31 March 2019

	Called up share capital	Share premium account	Capital redemption reserve	Other reserves	Profit and loss account	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	£	£	£	£	£	£	£	£
At 1 April 2018	17,210	119,263	5,930	42,059	13,093,902	13,278,364	15,075	13,293,439
Comprehensive income for the year								
Profit for the year	-	-	-	-	(116,184)	(116,184)	140,685	24,501
Currency translation differences	-	-	-	-	11,011	11,011	8,165	19,176
Other comprehensive income for the year	-	-	-	-	11,011	11,011	8,165	19,176
Total comprehensive income for the year	-	-	-	-	(105,173)	(105,173)	148,850	43,677
At 31 March 2019	17,210	119,263	5,930	42,059	12,988,729	13,173,191	163,925	13,337,116

The notes on pages 22 to 49 form part of these financial statements.

Penta Consulting Limited

Company Statement of Changes in Equity For the Year Ended 31 March 2020

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 April 2018	17,210	119,263	5,930	8,792,896	8,935,299
Comprehensive income for the year					
Loss for the year	-	-	-	(1,032,875)	(1,032,875)
Currency translation differences	-	-	-	1,957	1,957
Other comprehensive income for the year	-	-	-	1,957	1,957
Total comprehensive income for the year	-	-	-	(1,030,918)	(1,030,918)
At 1 April 2019	17,210	119,263	5,930	7,761,978	7,904,381
Comprehensive income for the year					
Profit for the year	-	-	-	842,891	842,891
Currency translation differences	-	-	-	78,439	78,439
Other comprehensive income for the year	-	-	-	78,439	78,439
Total comprehensive income for the year	-	-	-	921,330	921,330
At 31 March 2020	17,210	119,263	5,930	8,683,308	8,825,711

The notes on pages 22 to 49 form part of these financial statements.

Penta Consulting Limited

Consolidated Statement of Cash Flows For the Year Ended 31 March 2020

	2020 £	As restated 2019 £
Cash flows from operating activities		
(Loss)/profit for the financial year	(2,116,323)	24,501
Adjustments for:		
Amortisation of intangible assets	25,137	8,634
Depreciation of tangible assets	23,028	20,656
Government grants	-	(27,441)
Interest paid	80,329	180,592
Interest received	(6,255)	(72,649)
Taxation charge	512,659	876,843
(Increase)/decrease in debtors	(1,381,740)	1,338,094
Increase in amounts owed by parent undertakings	(1,041,702)	(1,420,754)
Increase/(decrease) in creditors	816,112	(993,512)
(Decrease)/increase in provisions	(566,194)	566,194
Corporation tax paid	(573,676)	(976,081)
Foreign exchange	72,818	19,176
Loss on disposal of subsidiary	430,051	-
Net cash generated from operating activities	(3,725,756)	(455,747)
Cash flows from investing activities		
Purchase of intangible fixed assets	(207,813)	-
Purchase of tangible fixed assets	(28,101)	(52,906)
Sale of unlisted and other investments	664,319	-
Government grants received	-	27,441
Interest received	6,255	72,649
Net cash from investing activities	434,660	47,184

Penta Consulting Limited

Consolidated Statement of Cash Flows (continued) For the Year Ended 31 March 2020

	2020 £	As restated 2019 £
Cash flows from financing activities		
Movements on invoice discounting	1,192,487	731,524
Interest paid	(80,329)	(180,592)
Net cash used in financing activities	<u>1,112,158</u>	<u>550,932</u>
Net (decrease)/increase in cash and cash equivalents	<u>(2,178,938)</u>	<u>142,369</u>
Cash and cash equivalents at beginning of year	1,585,357	1,442,988
Cash and cash equivalents at the end of year	<u><u>(593,581)</u></u>	<u><u>1,585,357</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	311,098	1,585,357
Bank overdrafts	(904,679)	-
	<u><u>(593,581)</u></u>	<u><u>1,585,357</u></u>

The notes on pages 22 to 49 form part of these financial statements.

Penta Consulting Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

1. General information

Penta Consulting Limited is a private company limited by shares and incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the Group and Company's operations and principal activities are set out in the Group strategic report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies 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 Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and loss account in these financial statements.

The parent Company has taken the exemption available for presenting elements of the financial statements by virtue of being a qualifying entity under the definitions of FRS 102 and the shareholder having approved of taking such exemptions in writing. The exemptions taken are in relation to the requirement to:

- Present an individual entity cash flow statement;
- Present a reconciliation of the parent entity's shares (as these are the same as the consolidated figure);
- Present key management remuneration for the parent entity; and
- Present a reconciliation of financial instruments for the company.

These exemptions are able to be taken due to the disclosures being made on an equivalent basis within these Group accounts.

The following principal accounting policies have been applied:

Penta Consulting Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

2. Accounting policies (continued)

2.2 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. Intercompany transactions and balances between group companies are therefore eliminated in full. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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 statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

2.3 Going concern

The Directors have assessed the Group's and Company's ability to adopt a going concern basis of accounting. In coming to their conclusion, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approval of these financial statements.

Current trading levels have not been materially affected by national governmental restrictions. During FY 2021, revenue and gross profit, on a like for like basis, has remained constant compared with FY2020. The Group continues to generate cash and trade profitably.

The Directors have considered the Group's profit and cash flow plans for the next 12 months, and have run various downside scenarios. These downside forecasts include scenarios based on a prolonged period of continued disruption which results in an overall reduction of 18% in forecast revenues compared with FY2021. Due to the nature of the business if there is a short-term decline in trading, the working capital requirements and therefore liquidity of the business will improve in the short-term.

Penta Consulting Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

2. Accounting policies (continued)

2.3 Going concern (continued)

The Group has facilities available for the management and maintenance of monthly liquidity levels, which include:

- An invoice discounting facility available to the Group to draw down on the majority of its UK-based debtors. The terms of the invoice discounting facility allow either party to terminate the agreement with no less than one months notice. Based on the ongoing relationship, the directors consider this to be remote; and
- An overdraft facility amounting to £1.2m which is on an uncommitted basis and subject to a minimum annual review. There is no indication the overdraft facility will be removed from the Group.

Neither of the above facilities are governed by the requirement to prepare or submit financial covenants and therefore compliance with such measures has not needed to be factored into the Directors' going concern assessment.

The Directors forecasts demonstrate that the Group is expected to generate profits and cash in the year ending 31 March 2022, and beyond, and that the Group has sufficient cash reserves and banking facilities to enable the Group to meet its obligations as they fall due for a period of at least 12 months from the date of signing of these financial statements.

As such, the directors are satisfied that the Group has adequate resources to continue to operate for the foreseeable future. For this reason, they continue to adopt the going concern basis for preparing these financial statements.

2.4 Turnover

Turnover represents amounts receivable for services net of VAT and trade discounts. Income from temporary placements is recognised evenly over the period of the placement. Income from permanent placements is recognised at the commencement of the placement when the Group's contractual obligations have been fulfilled. The Group provides Managed Services to a number of customers – revenue is recognised in line with the performance of contractual obligations.

Penta Consulting Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

2. Accounting policies (continued)

2.5 Foreign currency translation

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 profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.6 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.

2.7 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.9 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Penta Consulting Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

2. Accounting policies (continued)

2.10 Borrowing costs

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

2.11 Intangible assets - Goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years. Goodwill is being amortised to 'administrative expenses'.

For the purposes of impairment testing, goodwill is allocated to the cash generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line method.

Depreciation is provided on the following basis:

Plant and machinery	-	25% straight line
Fixtures and fittings	-	25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.14 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Penta Consulting Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

2. Accounting policies (continued)

2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. Bank overdrafts are shown within borrowings in current liabilities

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.16 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.18 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

Penta Consulting Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

2. Accounting policies (continued)

2.18 Financial instruments (continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Penta Consulting Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

2. Accounting policies (continued)

2.18 Financial instruments (continued)

Classification of financial liabilities (continued)

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Group's contractual obligations expire or are discharged or cancelled.

2.19 Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Group.

2.20 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

The benefits of any rental incentives are spread on a straight line basis over the lease term.

Penta Consulting Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

2. Accounting policies (continued)

2.21 Taxation

Tax is recognised in the Consolidated profit and loss account, 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.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Consolidated balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.22 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Penta Consulting Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

2. Accounting policies (continued)

2.23 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Consolidated balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

In preparing these financial statements, the directors have had to make the following judgements:

- As noted in the going concern note 2.3, there are several uncertainties in relation to the assumptions made in regards to the impact of COVID-19 on the cash flow projection of the group until the end of August 2021. This includes the assumptions in respect of revenue returning to normal levels in October 2020 and the uncertainty of any prolonged impact of COVID-19.
- Management examine the recoverability of withholding tax balances incurred on sales made to overseas clients of the firm and consider that the taxes are irrecoverable until an application is made to recover these balances (see note 13).
- Determine whether there are indicators of impairment of the company's receivable balances. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the customer/group company.
- The directors do not consider the disposal of Qatar to meet the definition of a discontinued operation under FRS 102 and has not been accounted for as such.

Penta Consulting Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

4. Turnover

An analysis of turnover by class of business is as follows:

	2020 £	2019 £
Principal activity	<u>39,226,149</u>	<u>41,520,860</u>

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	10,139,768	10,460,502
Europe	11,892,304	9,817,332
Rest of the world	17,194,077	21,243,026
	<u>39,226,149</u>	<u>41,520,860</u>

5. Other operating income

	2020 £	2019 £
Government grants receivable	<u>-</u>	<u>27,441</u>

6. Operating (loss)/profit

The operating profit is stated after charging/(crediting):

	2020 £	2019 £
Exchange differences	281,354	(99,066)
Depreciation of owned tangible fixed assets	23,028	20,656
Amortisation of intangible assets	25,137	8,634
Other operating lease rentals	284,156	277,083
Defined pension contribution	<u>74,527</u>	<u>52,261</u>

Penta Consulting Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

7. Exceptional items

The Group identified the following costs of the business that were considered to be exceptional and relate to ongoing matters causing material costs that are not expected to be repeated in the normal course of business:

	2020 £	2019 £
Losses on termination of Middle East contracts	148,418	480,156
Legal and professional costs	408,295	93,988
Aborted acquisition	183,538	-
	<u>740,251</u>	<u>574,144</u>

Exceptional costs are one off non trading items including settlement of an EBT liability with HMRC, ongoing litigation costs, bad debt costs incurred on termination of Middle East contracts and specialist corporate finance advisory costs.

8. Auditor's remuneration

	2020 £	2019 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>62,000</u>	<u>58,000</u>
For other services		
Taxation compliance services	12,000	12,000
All other services	82,300	4,300
	<u>94,300</u>	<u>16,300</u>

Penta Consulting Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

9. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Wages and salaries	4,996,690	5,397,785	4,706,328	4,826,158
Social security costs	354,377	373,003	354,377	373,003
Pension costs	74,527	52,261	74,527	52,261
	<u>5,425,594</u>	<u>5,823,049</u>	<u>5,135,232</u>	<u>5,251,422</u>

The average monthly number of employees, including the directors, during the year was as follows:

	Group 2020 No.	Group 2019 No.	Company 2020 No.	Company 2019 No.
Office and management	32	41	26	27
Selling	39	35	36	30
	<u>71</u>	<u>76</u>	<u>62</u>	<u>57</u>

10. Directors' remuneration

	2020 £	2019 £
Group and Company		
Directors' emoluments	562,484	727,092
Company contributions to defined contribution pension schemes	13,855	13,800
Amounts paid to third parties in respect of directors' services	1,235,049	1,381,933
	<u>1,811,388</u>	<u>2,122,825</u>

During the year retirement benefits were accruing to 3 directors (2019 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £191,835 (2019 - £187,599).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £5,600 (2019 - £4,200).

The highest paid director above has been calculated based on the remuneration paid directly by the Group and excludes amounts paid to third parties in respect of directors' services.

Penta Consulting Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

11. Interest receivable

	2020 £	2019 £
Interest on bank deposits	3,666	14,595
Other interest receivable	2,589	58,054
	<u>6,255</u>	<u>72,649</u>

12. Interest payable and similar expenses

	2020 £	2019 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	80,329	48,224
Other finance costs		
Other interest	-	132,368
Total finance costs	<u>80,329</u>	<u>180,592</u>

13. Taxation

	2020 £	2019 £
Corporation tax		
Foreign current tax on profits for the current period	512,659	876,843
Total current tax	<u>512,659</u>	<u>876,843</u>

Penta Consulting Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

13. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19.00% (2019 - 19.00%). The differences are explained below:

	2020 £	2019 £
(Loss)/profit on ordinary activities before tax	<u>(1,603,664)</u>	<u>901,344</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2019 - 19.00%)	(304,696)	171,255
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	107,252	7,645
Utilisation of tax losses	93,565	77,574
Deferred tax not recognised	298,090	(54,451)
Effect of overseas tax rates	-	44,158
Withholding tax irrecoverable/(recoverable)	306,132	382,891
Inheritance tax charge on EBT scheme (note 20)	-	179,900
Other differences	12,316	67,871
Total tax charge for the year	<u>512,659</u>	<u>876,843</u>

The Group has not recognised a deferred tax asset of £298,090 (2019 - £Nil) due to the directors' assessment of the Group's ability to utilise the asset being remote based on the historic loss position incurred. This will be reviewed on an ongoing basis.

Factors that may affect future tax charges

The March 2021 Budget announced an increase to the main rate of corporation tax to 25% from April 2023. This rate has not been substantively enacted at the balance sheet date.

Penta Consulting Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

14. Intangible assets

Group and Company

	Computer software £	Goodwill £	Total £
Cost			
At 1 April 2019	-	86,358	86,358
Additions	207,813	-	207,813
At 31 March 2020	207,813	86,358	294,171
Amortisation			
At 1 April 2019	-	86,358	86,358
Charge for the year on owned assets	25,137	-	25,137
At 31 March 2020	25,137	86,358	111,495
Net book value			
At 31 March 2020	182,676	-	182,676
At 31 March 2019	-	-	-

Penta Consulting Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

15. Tangible fixed assets

Group

	Plant and machinery £	Fixtures and fittings £	Total £
Cost			
At 1 April 2019	227,365	86,119	313,484
Additions	24,858	3,243	28,101
At 31 March 2020	252,223	89,362	341,585
Depreciation			
At 1 April 2019	173,891	83,967	257,858
Charge for the year on owned assets	22,044	984	23,028
At 31 March 2020	195,935	84,951	280,886
Net book value			
At 31 March 2020	56,288	4,411	60,699
At 31 March 2019	53,474	2,152	55,626

Penta Consulting Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

15. Tangible fixed assets (continued)

Company

	Plant and machinery £	Fixtures and fittings £	Total £
Cost			
At 1 April 2019	224,934	31,861	256,795
Additions	14,565	3,243	17,808
At 31 March 2020	239,499	35,104	274,603
Depreciation			
At 1 April 2019	172,533	29,709	202,242
Charge for the year on owned assets	20,123	984	21,107
At 31 March 2020	192,656	30,693	223,349
Net book value			
At 31 March 2020	46,843	4,411	51,254
At 31 March 2019	52,401	2,152	54,553

Penta Consulting Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

16. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost	
At 1 April 2019	175,512
Additions	21,493
At 31 March 2020	<u>197,005</u>
Impairment	
At 1 April 2019	89,010
At 31 March 2020	<u>89,010</u>
Net book value	
At 31 March 2020	<u><u>107,995</u></u>
At 31 March 2019	<u><u>86,502</u></u>

On 8 May 2019 the company acquired the entire share capital of Penta Consulting GmbH for €25,000.

Penta Consulting Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

16. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Coombspeck Limited	United Kingdom	Non-trading company	Ordinary	100%
PCSA Holdings Pty Ltd	South Africa	Holding company	Ordinary	100%
Penta Consulting FZ LLC	Dubai	Outsourcing services	Ordinary	100%
Penta Consulting SAL	Lebanon	Outsourcing services	Ordinary	80%
Penta Facilities Management Services LLC	Dubai	Outsourcing services	Ordinary	49%
PT Putera Indo Konsultan	Indonesia	Outsourcing services	Ordinary	70%
Penta Consulting France SARL	France	Outsourcing services	Ordinary	100%
PCSA Consulting Pty Ltd*	South Africa	Outsourcing services	Ordinary	69.4%
Penta Consulting GmbH	Germany	Outsourcing services	Ordinary	100%
Penta Consulting Poland SP. Z.O.O.	Poland	Outsourcing services	Ordinary	100%

*Indirectly held

The full registered office of each subsidiary is detailed in note 28.

Penta Facilities Management Services LLC and Penta Trading and Contracting WLL are treated as subsidiaries as Penta Consulting Limited have control over the companies. Penta Consulting Limited control the day to day operations and also dictate the strategic direction of the companies. The shareholders in Dubai and Qatar have passive roles in the management of the companies.

On 20 November 2019, the Group's subsidiary in Qatar, Penta Trading and Contracting WLL, was sold for £1,300,000 payable in instalments and subject to working capital adjustments. The final cash amount received was £1,165,000 with £800,000 received in this financial year and £365,000 received in the next financial year which is included in other debtors.

Penta Consulting Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

17. Debtors

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade debtors	8,521,361	8,434,591	7,009,310	5,856,001
Amounts owed by group undertakings	7,649,739	6,608,037	8,034,374	6,875,372
Amounts owed by associated undertakings	777,397	670,756	777,397	670,756
Other debtors	1,386,341	1,687,163	965,602	1,286,309
Called up share capital not paid	20,992	20,992	20,992	20,992
Prepayments and accrued income	1,068,510	1,072,466	748,815	289,697
Corporation tax	22,532	-	22,532	-
	<u>19,446,872</u>	<u>18,494,005</u>	<u>17,579,022</u>	<u>14,999,127</u>

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

18. Creditors: Amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Bank overdrafts	904,679	-	904,679	-
Invoice discounting facility	3,925,271	2,732,784	3,925,271	2,732,784
Trade creditors	1,705,025	1,440,192	1,559,961	1,171,170
Amounts owed to group undertakings	-	-	1,787,549	2,867,302
Corporation tax	65,823	96,532	-	(25,802)
Other taxation and social security	321,677	307,625	270,294	223,625
Other creditors	195,093	99,973	159,268	82,126
Accruals and deferred income	1,645,531	1,554,572	599,345	546,446
	<u>8,763,099</u>	<u>6,231,678</u>	<u>9,206,367</u>	<u>7,597,651</u>

The bank overdraft and invoice discounting facility are secured by way of a fixed and floating charge over the Group's present and future assets.

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

Penta Consulting Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

19. Financial instruments

Information regarding the group's exposure to and management of credit risk, liquidity risk, market risk, cash flow interest rate risk, and foreign exchange risk is included in the Directors' report.

The Group's income, expense, gains and losses in respect of financial instruments are summarised below:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Total interest income for financial assets at amortised cost	6,255	72,649	2,589	58,054
Total interest expense for financial liabilities at amortised cost	(80,329)	(48,224)	(80,329)	(48,224)

20. Provisions

	EBT Provision £
At 1 April 2019	566,194
Payments made to HMRC	(400,000)
	<u>166,194</u>

The above amount is included within Other taxation and social security in note 18. See note 27 for amounts due from Directors in relation to this potential liability.

Penta Consulting Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

21. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
98,220 Ordinary shares of £0.10 each	9,822	9,822
30,394 Ordinary A shares of £0.10 each	3,039	3,039
15,197 Ordinary B shares of £0.10 each	1,520	1,520
17,523 Ordinary C shares of £0.10 each	1,752	1,752
10,765 Ordinary D shares of £0.10 each	1,077	1,077
	<u>17,210</u>	<u>17,210</u>

The shares rank pari passu and have full voting and distribution rights (including on a winding up). They do not confer any right of redemption.

22. Reserves

The Group and Company's reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

Capital redemption reserve

The capital redemption reserve contains the nominal value of own shares that have been acquired by the company and cancelled.

Other reserves

In line with Commercial Companies Law in Dubai, the local entities in the jurisdiction must maintain a minimum legal reserve equivalent to 150,000 AED. The other reserve represents the translation of this required reserve at historical exchange rates at the point of inception.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

Penta Consulting Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

23. Disposal of subsidiary

On 20 November 2019 the Group disposed of Penta Trading and Contracting WLL for £1,300,000 payable in instalments and subject to working capital adjustments. The first instalment of £382,000 was received on 20 November 2019, with a further instalment of £418,000 received on 28 February 2020. The loss on disposal recognised in the consolidated statement of comprehensive income is calculated as follows;

	£
Consideration received in year	800,000
Outstanding consideration (see note 16)	365,000
Attributable expenses	(2,155)
	<u>1,162,845</u>
Net assets disposed of:	
Debtors	1,578,873
Cash	108,495
Creditors	(30,302)
Disposal of minority interest	(64,170)
	<u>(1,592,896)</u>
Loss on disposal before tax	<u><u>(430,051)</u></u>

The net inflow of cash in respect of the sale of Penta Trading and Contracting WLL is as follows:

	£
Cash consideration	800,000
Cash disposed of	(108,495)
UK costs	(2,155)
Qatar costs	(25,034)
Net inflow of cash	<u><u>664,316</u></u>

24. Contingent liabilities

On 19 November 2014 a Composite Guarantee was issued to members of the Group which holds those members jointly and severally liable for loan facilities held within the parent entity, Penta Consulting Holdings Limited, registered in the BVI (see note 29). During the year, the loan was repaid and the maximum liability outstanding at 31 March 2019 was £1,458,351.

As at 31 March 2020, the Group held performance bonds with clients in the Middle East which would become partly or fully payable in the event of the Group not satisfying its obligations under the contracts with those clients. The maximum liability on these performance bonds at 31 March 2020 was £294,438 (2019 - £278,536).

Penta Consulting Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

25. Pension commitments

The Group operates defined contribution retirement benefit schemes for all qualifying employees. The assets of the schemes are held separately from those of the Group funds under the control of trustees. Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

Contributions made by the Group to the scheme during the year amounted to £75,582 (2019 - £79,318). Included within other creditors at the year end are unpaid pension contributions of £22,857 (2019 - £6,005).

26. Commitments under operating leases

At 31 March 2020 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Property leases				
Not later than 1 year	179,805	219,122	174,400	174,400
Later than 1 year and not later than 5 years	654,000	697,600	654,000	697,600
Later than 5 years	-	130,800	-	130,800
	<u>833,805</u>	<u>1,047,522</u>	<u>828,400</u>	<u>1,002,800</u>
			Group 2020 £	Company 2020 £
Other commitments - Laptops				
Not later than 1 year			33,636	33,636
Later than 1 year and not later than 5 years			47,651	47,651
			<u>81,287</u>	<u>81,287</u>

The Group and Company had no commitments in relation to laptops at the end of the prior year.

Penta Consulting Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

27. Related party transactions

During the period, the Qatar entity was disposed of on an arm's length basis to Jamie Sobrany who at the time was a director of Penta Consulting Limited. For more information, please see note 23 for details.

Included within other debtors is a balance of £244,476 (2019 - £253,926) due from certain Directors of the Group in relation to the Employee Benefit Trust settlement provision as documented in note 20, which will be recovered through payments against an indemnity issued by the Directors to the Group.

Included in amounts due from group undertakings is £5,693,154 (2019 - £4,657,741) due from Penta Ultimate Holdings Limited, the ultimate parent company. Movements in the year comprise £999,457 (2019 - £176,152) of cash advances to Penta Ultimate Holdings Limited, and £35,956 (2019 - £1,128,198) of costs borne on its behalf. No amounts were written off during the financial year.

Included in amounts owed by group companies is £2,799 due from Penta NC1 Limited (2019 - £1,609), £66,118 (2019 - £68,629) due from Penta NC2 Limited as well as intercompany funding of £3,443 (2019 - £2,252) due from Penta NC3 Limited and £1,886,991 (2019 - £1,877,807) due from Penta Consulting Holdings Limited, all of which are companies with a shareholding in Penta Consulting Limited. The movements on these balances in the year comprise £4,976 (2019 - £9,822) of costs incurred by Penta Consulting Limited on these entities' behalf, intercompany funding of £1,633,788 (2019 - £2,185,611) advanced by Penta Consulting Limited and £1,626,008 (2019 - £1,888,459) of management recharges levied to Penta Consulting Limited. No balances were written off or provided against.

During the year, Penta Technology Limited, an Associate of the Group by reference to the 20% shareholding that the Company has within Penta Technology Limited (registered under Companies House at 10258547, address Chancery House, St Nicholas Way, Sutton, United Kingdom, SM1 1JB), transacted with the Group. The Group advanced funds in the form of costs borne on behalf of Penta Technology Limited amounting to £417,470 (2019 - £365,669). Repayments of funding and sales on behalf of Penta Consulting Limited in the year amounted to £310,829 (2019 - £58,701). The closing balance of £777,397 (2019 - £670,756) has no provision against it for irrecoverable debts, since Management believe the amount to be entirely recoverable.

During the year, PCSA Consulting Pty Ltd ('PCSA'), the Group's South African trading entity, traded with the Group. The movements in the year comprise funding advanced in the form of cash and costs paid on behalf of PCSA of £87,007 (2019 - £30,740), management fees levied by the Group to PCSA of £499,149 (2019 - £572,556), sales made by the Group on PCSA's behalf to be collected through the intercompany balance of £256,383 (2019 - £490,994), and foreign exchange revaluation of £121,311 (2019 - £19,969). The balance at the end of the year of £174,928 (2019 - £167,671) has not been impaired during the year and there is no provision for bad debt recorded against this as at the year end. Payment of management recharges amounted to £201,205 (2019 - £Nil).

During the year, Penta Trading and Contracting WLL ('Qatar'), the Group's Qatar trading entity, traded with the UK Company. The movements in the year comprise net funding and costs incurred on behalf of the UK Company by Qatar (net of repayments) amounting to £Nil (2019 - £172,981), management fees levied by the UK Company to Qatar of £370,221 (2019 - £411,995), sales made by the UK Company on Qatar's behalf to be collected through the intercompany balance of £103,933 (2019 - £161,344), and costs incurred by the UK Company on behalf of Qatar amounting to £14,320 (2019 - £214,659). There was no balance at the year-end due to the disposal of the business as described in note 23 (2019 - balance due from Qatar to UK of £82,817) and was not impaired at any point in either year of ownership.

In the opinion of the Directors, there are no Key Management Personnel other than the Board, the remuneration paid to which is disclosed in note 10.

Penta Consulting Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

28. Post balance sheet events

During the financial year, the group was involved in legal disputes against former directors employed by the Group. Post year end, the legal disputes with the former directors were concluded with the company receiving £725,000 in settlement of all claims. The amount represents a contingent asset under FRS 102 and has not been accounted for within the 31 March 2020 year end financial statements.

On 1 April 2021 Penta Consulting Group Limited acquired the entirety of the share capital of Penta Consulting Limited.

The Group has signed a settlement agreement with HMRC in October 2021 - the liability is not materially different to the amount disclosed in note 20.

29. Controlling party

At the date of the Consolidated Statement of Financial Position the immediate parent company is Penta Consulting Holdings Limited, a company registered in the British Virgin Islands. The registered address for the immediate parent company is PO Box 957, Offshore Incorporations Centre, Road Town Tortola, BVI.

At the date of the Consolidated Statement of Financial Position the ultimate parent company is Penta Ultimate Holdings Limited, a company registered in the British Virgin Islands. The registered address for the ultimate parent company is PO Box 957, Offshore Incorporations Centre, Road Town Tortola, BVI. There is no ultimate controlling party.

The smallest and largest group for which consolidated accounts are prepared is that headed up by the entity, Penta Consulting Limited.

As detailed in note 28, from 1 April 2021 the immediate and ultimate parent company will be Penta Consulting Group Limited and the ultimate controlling party will be Paul Clark by virtue of his shareholding in Penta Consulting Group Limited .

30. Fixed asset investments

A detailed list of the registered office for each subsidiary and associated undertaking is as follows:

PCSA Consulting Pty Ltd and PCSA Holdings Pty Ltd - Mazars House, Rialto Road, Grand Moorings Precinct, Century City, 7441, South Africa;
Penta Consulting France SARL - 55 Avenue des Champs-Elysees, 75008, Paris, France;
Penta Facilities Management Services LLC - Office 208, IBN Battuta Gate, Jebel Ali, Dubai, UAE;
Penta Consulting FZ LLC - 5th Floor, IBQ Bank Building, International Academic City, Dubai, UAE;
PT Putera Indo Konsultan - Wisma Aldiron, Ground Floor, Suite # 008P, Jl. Gatot Subroto Kav.72, Pancoran, Jakarta Selatan 12780, Indonesia;
Penta Consulting SAL - Office A1, Broumana Main Street, Pine Twins Building, Beirut, Lebanon;
Penta Technology Limited - Chancery House, St Nicholas Way, Sutton, United Kingdom, SM1 1JB;
Penta Consulting GmbH - Darmstaedter Landstrasse 116, 60598 Frankfurt Am Main
Penta Consulting Poland SP. Z.O.O. - Ul. Kamienna 21 lok. 204, Krakow, 30-001

Penta Consulting Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

31. Analysis of net debt

	At 1 April 2019 £	Cash flows £	At 31 March 2020 £
Cash at bank and in hand	1,585,357	(1,274,259)	311,098
Bank overdrafts	-	(904,679)	(904,679)
	<u>1,585,357</u>	<u>(2,178,938)</u>	<u>(593,581)</u>

There are no restrictions over the use of the cash and cash equivalents balances which comprises cash at bank and in hand, and bank overdrafts.

32. Prior period adjustment

The directors have considered the presentation of the invoice discounting facility within the financial statements and noted that within the 2019 Consolidated Statement of Cash Flows, this had been included under the heading "Cash and cash equivalents". Having reviewed this presentation, the directors consider that the invoice discounting facility does not meet the definition of Cash and Cash equivalents, and as such should have been presented as a movement within the "Financing" section of the Consolidated Statement of Cash Flows. This correction has been made in the current financial statements as a prior period error.

There is no impact to the Group or Company's recorded results within the Profit and Loss, Balance Sheet or reserve position from this adjustment.