

Company Registration No. 03545071 (England and Wales)

Sugarman Group Limited

**Annual report and financial statements
for the period ended 27 June 2021**

Sugarman Group Limited

Company information

Directors	Ian Munro (Appointed 2 March 2020) Health Care Resourcing Group Limited (Appointed 26 May 2021)
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Company number	03545071
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Registered office	33 Soho Square London W1D 3QU
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Independent auditor	Saffery Champness LLP Trinity 16 John Dalton Street Manchester M2 6HY
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Sugarman Group Limited

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Sugarman Group Limited

Strategic report

For the period ended 27 June 2021

The directors present the strategic report for the period ended 27 June 2021.

Fair review of the business

The principal activity of the Company is the provision of managed workforce solutions and permanent placement services in the healthcare and education sectors.

As mentioned in last year's report, the Company was acquired by Twenty20 Capital Holdings Ltd through its subsidiary Twenty20 Midco1 Ltd on 2 March 2020. Twenty20 Capital is an experienced investment team looking to build on existing business processes to deliver efficiencies and new technology solutions and take the Company to the next level. On 20 August 2020, Twenty20 Capital sold the entire share capital of Sugarman Group to Health Care Resourcing Group Ltd which operates a number of similar businesses across similar marketplaces, and thus would provide support and experience for the ongoing development of the business.

In July 2021, the Education division of the Company was hived across to a fellow subsidiary of Health Care Resourcing Group Ltd which operates in the education sector.

Turnover for the eighteen months was £20.7m (year ended 31 December 2019: £20.1m) producing a gross profit of £4.0m being 19.3% (year ended 31 December 2019 £4.9m). Loss before tax was £14k (year ended 31 December 2019 profit of £863k).

The business was affected by the Covid 19 outbreak, as explained below, but the company has recovered well and the preliminary results for the 2021/22 financial year look strong.

Principal risks and uncertainties

The Group has management structures and policies and procedures which are designed to enable the achievement of the business objectives while controlling risks associated in the environment in which it operates. The group has a risk management process in place which is designed to identify, manage and mitigate business risk. The risk management process covers financial, operational, commercial and clinical areas of risk.

In terms of financial risk management, the Group considers that it has limited exposure to the various aspects of financial risk. The majority of the Group's revenue is invoiced in sterling whilst all of its operations and costs arise within the UK. The Group does not enter into currency hedging contracts. Furthermore, the Group ensures its liquidity is maintained by entering into long term or short-term financial instruments as necessary to support operational and other funding requirements. The risk that there is a reduction in demand for our services is mitigated by providing services in several different marketplaces, both from a sector and geographical perspective.

Commercial risks are managed closely by the Group Board, and fundamentally include loss of contracts, reputation, changes to legislation, and political risks, for instance as a result of Brexit. The strengthening of the Group Board over the last few years has brought substantial experience and knowledge into the Group, which will enable these risks to be managed appropriately and mitigated wherever possible.

Covid-19

The majority of this year was operated under the restrictions of the national and local lockdowns imposed by the UK Government on businesses and households.

As the business operates in the healthcare and education sectors, the demand for its healthcare services continued but the availability of candidates was restricted as infections and enforced isolations increased. The education division suffered from the school closures but with the assistance of the Government's Furlough scheme and the support of the wider Group it continued to trade. At the date of signing this report, it would appear that the effects of the pandemic are reducing largely due to the vaccination roll out and the Board are hopeful that the business can return to normal operating levels.

Key performance indicators

In addition to the KPIs noted above, all of which are managed by the Company at Board level, the Group maintains and reports a substantial number of other financial and non-financial indicators routinely each month.

Sugarman Group Limited

Strategic report (continued)
For the period ended 27 June 2021

Other information and explanations

Directors

The Company's Board of Directors, at the time of writing this report consists of:

Statutory Directors:

- Ian Munro
- Health Care Resourcing Group Limited

Governance

During the period, there has been a continual focus on corporate governance, with the board spending a large proportion of its time examining and strengthening our processes throughout the wider Group. Ensuring that a solid governance framework is in place is key to maintaining trust and transparency and an important building block for future growth.

Outlook

The directors are pleased with the results for the year under difficult circumstances and are confident of making further performance improvements and achieving additional growth through contract wins in the forthcoming year.

On behalf of the board

Health Care Resourcing Group Limited

Director

15 September 2022

Sugarman Group Limited

Directors' report

For the period ended 27 June 2021

The directors present their annual report and financial statements for the period ended 27 June 2021.

The current accounting period was extended to an 18 month period to 27 June 2021, to align the company to the parent company's period end. The comparative amounts presented in the financial statements represent a 12 month period to 31 December 2019, so are not entirely comparable.

Principal activities

The principal activity of the company continued to be that of the provision of managed workforce solutions.

Results and dividends

The results for the period are set out on page 10.

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

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

Ian Munro	(Appointed 2 March 2020)
Health Care Resourcing Group Limited	(Appointed 26 May 2021)

Auditor

Saffery Champness LLP have expressed their willingness to continue in office.

Section 414(11) statement

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of financial risk management.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Health Care Resourcing Group Limited

Director

15 September 2022

Sugarman Group Limited

Directors' responsibilities statement

For the period ended 27 June 2021

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Sugarman Group Limited

Independent auditor's report

To the members of Sugarman Group Limited

Opinion

We have audited the financial statements of Sugarman Group Limited (the 'company') for the period ended 27 June 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including 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 company's affairs as at 27 June 2021 and of its loss for the period 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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

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 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.

Sugarman Group Limited

Independent auditor's report (continued) **To the members of Sugarman Group Limited**

Other information

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

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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Sugarman Group Limited

Independent auditor's report (continued) **To the members of Sugarman Group Limited**

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.

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the company by discussions with directors and by updating our understanding of the sector in which the company operates.

Laws and regulations of direct significance in the context of the company include The Companies Act 2006 and UK Tax legislation.

Audit response to risks identified

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

Sugarman Group Limited

Independent auditor's report (continued)

To the members of Sugarman Group Limited

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available 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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Simon Kite BSc FCA (Senior Statutory Auditor)

For and on behalf of Saffery Champness LLP

15 September 2022

Chartered Accountants

Statutory Auditors

Trinity
16 John Dalton Street
Manchester
M2 6HY

Sugarman Group Limited

**Statement of comprehensive income
For the period ended 27 June 2021**

		Period ended 27 June 2021 £	Year ended 31 December 2019 £
	Notes		
Turnover	3	20,715,517	20,075,990
Cost of sales		(16,741,269)	(15,219,630)
Gross profit		3,974,248	4,856,360
Administrative expenses		(5,136,187)	(5,330,282)
Other operating income	3	570,567	-
Gain on write off of intercompany balance	4	-	1,383,000
Exceptional items	4	(77,136)	-
Operating (loss)/profit	5	(668,508)	909,078
Interest receivable and similar income	8	-	4,253
Interest payable and similar expenses	9	(45,455)	(50,163)
Other gains and losses	10	700,000	-
(Loss)/profit before taxation		(13,963)	863,168
Tax on (loss)/profit	11	(418,087)	5,000
(Loss)/profit for the financial period		(432,050)	868,168

The income statement has been prepared on the basis that all operations are continuing operations.

Sugarman Group Limited

Statement of financial position

As at 27 June 2021

			2021	2019
	Notes	£	£	£
Fixed assets				
Tangible assets	12		64,515	181,585
Investments	13		-	49
			<u>64,515</u>	<u>181,634</u>
Current assets				
Debtors	14	3,073,580	2,757,740	
Cash at bank and in hand		664,377	-	
		<u>3,737,957</u>	<u>2,757,740</u>	
Creditors: amounts falling due within one year	15	<u>(4,535,958)</u>	<u>(3,595,920)</u>	
Net current liabilities			<u>(798,001)</u>	<u>(838,180)</u>
Total assets less current liabilities			<u>(733,486)</u>	<u>(656,546)</u>
Deferred income	18		<u>(555,083)</u>	<u>(199,973)</u>
Net liabilities			<u><u>(1,288,569)</u></u>	<u><u>(856,519)</u></u>
Capital and reserves				
Called up share capital	20		131,913	131,913
Profit and loss reserves			<u>(1,420,482)</u>	<u>(988,432)</u>
Total equity			<u><u>(1,288,569)</u></u>	<u><u>(856,519)</u></u>

The financial statements were approved by the board of directors and authorised for issue on 15 September 2022 and are signed on its behalf by:

Health Care Resourcing Group Limited
Director

Company Registration No. 03545071

Sugarman Group Limited

**Statement of changes in equity
For the period ended 27 June 2021**

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2019	131,913	(1,856,600)	(1,724,687)
Year ended 31 December 2019:			
Profit and total comprehensive income for the year	-	868,168	868,168
Balance at 31 December 2019	131,913	(988,432)	(856,519)
Period ended 27 June 2021:			
Loss and total comprehensive income for the period	-	(432,050)	(432,050)
Balance at 27 June 2021	131,913	(1,420,482)	(1,288,569)

Sugarman Group Limited

Notes to the financial statements For the period ended 27 June 2021

1 Accounting policies

Company information

Sugarman Group Limited is a private company limited by shares incorporated in England and Wales. The registered office is 33 Soho Square, London, W1D 3QU.

1.1 Reporting period

The current accounting period was extended for an 18 month period to 27 June 2021, to align the company to the parent company's period end. The comparative amounts presented in the financial statements represent a 12 month period to 31 December 2019, so are not entirely comparable.

1.2 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Health Care Resourcing Group Limited. These consolidated financial statements are available from its registered office, 33 Soho Square, London W1D 3QU.

Sugarman Group Limited

Notes to the financial statements (continued)

For the period ended 27 June 2021

1 Accounting policies (continued)

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

The directors consider the going concern basis to be appropriate, in spite of the loss in the year, the net current liabilities and the net liabilities, because of the support of its fellow group companies.

The company is a subsidiary of Health Care Resourcing Group Limited ('HCRG') and relies upon group facilities for the finances to meet its liabilities as they fall due. Based on the forecasts for the trade of the company over the next 12 months and beyond this time frame the Board believe that a going concern basis is correct. Therefore the board of HCRG have provided a letter of support for this subsidiary and ensures the trading support for the 12 months from the date that these accounts are signed.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the supply of services represents the value of services under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where a contract has only been partially completed at the balance sheet date turnover represents the value of services provided to date based on proportion of the total contract value. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Leasehold land and buildings	Over the period of the lease
Fixtures and fittings	12.5% to 20%
Computers	12.5% to 20%

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1 Accounting policies (continued)

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1 Accounting policies (continued)

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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, 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.

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.

1 Accounting policies (continued)

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 company 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 company after deducting all of its liabilities.

Basic financial 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.

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

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

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 company's contractual obligations expire or are discharged or cancelled.

1 Accounting policies (continued)

1.10 Equity instruments

Equity instruments issued by the company 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 company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

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

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 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.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1 Accounting policies (continued)

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.15 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.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, 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.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Bad debt provision

Management review the aged debtors listing on a weekly basis for any slow moving debts. If it is deemed probable that they will not be able to recover the debt a provision is made in the financial statements.

Sugarman Group Limited

Notes to the financial statements (continued)

For the period ended 27 June 2021

3 Turnover and other revenue

	2021	2019
	£	£
Turnover analysed by class of business		
Labour Recruitment	20,715,517	20,075,990
	<u> </u>	<u> </u>

	2021	2019
	£	£
Turnover analysed by geographical market		
United Kingdom	20,715,517	20,075,990
	<u> </u>	<u> </u>

	2021	2019
	£	£
Other revenue		
Interest income	-	4,253
Grants received	570,567	-
	<u> </u>	<u> </u>

4 Exceptional items

	2021	2019
	£	£
Expenditure		
Intercompany write off	-	(1,383,000)
Restructuring costs	77,136	-
	<u> </u>	<u> </u>
	77,136	(1,383,000)
	<u> </u>	<u> </u>

In the prior year, the write off of an intercompany balance generated a gain of £1,383,000.

In the current year, costs relating to a restructure in the year of £77,136 have been incurred.

Sugarman Group Limited

Notes to the financial statements (continued)

For the period ended 27 June 2021

5 Operating (loss)/profit

	2021	2019
	£	£
Operating (loss)/profit for the period is stated after charging/(crediting):		
Exchange gains	(4,594)	-
Government grants	(570,567)	-
Fees payable to the company's auditor for the audit of the company's financial statements	17,158	33,000
Depreciation of owned tangible fixed assets	135,739	128,453
(Profit)/loss on disposal of intangible assets	-	5,461
Operating lease charges	575,875	190,741
	=====	=====

6 Employees

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

	2021	2019
	Number	Number
Service personnel	141	305
Administrative and management	33	72
	=====	=====
Total	174	377
	=====	=====

Their aggregate remuneration comprised:

	2021	2019
	£	£
Wages and salaries	6,171,206	5,840,373
Social security costs	512,525	482,000
Pension costs	80,990	61,000
	=====	=====
	6,764,721	6,383,373
	=====	=====

7 Directors' remuneration

	2021	2019
	£	£
Remuneration for qualifying services	-	36,373
	=====	=====

Sugarman Group Limited

Notes to the financial statements (continued)

For the period ended 27 June 2021

8 Interest receivable and similar income

	2021	2019
	£	£
Interest income		
Interest on bank deposits	-	4,253
	<u> </u>	<u> </u>

9 Interest payable and similar expenses

	2021	2019
	£	£
Interest on bank overdrafts and loans	659	-
Interest on invoice finance arrangements	44,796	50,163
	<u> </u>	<u> </u>
	45,455	50,163
	<u> </u>	<u> </u>

10 Other gains and losses

	2021	2019
	£	£
Gain on disposal of fixed asset investments	700,000	-
	<u> </u>	<u> </u>

During the year the company disposed of its investment in Sugarman Group International Pty Limited, previously a 100% owned subsidiary.

11 Taxation

	2021	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	(16,050)	(5,000)
Adjustments in respect of prior periods	428,137	-
	<u> </u>	<u> </u>
Total current tax	412,087	(5,000)
	<u> </u>	<u> </u>
Deferred tax		
Origination and reversal of timing differences	6,000	-
	<u> </u>	<u> </u>
Total tax charge/(credit)	418,087	(5,000)
	<u> </u>	<u> </u>

Sugarman Group Limited

Notes to the financial statements (continued)

For the period ended 27 June 2021

11 Taxation (continued)

The actual charge/(credit) for the period can be reconciled to the expected (credit)/charge for the period based on the profit or loss and the standard rate of tax as follows:

	2021	2019
	£	£
(Loss)/profit before taxation	(13,963)	863,168
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(2,653)	164,002
Tax effect of expenses that are not deductible in determining taxable profit	28,091	998
Tax effect of income not taxable in determining taxable profit	-	(255,000)
Adjustments in respect of prior years	428,137	-
Group relief	(6,708)	90,000
Permanent capital allowances in excess of depreciation	-	(5,000)
Other non-reversing timing differences	(22,780)	-
Deferred tax	(6,000)	-
Taxation charge/(credit) for the period	418,087	(5,000)

12 Tangible fixed assets

	Leasehold land and buildings	Fixtures and fittings	Computers	Total
	£	£	£	£
At 1 January 2020	29,323	616,570	174,136	820,029
Additions	-	1,703	16,966	18,669
At 27 June 2021	29,323	618,273	191,102	838,698
At 1 January 2020	29,323	560,092	49,029	638,444
Depreciation charged in the period	-	43,808	91,931	135,739
At 27 June 2021	29,323	603,900	140,960	774,183
Carrying amount				
At 27 June 2021	-	14,373	50,142	64,515
At 31 December 2019	-	56,478	125,107	181,585

Sugarman Group Limited

Notes to the financial statements (continued)
For the period ended 27 June 2021

13 Fixed asset investments

	2021	2019
Notes	£	£
Investments in subsidiaries	-	49
	<u> </u>	<u> </u>

Movements in fixed asset investments

	Shares in subsidiaries
	£
Cost or valuation	
At 1 January 2020 & 27 June 2021	49
	<u> </u>
Impairment	
At 1 January 2020	-
Disposals	49
	<u> </u>
At 27 June 2021	49
	<u> </u>
Carrying amount	
At 27 June 2021	-
	<u> </u>
At 31 December 2019	49
	<u> </u>

During the year the company disposed of its investment in Sugarman Group International Pty Limited, previously a 100% owned subsidiary.

14 Debtors

	2021	2019
	£	£
Amounts falling due within one year:		
Trade debtors	1,861,914	1,834,539
Corporation tax recoverable	-	191,000
Amounts owed by group undertakings	630,494	366,750
Other debtors	37,267	83,546
Prepayments and accrued income	525,940	257,940
	<u> </u>	<u> </u>
	3,055,615	2,733,775
Deferred tax asset (note 17)	17,965	23,965
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
	3,073,580	2,757,740
	<u> </u>	<u> </u>

Sugarman Group Limited

Notes to the financial statements (continued)

For the period ended 27 June 2021

15 Creditors: amounts falling due within one year

	Notes	2021 £	2019 £
Bank loans	16	784,274	2,430,331
Trade creditors		713,526	99,000
Amounts owed to group undertakings		1,890,160	438,001
Taxation and social security		681,475	430,403
Other creditors		466,523	198,185
		<u>4,535,958</u>	<u>3,595,920</u>

16 Loans and overdrafts

	2021 £	2019 £
Bank loans	<u>784,274</u>	<u>2,430,331</u>
Payable within one year	<u>784,274</u>	<u>2,430,331</u>

The bank loans, which include invoice discounting facilities, are secured by debentures and fixed and floating charges over the all the assets of the company including properties owned by the company.

17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Assets 2021 £	Assets 2019 £
Balances:		
Accelerated capital allowances	17,965	-
Tax losses	-	23,965
	<u>17,965</u>	<u>23,965</u>

Sugarman Group Limited

Notes to the financial statements (continued)

For the period ended 27 June 2021

17 Deferred taxation (continued)

	2021
	£
Movements in the period:	
Asset at 1 January 2020	(23,965)
Charge to profit or loss	6,000
	<u> </u>
Asset at 27 June 2021	<u>(17,965)</u>

The deferred tax asset set out above is expected to reverse within 12 months and relates to the utilisation of tax losses against future expected profits of the same period.

18 Deferred income

	2021	2019
	£	£
Other deferred income	555,083	199,973
	<u> </u>	<u> </u>

19 Retirement benefit schemes

	2021	2019
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	80,990	61,000
	<u> </u>	<u> </u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

20 Share capital

	2021	2019	2021	2019
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
131,913 Ordinary shares of £1 each	131,913	131,913	131,913	131,913
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Sugarman Group Limited

Notes to the financial statements (continued)

For the period ended 27 June 2021

21 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021	2019
	£	£
Within one year	1,194	399,000
Between two and five years	199	37,000
	<hr/>	<hr/>
	1,393	436,000
	<hr/> <hr/>	<hr/> <hr/>

22 Events after the reporting date

In July 2021, the Education division of the Company was hived across to a fellow subsidiary of Health Care Resourcing Group Ltd which operates in the education sector.

23 Ultimate controlling party

As at 30 June 2021 the immediate and ultimate parent undertaking is Health Care Resourcing Group Limited, a company incorporated and registered in England & Wales. This is the smallest and largest group in which this company is consolidated. Copies of the Health Care Resourcing Group Limited financial statements are available from 33 Soho Square, London, W1D 3QU.

There is not considered to be an ultimate controlling party.

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