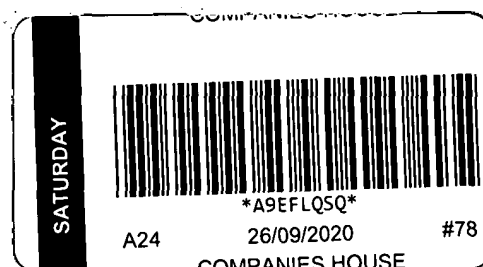


Global Medics Limited

Annual Report

for the 52 weeks ended 3 January 2020



Global Medics Limited

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Global Medics Limited

Company Information

Directors T Briant
J Robertson
R J Watson

Company secretary R J Watson

Registered office 800 The Boulevard
Capability Green.
Luton
Bedfordshire
LU1 3BA

Auditors BDO LLP
3 Hardman Street
Manchester
M3 3AT

Global Medics Limited

Strategic Report for the 52 weeks ended 3 January 2020

The directors present their strategic report for the 52 weeks ended 3 January 2020.

Fair review of the business

The company's key financial and other performance indicators during the period were as follows:

	52 weeks 3 January 2020 £000s	53 weeks 4 January 2019 £000s	Change %
Turnover	3,358	5,649	(40.6)
Gross Profit	458	678	(32.4)
Administrative expenses	(968)	(2,342)	(58.7)
Operating loss	(510)	(1,664)	(69.4)
Gross profit percentage (%)	13.6	12.0	
Conversion rate (%) (Operating profit to Gross profit)	(111.4)	(245.4)	

The company reported revenues of £3.4m, a decrease of 40.6% compared to the previous period due to a challenging market environment but gross profit has only decreased by 32.4% as we have been able to focus supply on areas with candidate shortages, where appropriately qualified candidates can attract higher rates and increased margins. Focus on cost and a significant reduction in foreign exchange losses in the current period have seen administrative costs fall by 58.7% which has meant that the operating loss is only 30.6% of the level reported last year. In the year ahead the company will continue to focus on providing high quality opportunities for its candidates, as well as enabling clients to continue to provide high quality care.

Following the outbreak of COVID-19 the world is now facing a period of significant uncertainty both from a personal and economic perspective. The Company has been able to operate as normal despite disruptions on a day to day basis. As the pandemic progresses, whilst the directors have taken all possible mitigating actions but there has been an impact on the Company's trading performance. The directors continue to monitor and address the key drivers underlying the performance of the company and are confident of creating a sound platform on which to move the business forward with renewed success.

The directors also remain aware that Brexit has increased the general level of uncertainty and degree of business confidence, around permanent and temporary hiring decisions for the company's clients. The company has a limited exposure to countries within the European Union, and whilst it is still too early to have a clear view of the final consequences for the company's operations, the directors are conscious of continued Brexit negotiations fuelling uncertainty and continue to monitor the situation in this regard.

Global Medics Limited

Strategic Report for the 52 weeks ended 3 January 2020 (continued)

Principal risks and uncertainties

Attracting and retaining talent

Any constraints on the Company's ability to attract and retain key talent in an increasingly competitive market could result in loss or weakening of client relationships, lack of appropriate leadership and/or erosion of the Company's talent base, impacting achievement of both financial and other objectives.

Planned business transformation initiatives will create a need for new skill-sets in the Company in the medium term. Factors such as Brexit and changes to the UK immigration rules may impact on the availability of talent more generally. The Company's high-retention business model ensures that brands and central functions are focused on talent management and development, performance review and succession planning. Leadership development programmes are in place and the Impellam Group's Virtuoso-based approach encourages talent development and progression.

Customer concentration

Reliance on the supply into a single market segment means that any decline or a significant reduction in business volume on a key account could result in reduced revenue and/or increased pressure on gross profit. This exposure is known to have impacted on some of the Company's competitors.

Management discuss and review market conditions and sales and account management pipelines on an ongoing basis. Management also hold regular meetings with key customers to discuss sales pipelines, current service performance and opportunities to add new services lines or extend existing services.

Technology Systems

The Company is reliant on many different technology systems that may have limited useful life in a fast-changing business environment. The legacy nature of some systems may also hinder optimisation of end-to-end business processes. Systems may also be vulnerable to factors beyond the Company's control e.g. power failures or internet connectivity outages.

The Company has a stable systems infrastructure and an ongoing IT investment programme. Core systems are replicated across two geographically separate data centres and regular monitoring of systems performance is undertaken. An analysis of opportunities for development and standardisation of key systems was compiled during 2019 and will be further developed during 2020.

Cyber and Information security

The risk of external cyber attacks continues to increase. A successful attack could result in loss of sensitive data, business disruption and/or damage to the Company's reputation. A programme to enhance security of the Company's systems against cyber attack has been implemented.

Ongoing monitoring is in place and regular exercises are undertaken. A project to implement GDPR across the relevant parts of the Company was completed during 2018 and regular reminders are published to staff to promote awareness of cyber risk.

Regulatory environment

Regulatory changes can lead to increased costs and workload, particularly where they relate to candidates' rights, eligibility to work or corporate reporting e.g. payment practices, diversity.

Appropriate policies and codes of conduct are in place across the Company and regular training is provided to employees. External professional advice is sought where insufficient knowledge exists within the Company.

Approved by the Board on 24 September 2020 and signed on its behalf by:



T Briant
Director

Global Medics Limited

Directors' Report for the 52 weeks ended 3 January 2020

The directors present their report and the financial statements for the 52 weeks ended 3 January 2020.

Directors' of the company

The directors, who held office during the period, were as follows:

N Marsh (resigned 11 August 2020)

J Robertson

R J Watson

The following director was appointed after the period end:

T Briant (appointed 20 February 2020)

Principal activity

The principal activity of the company is the provision of recruitment services.

Dividends

No dividend is paid or recommended in respect of either the current or prior period.

Financial instruments

Objectives and policies

The principal financial instruments of the Group of which the company is a member comprise a revolving credit facility, cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The company has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. The company does not enter into derivative transactions.

Financial instrument risk

The main risks arising from the company's financial instruments are interest rate risk and foreign currency risk. The board reviews and agrees policies for managing each of these risks as summarised below:

Foreign currency risk

The company is exposed to fluctuations in the exchange rate between sterling and Euro, Australian dollar and Canadian dollar. Wherever possible this risk is managed by ensuring expenses related to the generation of these overseas revenues are in the same currency as the income. The company does not seek to hedge this exposure.

Liquidity risk

The Group has a central Treasury function in place with regular forecasting, reporting and review procedures.

Political donations

The company made no political donations during either the current or prior periods.

Environmental matters

Although we are a service-based organisation with no manufacturing facilities and limited transportation requirements, we are still committed to following environmental best practices in the day-to-day conduct of our business. This includes the use of sustainable and/or recyclable materials when available. A regular review of the potential impacts on the various businesses is undertaken and parts of the Company have achieved accreditation to ISO 14001 in relation to their environment management systems.

Employment of disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Global Medics Limited

Directors' Report for the 52 weeks ended 3 January 2020 (continued)

Employee involvement

The company recognises that it is essential to maintain a highly skilled workforce. To this end the policy of training and development is incorporated in the company plan. It is the policy to promote from within the organisation wherever the possibility exists.

Health and safety measures are given particular attention by the directors and a written policy exists and is known throughout the company.

The company recognises the need for employees to be informed of the company's activities and performance. A corporate intranet for all employees provides a wide range of information and provides an increasingly important communication tool for policies and procedures as well as the sharing of information, document storage and specific news. Meetings are held between management and employees to allow sharing of information and consultation. Employees participate directly in the performance of the business through the Company's bonus arrangements.

Social and community issues

As part of the Company's mission to find people fulfilling work, we strongly oppose modern slavery in all its forms and will try to prevent it by any means that we can. We expect anyone who has any suspicions of modern slavery in our business or our supply chain to raise their concerns without delay. In light of the Modern Slavery Act 2015 we annually review internal and external measures to ensure we are doing what we can to prevent slavery and human trafficking in our businesses and in our supply chains. Our policy is available on the website of Impellam Group Plc, our ultimate parent company, at www.impellam.com.

We have a commitment to carrying out business fairly, honestly and openly. We also have zero tolerance towards bribery. Our Bribery Policy is in place to provide relevant guidance and information to all our people in compliance with the law relating to bribery and corruption, in particular the Bribery Act 2010 ('the Act'). We are determined to maintain our reputation as a business that will not tolerate fraudulent or corrupt dealings – whether they are attempted against us from outside, from within our own workforce, or towards our clients or suppliers.

Important non adjusting events after the financial period

In line with the FRC's guidance that COVID-19 should be treated as a non-adjusting post balance sheet event given our year-end and the development of the pandemic after that date, we have performed a re-assessment (but not adjustment) of the carrying value of the reported assets and liabilities.

Right of use asset

Right of use assets largely relate to property leases which at present and in downside planned scenarios, the Company expect continuing to use and therefore would not consider these impaired. In an extreme down-turn, which we do not foresee, we may consider plans to exit some property commitments.

Trade receivables and their recoverability

The Company supply to hospitals and NHS health trusts and, at the date of these financial statements, there had been no specific issues identified in the recoverability of amounts due from the Company's customers. Given the medical nature of the pandemic the directors believe that the Government will make sufficient funds available to our customers to allow for payment of our invoices, accept that there may be an increased risk of delay.

Receivables from related parties and their recoverability

The Company holds various receivables from related parties. At the date of these financial statements there had been no specific issues identified in the recoverability of amounts due from the related parties.

Global Medics Limited

Directors' Report for the 52 weeks ended 3 January 2020 (continued)

Going concern

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

This assessment has been carried out on the cash flows of the wider Impellam Group, which the company is a member of, as cash is managed by a centralised treasury function who ensure all parts of the Group have sufficient cash to meet their immediate needs. The company has also issued a guarantee over the Group revolving credit facility, which includes an overdraft arrangement, so the cash flows implicit in the company on a stand-alone basis are not the most appropriate when reviewing the going concern basis of the company. As part of the arrangement, the Group has issued a letter of support for a period of twelve months from the date of approval of these financial statements to the company which includes both making funds available if required and not to seek repayment of amounts due at the balance sheet date if this would be detrimental to the company.

The going concern assessment carried out has taken into account the impact of the COVID-19 pandemic on the worldwide Impellam Group. Impellam Group Plc, the ultimate parent company, has carried out various assessments over the Group's profit and cash flow plans for the 18 months after the date of approval of these financial statements. These assessments included adjusting assumptions which impact gross profit as well as administrative expenses and considering the related impact on our working capital requirements and covenant calculations. These tests resulted in the directors concluding that it is appropriate to continue adopting the going concern basis in preparing the financial statements. The Group has cyclical working capital requirements which increase during periods of higher trading levels and therefore if there is a significant short-term decline in trading, the working capital requirements and therefore net debt would initially reduce providing a natural hedge against a sharp downturn. In the projections, as business activity increases, the working capital requirements and net debt levels would rise, but would remain within both the overall credit limit and the key covenant ratio of net debt being less than two and a half times the twelve months' earnings before exceptional, one off, non-recurring or extraordinary items, interest, tax, depreciation and amortisation at the quarterly testing points. Given the lack of certainty that COVID-19 will have on the Group's customers and the markets in which it operates, which may result in a more pronounced downturn than expected, and given the uncertainty for Impellam Group Plc, if the impacts of COVID-19 on the Group are worse or more prolonged than the Directors' expectations, and further mitigating actions are not sufficient, the Group may need to seek the support of its lenders. These events or conditions indicate that a material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would be necessary if the going concern basis of preparation was no longer appropriate.

Directors' liabilities

During the period and to the date of these financial statements, the company had in force an indemnity provision in favour of one or more Directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditors

On 19 September 2019, KPMG LLP resigned as the Company auditor. Subsequently, in accordance with Section 489 of the Companies Act 2006, BDO LLP was appointed as the Company's auditor. A resolution to reappoint BDO LLP as the Company's auditor will be proposed at the Annual General Meeting.

Approved by the Board on 24 September 2020 and signed on its behalf by:



T Briant
Director

Global Medics Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

Global Medics Limited

Independent Auditor's Report to the Members of Global Medics Limited

Opinion

We have audited the financial statements of Global Medics Limited (the 'Company') for the 52 weeks ended 3 January 2020, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and 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 101 Reduced Disclosure Framework (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 3 January 2020 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.

Material uncertainty related to going concern

We draw attention to note 2 to the financial statements which indicates the directors' assessment over going concern including the potential impact of the Covid-19 pandemic. If the impacts of Covid-19 are more significant or prolonged than the directors' expectations, and further mitigating actions are not sufficient, the company may need to seek the support of its lenders. As stated in note 2, these events or conditions, along with other matters as set out in note 2, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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.

Global Medics Limited

Independent Auditor's Report to the Members of Global Medics Limited (continued)

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 period 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, 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.

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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Global Medics Limited

Independent Auditor's Report to the Members of Global Medics Limited (continued)

Use of our report

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

BDO LLP

Steven Roberts (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor

Manchester, UK

Date: 24/09/2020

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

Global Medics Limited

Profit and Loss Account for the 52 weeks ended 3 January 2020

		52 weeks 3 January 2020 £ 000	(As restated) 53 weeks 4 January 2019 £ 000
Turnover	Note 4	3,358	5,649
Cost of sales		<u>(2,900)</u>	<u>(4,971)</u>
Gross profit		458	678
Administrative expenses		<u>(968)</u>	<u>(2,342)</u>
Operating loss	Note 5	(510)	(1,664)
Income from shares in group undertakings		-	7,600
Interest payable and similar expenses	Note 6	<u>(17)</u>	<u>(12)</u>
(Loss)/profit before tax		(527)	5,924
Tax on (loss)/profit	Note 10	<u>62</u>	<u>319</u>
(Loss)/profit for the period		<u><u>(465)</u></u>	<u><u>6,243</u></u>

The above results were derived from continuing operations.

Global Medics Limited

Statement of Comprehensive Income for the 52 weeks ended 3 January 2020

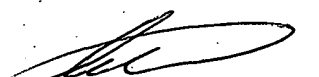
	52 weeks 3 January 2020 £ 000	(As restated) 53 weeks 4 January 2019 £ 000
(Loss)/profit for the period	(465)	6,243
Total comprehensive (loss)/income for the period	(465)	6,243

Global Medics Limited

(Registration number: 04444302)
Balance Sheet as at 3 January 2020

		(As restated)	
	Note	3 January 2020 £ 000	4 January 2019 £ 000
Fixed assets			
Intangible assets	11	-	-
Tangible assets	12	3	10
Right of use assets	13	51	-
		<u>54</u>	<u>10</u>
Current assets			
Debtors	15	5,351	10,863
Cash at bank and in hand	16	278	503
Tax asset	10	24	11
		<u>5,653</u>	<u>11,377</u>
Creditors: Amounts falling due within one year	17	<u>(8,397)</u>	<u>(13,644)</u>
Net current liabilities		<u>(2,744)</u>	<u>(2,267)</u>
Total assets less current liabilities		<u>(2,690)</u>	<u>(2,257)</u>
Creditors: Amounts falling due after more than one year	18	<u>(32)</u>	<u>-</u>
Net liabilities		<u>(2,722)</u>	<u>(2,257)</u>
Capital and reserves			
Called up share capital	20	-	-
Profit and loss account		<u>(2,722)</u>	<u>(2,257)</u>
Shareholders' deficit		<u>(2,722)</u>	<u>(2,257)</u>

These financial statements were approved by the Board on 24 September 2020 and signed on its behalf by:


T Briant
Director

Global Medics Limited

Statement of Changes in Equity for the 52 weeks ended 3 January 2020

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 30 December 2017	-	(7,438)	(7,438)
Prior period adjustment (note 2)	-	(1,062)	(1,062)
At 30 December 2017 (As restated)	-	(8,500)	(8,500)
Profit for the period	-	6,243	6,243
Total comprehensive income	-	6,243	6,243
At 4 January 2019	-	(2,257)	(2,257)

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 5 January 2019	-	(2,257)	(2,257)
Loss for the period	-	(465)	(465)
Total comprehensive loss	-	(465)	(465)
At 3 January 2020	-	(2,722)	(2,722)

Global Medics Limited

Notes to the Financial Statements for the 52 weeks ended 3 January 2020

1 General information

The company is a private company limited by share capital, incorporated and domiciled in United Kingdom.

The address of its registered office is:
800 The Boulevard
Capability Green
Luton
Bedfordshire
LU1 3BA

These financial statements were authorised for issue by the Board on 24 September 2020.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Summary of disclosure exemptions

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Comparative period reconciliations for share capital and fixed assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Cash flow statement and related notes;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Impellam Group plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS7 Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Global Medics Limited

Notes to the Financial Statements for the 52 weeks ended 3 January 2020 (continued)

2 Accounting policies (continued)

Going concern

The directors have set out their business review for the company in the Strategic Report on page 2.

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

This assessment has been carried out on the cash flows of the wider Impellam Group, which the company is a member of, as cash is managed by a centralised treasury function who ensure all parts of the Group have sufficient cash to meet their immediate needs. The company has also issued a guarantee over the Group revolving credit facility, which includes an overdraft arrangement, so the cash flows implicit in the company on a stand-alone basis are not the most appropriate when reviewing the going concern basis of the company. As part of the arrangement, the Group has issued a letter of support for a period of twelve months from the date of approval of these financial statements to the company which includes both making funds available if required and not to seek repayment of amounts due at the balance sheet date if this would be detrimental to the company.

The going concern assessment carried out has taken into account the impact of the COVID-19 pandemic on the worldwide Impellam Group. Impellam Group Plc, the ultimate parent company, has carried out various assessments over the Group's profit and cash flow plans for the 18 months after the date of approval of these financial statements. These assessments included adjusting assumptions which impact gross profit as well as administrative expenses and considering the related impact on our working capital requirements and covenant calculations. These tests resulted in the directors concluding that it is appropriate to continue adopting the going concern basis in preparing the financial statements. The Group has cyclical working capital requirements which increase during periods of higher trading levels and therefore if there is a significant short-term decline in trading, the working capital requirements and therefore net debt would initially reduce providing a natural hedge against a sharp downturn. In the projections, as business activity increases, the working capital requirements and net debt levels would rise, but would remain within both the overall credit limit and the key covenant ratio of net debt being less than two and a half times the twelve months' earnings before exceptional, one off, non-recurring or extraordinary items, interest, tax, depreciation and amortisation at the quarterly testing points. Given the lack of certainty that COVID-19 will have on the Group's customers and the markets in which it operates, which may result in a more pronounced downturn than expected, and given the uncertainty for Impellam Group Plc, if the impacts of COVID-19 on the Group are worse or more prolonged than the Directors' expectations, and further mitigating actions are not sufficient, the Group may need to seek the support of its lenders. These events or conditions indicate that a material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would be necessary if the going concern basis of preparation was no longer appropriate.

Exemption from preparing group accounts

The financial statements contain information about Global Medics Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, Impellam Group Plc, a company incorporated in United Kingdom.

Global Medics Limited

Notes to the Financial Statements for the 52 weeks ended 3 January 2020 (continued)

2 Accounting policies (continued)

Changes resulting from adoption of IFRS 9 and IFRS 15

IFRS 9 Financial Instruments and *IFRS 15 Revenue from Contract with Customers* became mandatorily effective on 1 January 2018. The company has applied both for the first time in this accounting period which has resulted in changes to the accounting policies. The nature and effect of these changes are described below.

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets; and hedge accounting. The standard also prescribes an 'expected credit loss' model for determining the basis of providing for bad debts (for further details, please refer to the accounting policies that form these financial statements).

The adoption of IFRS 9 has resulted in changes to the accounting policies and adjustments to the amounts recognised in the financial instruments, combining the three aspects; classification and measurement; impairment; and hedge accounting.

The adoption of IFRS 15 has resulted in changes in the company's accounting policies for the recognition and measurement of revenue.

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations, introducing a five step approach to revenue recognition and applies to all revenue arising from contracts with its customers. This is explained in more detail in the Revenue Recognition policy.

In accordance with the transition provisions in IFRS 15, the company has adopted the new rules on a fully retrospective basis and has restated comparatives for the 2017 financial year. The effect of the transition on the current period has not been disclosed as the standard provides an optional practical expedient.

A review of the creditworthiness of debtor ledger balances meant that a £1,062,000 adjustment to the expected credit loss provision was required on adopting IFRS 9, with a corresponding reduction in amounts due from related parties. A further provision of £135,000 was required to be recognised within administrative expenses for the 53 weeks ended 4 January 2019. No adjustment to the prior period was required as a result of the adoption of IFRS 15.

Changes resulting from adoption of IFRS 16

IFRS 16 Leases became mandatorily effective on 1 January 2019. The company has applied this for the first time in this accounting period which resulted in changes to the accounting policies.

Global Medics Limited

Notes to the Financial Statements for the 52 weeks ended 3 January 2020 (continued)

2 Accounting policies (continued)

The company transitioned to IFRS 16 using the modified retrospective approach and as a result the cumulative effect of initial application is recognised in retained earnings at 5 January 2019. The prior period figures were not adjusted.

On adoption of IFRS 16, the company elected to apply the relief provisions available and has not reviewed contracts under the definition of a lease per IFRS 16, which had previously not been classified as leases under the principles of IAS 17. Therefore, only contracts entered into or modified on or after 5 January 2019 have the definition of a lease per IFRS 16 applied.

In addition, the company decided to apply recognition exemptions to leases with a term not exceeding 12 months and leases where the underlying assets are of low value.

For leases classified as operating leases under IAS 17, these lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 5 January 2019. The company has used the following practical expedients permitted by IFRS 16 when applying this for the first time to leases previously classified as operating leases:

- Applied a single discount rate to a portfolio of leases with similar characteristics;
- Excluded initial direct costs for the measurement of right-to-use assets at the date of initial application; and
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Right-of-use assets are measured at either:

- Their carrying amount as if IFRS 16 has been applied since commencement, discounted using the lessee's incremental borrowing rate at the date of initial application; or
- An amount equal to the lease liability, adjusted for any prepaid or accrued lease payments.

A reassessment of the classification of a sub-lease is required under IFRS 16.

The company recognised no lease liabilities in relation to operating leases on adoption of IFRS 16.

Revenue recognition

Recognition

The company earns revenue from the provision of services relating to provision of staff. This revenue is recognised in the accounting period when the services are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

The principles in IFRS are applied to revenue recognition criteria using the following 5-step model:

1. Identify the contracts with the customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations in the contract.
5. Recognise revenue when or as the entity satisfies its performance obligations.

Global Medics Limited

Notes to the Financial Statements for the 52 weeks ended 3 January 2020 (continued)

2 Accounting policies (continued)

Fee arrangements

Below are details of fee arrangements and how these are measured and recognised, for revenue from the provision of services:

- Revenue derived from temporary staffing services is recognised and accrued by reference to hours worked (representing the service provided) in accordance with submitted authorised timesheets and pre-agreed charge rates (which include an element of salary and related costs) which are together used to determine the transaction price. This applies both when there is a direct supply as well as when there is supply of a Managed Service to the client, as the timing of performance obligations and the raising of invoices can vary. Timesheets are submitted mainly on a weekly basis, with a limited number being submitted either daily or monthly so any variable aspect of contract assets is limited due to the financial period finishing at the end of a week.

Principal versus agent

The Company assesses whether it is acting as agent or principal depending on whether the client has a direct relationship with the Company, whether the Company has the primary responsibility for providing the services and whether the Company has control of or holds the inventory risk over the worker placed.

Where the Company acts as a principal in the supply, revenue is recognised as the gross amount due, net of value-added tax, rebates and discounts and after eliminating sales made within the Company. Where the Company provides a service in which it acts as agent for the client, the amount of revenue recognised is limited to the management fee receivable for that service after making provision for any losses foreseen, volume rebates and any other amounts payable rather than the full amount invoiced. Trade receivables and payables related to these sales are recorded at full invoice value. The Company conducts business purely on a principal basis.

Contract assets and receivables

Where services are transferred to the customer before the customer pays consideration, or before payment is due, contract assets are recognised. Contract assets are included in the statement of financial position and represent the right to consideration for products delivered.

Contract receivables (loans and advances) are recognised in the statement of financial position when the company's right to consideration becomes unconditional.

Contract assets & receivables (loans and advances) are classified as current or non-current based on the company's normal operating cycle and are assessed for impairment at each reporting date.

Contract liabilities

Contract liabilities and customer deposits are recognised in the statement of financial position when the company has received consideration but still has an obligation to deliver services and meet performance obligations for that consideration.

Net basis of measurement of contract balances

Contract asset and contract liability positions are determined for each contract on a net basis. This is because the rights and obligations within each contract are considered inter-dependent. Where two contracts are with the same or related entities, an assessment is made of whether contract assets and liabilities are inter-dependent and if so, contract balances are reported net.

Global Medics Limited

Notes to the Financial Statements for the 52 weeks ended 3 January 2020 (continued)

2 Accounting policies (continued)

Impairment of contract related balances

At each reporting date, the company determines whether or not such assets are impaired by comparing the carrying amount of the asset to the remaining amount of consideration that the company expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the company uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant contracts or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific KPIs that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, these judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Finance income and costs policy

Interest payable and similar charges include interest payable in profit or loss using the effective interest method. Other interest receivable and similar income include interest receivable on funds invested. Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

Foreign currency transactions and balances

Profit and loss transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the closing rates at the balance sheet date and the exchange differences are included in the profit and loss account.

Tax

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Global Medics Limited

Notes to the Financial Statements for the 52 weeks ended 3 January 2020 (continued)

2 Accounting policies (continued)

Tangible assets

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Tangible fixed assets are stated at cost or valuation less accumulated depreciation and accumulated impairment losses. Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

Asset class	Depreciation method and rate
Leasehold land and buildings	Over the term of the lease
Furniture, fittings and office equipment	25% reducing balance method

Intangible assets

Intangible assets represent the carrying value of computer software and licences. Carrying value is equal to cost less accumulated amortisation and impairment or, in the case of assets acquired through business combinations, fair value at date of acquisition less accumulated amortisation and impairment.

Computer software and licences are defined as having finite useful lives and the costs are amortised on a straight-line basis over the estimated useful lives of each of the assets, considered to be between three to five years. The expense is taken to the income statement through the "depreciation and amortisation" line within administrative expenses.

All costs relating to the "research" phase of the software development cycle together with costs not separately identifiable and attributable to particular program development are expensed directly to the income statement in the period in which it is incurred.

All intangible assets are also reviewed for impairment whenever there is an indication that the carrying amount may be impaired. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Investments

Fixed asset investments are stated at cost less a provision for impairment. The carrying values of investments are reviewed for impairment at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating unit to which the assets are allocated. Estimating the value in use requires the company to make an estimate of the future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as Fixed assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Global Medics Limited

Notes to the Financial Statements for the 52 weeks ended 3 January 2020 (continued)

2 Accounting policies (continued)

Amounts owed by related parties

Amounts owed by related parties are assessed for impairment based upon the current financial position and expected future performance of the party to which they relate. Amounts due from related parties are interest free demand loans.

The Company applies the IFRS 9 general approach to measuring expected credit losses. This approach requires an assessment at the initiation of the loan as to the risk of default, and a further assessment when the credit risk profile of the loans change. IFRS 9 applies a 3 stage model that is applied when calculating the expected credit losses:

- Stage 1 is defined as having no Significant Increase In Credit Risk ('SICR') – a 12 month expected credit loss is recognised at this point.
- Stage 2 is defined as having a SICR – a lifetime expected credit loss is recognised at this point.
- Stage 3 is defined as being credit impaired – a lifetime expected credit loss is recognised at this point.

There is no impact to any interest due to the Group company loans being interest free.

The Company defines the following:

Definition of a default - A loan is considered to be in default when there is evidence that the borrower is in significant financial difficulty such that it will have insufficient assets to repay the loan on demand.

SICR assessment – The risk that the borrower will default on a demand loan depends on whether the party has sufficient cash or other assets to repay the loan immediately (meaning that the risk of default is very low and the loan is in Stage 1); or does not have sufficient cash or other assets to repay the loan immediately (meaning that the risk of default is higher, and the loan could be in Stage 2 or Stage 3).

The Company performs this assessment qualitatively by reference to the borrower's immediate cash flow and asset position. Credit impaired indicators - A loan is considered to be credit impaired if it meets the definition of a defaulted loan.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

The company operates a defined contribution pension scheme. Contributions are recognised in the profit and loss account in the period in which they become payable in accordance with the rules of the scheme.

Financial instruments (post January 2018)

Initial recognition

Financial assets and financial liabilities comprise all assets and liabilities reflected in the balance sheet, although excluding tangible assets, intangible assets, deferred tax assets and prepayments.

Global Medics Limited

Notes to the Financial Statements for the 52 weeks ended 3 January 2020 (continued)

2 Accounting policies (continued)

Classification and measurement

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:

Financial assets are classified into one of the following three categories:-

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVTOCI); or
- financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:

- financial liabilities at amortised cost; or
- financial liabilities at fair value through the profit or loss (FVTPL).

The company's accounting policy for each category is as follows:

Financial assets at amortised cost

These assets arise principally from the provision of services to customers (for example trade debtors), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade debtors are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade debtors is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade debtors. For trade debtors, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the statement of comprehensive income. On confirmation that the trade debtor will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised. From time to time, the company elects to renegotiate the terms of trade debtors due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the statement of comprehensive income (operating profit).

Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The company does not have any such assets nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Global Medics Limited

Notes to the Financial Statements for the 52 weeks ended 3 January 2020 (continued)

2 Accounting policies (continued)

Financial assets at fair value through the profit or loss (FVTPL)

The company does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Financial liabilities at amortised cost

The company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The company does not have any liabilities held for trading nor does it voluntarily classify any financial liabilities as being at fair value through profit or loss. The company's accounting policy for each category is as follows:

- Trade creditors and other short-term monetary liabilities, which are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.

Financial liabilities at fair value through the profit or loss

The company does not have any liabilities held for trading nor does it voluntarily classify any financial liabilities as being at fair value through profit or loss.

Offsetting financial instruments

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

3 Critical accounting judgements and key sources of estimation uncertainty

Agent versus principal

The Company assesses whether it is acting as agent or principal depending on whether the client has a direct relationship with the Company, whether the Company has the primary responsibility for providing the services and whether the Company contracts directly with either the worker placed or any other recruitment agency. This judgement has been reviewed in relation to IFRS 15 'Revenue from Contracts with Customers'. Account is also made of the degree of latitude the Company has in establishing the charging rates with all parties.

Where the Company provides a Managed Service, in which it acts as agent for the client (which is mainly Managed Services contracts), the amount of revenue recognised is limited to the management fee receivable for that service after making provision for any losses foreseen, volume rebates and amounts payable under gain-share arrangements rather than the full amount invoiced. Trade receivables and payables related to these sales are recorded at full invoice value.

Lease end dates

Under IFRS 16 'Leases' a right-of-use asset and lease liability need to be recognised in line with the expected lease term, which may not be the same as the term of the lease. This has led to a level of judgement over the leases in our portfolio on the expected lease termination date. Depending on the circumstances on the individual lease, the Company has taken either the break date (for those circumstances where the break is expected to be exercised), the actual lease end date or an estimate of the how long we will stay in a property for those leases which are held-over.

Lease interest rates

The Company has estimated the interest rates implicit in the lease when calculating the lease liability and related right-of-use asset under IFRS 16 'Leases'. Unless stipulated clearly when taking on the liability the Company uses an incremental borrowing rate calculation to determine the relevant rate. Consideration is taken over the term of the lease, the credit risk of the acquirer and any specific risks relating to the assets acquired by an individual lease.

Global Medics Limited

Notes to the Financial Statements for the 52 weeks ended 3 January 2020 (continued)

4 Turnover

The analysis of the company's turnover for the period by market is as follows:

	52 weeks 3 January 2020 £ 000	53 weeks 4 January 2019 £ 000
UK	<u>3,358</u>	<u>5,649</u>

5 Operating loss

Arrived at after charging/(crediting)

	52 weeks 3 January 2020 £ 000	53 weeks 4 January 2019 £ 000
Depreciation expense	8	39
Amortisation on right of use assets	8	-
Amortisation expense	-	3
Foreign exchange gains	78	353
Operating lease expense - property	<u>111</u>	<u>122</u>

Operating lease expenses above relate to payments in respect of short term leases of £111,000.

6 Interest payable and similar expenses

	52 weeks 3 January 2020 £ 000	53 weeks 4 January 2019 £ 000
Other finance costs	15	12
Interest expense on leases	<u>2</u>	<u>-</u>
	<u>17</u>	<u>12</u>

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	52 weeks 3 January 2020 £ 000	53 weeks 4 January 2019 £ 000
Wages and salaries	970	1,092
Social security costs	122	131
Pension costs, defined contribution scheme	<u>25</u>	<u>18</u>
	<u>1,117</u>	<u>1,241</u>

Global Medics Limited

Notes to the Financial Statements for the 52 weeks ended 3 January 2020 (continued)

7 Staff costs (continued)

The average number of persons employed by the company (including directors) during the period, analysed by category was as follows:

	52 weeks 3 January 2020 No.	53 weeks 4 January 2019 No.
Administration and support	3	4
Other departments	20	26
	<u>23</u>	<u>30</u>

8 Directors' remuneration

The emoluments of the directors are paid by the ultimate parent company, or by another group company. The emoluments attributable to services in relation to this company are £7,000 (4 January 2019: £13,000).

9 Auditors' remuneration

	52 weeks 3 January 2020 £ 000	53 weeks 4 January 2019 £ 000
Audit of the financial statements	<u>10</u>	<u>10</u>

10 Income tax

Tax charged/(credited) in the profit and loss account

	52 weeks 3 January 2020 £ 000	53 weeks 4 January 2019 £ 000
Current taxation		
UK corporation tax	(38)	(265)
UK corporation tax adjustment to prior periods	<u>(11)</u>	<u>(48)</u>
	<u>(49)</u>	<u>(313)</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	(2)	(1)
Arising from unrecognised temporary difference of prior periods	<u>(11)</u>	<u>(5)</u>
Total deferred taxation	<u>(13)</u>	<u>(6)</u>
Tax receipt in the profit and loss account	<u>(62)</u>	<u>(319)</u>

The tax on profit before tax for the period is lower than the standard rate of corporation tax in the UK (4 January 2019 - lower than the standard rate of corporation tax in the UK) of 19% (4 January 2019 - 19%).

The differences are reconciled below:

Global Medics Limited

Notes to the Financial Statements for the 52 weeks ended 3 January 2020 (continued)

10 Income tax (continued)

	52 weeks 3 January 2020 £ 000	(As restated) 53 weeks 4 January 2019 £ 000
(Loss)/profit before tax	(527)	5,924
Corporation tax at standard rate	(100)	1,126
Decrease in current tax from adjustment for prior periods	(11)	(48)
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	25	30
Increase arising from group relief tax reconciliation	37	-
(Decrease)/increase from transfer pricing adjustments	(2)	22
Deferred tax credit from unrecognised temporary difference from a prior period	(11)	(5)
Decrease from effect dividends from UK companies	-	(1,444)
Total tax credit	(62)	(319)

UK legislation requires, in broad terms, that most transactions between connected parties be at an arm's length price for tax purposes (commonly known as 'transfer pricing'). As a result, this company must make an adjustment for deemed net interest on intercompany balances that has not been recognised in the financial statements.

A reduction in the UK Corporation Tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2017 and was used as the basis of calculation for the deferred tax balance at 3 January 2020, as the relevant rate enacted at the balance sheet date. On 19 March 2020 the UK Corporation Tax was held at 19% under the Finance Act 2020. This change will affect the tax charge in future periods.

Deferred tax

Deferred tax assets and liabilities

2020	Asset £ 000
Accelerated tax depreciation	6
Other items	18
	<u>24</u>
2019	Asset £ 000
Accelerated tax depreciation	5
Other items	6
	<u>11</u>

Global Medics Limited

Notes to the Financial Statements for the 52 weeks ended 3 January 2020 (continued)

10 Income tax (continued)

Deferred tax movement during the period:

	At 5 January 2019 £ 000	Recognised in income £ 000	At 3 January 2020 £ 000
Accelerated tax depreciation	5	1	6
Other items	6	12	18
Net tax assets	<u>11</u>	<u>13</u>	<u>24</u>

Deferred tax movement during the prior period:

	At 30 December 2017 £ 000	Recognised in income £ 000	At 4 January 2019 £ 000
Accelerated tax depreciation	2	3	5
Other items	3	3	6
Net tax assets	<u>5</u>	<u>6</u>	<u>11</u>

11 Intangible assets

	Software £ 000	Total £ 000
Cost or valuation		
At 5 January 2019	<u>18</u>	<u>18</u>
At 3 January 2020	<u>18</u>	<u>18</u>
Amortisation		
At 5 January 2019	<u>18</u>	<u>18</u>
At 3 January 2020	<u>18</u>	<u>18</u>
Carrying amount		
At 3 January 2020	<u>-</u>	<u>-</u>
At 4 January 2019	<u>-</u>	<u>-</u>

Global Medics Limited

Notes to the Financial Statements for the 52 weeks ended 3 January 2020 (continued)

12 Tangible assets

	Leasehold improvements £ 000	Furniture, fittings and equipment £ 000	Total £ 000
Cost or valuation			
At 5 January 2019	125	101	226
Additions	-	1	1
At 3 January 2020	125	102	227
Depreciation			
At 5 January 2019	125	91	216
Charge for the period	-	8	8
At 3 January 2020	125	99	224
Carrying amount			
At 3 January 2020	-	3	3
At 4 January 2019	-	10	10

13 Right of use assets

	Vehicles £ 000	Total £ 000
Cost or valuation		
At 5 January 2019	-	-
Additions	59	59
At 3 January 2020	59	59
Amortisation		
At 5 January 2019	-	-
Charge for the period	8	8
At 3 January 2020	8	8
Carrying amount		
At 3 January 2020	51	51
At 4 January 2019	-	-

Global Medics Limited

Notes to the Financial Statements for the 52 weeks ended 3 January 2020 (continued)

14 Investments

Details of the subsidiaries as at 3 January 2020 are as follows:

Name of subsidiary	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held	
				3 January 2020	4 January 2019
Doctors On Call Limited	Medical recruitment agency	800 The Boulevard Capability Green, Luton United Kingdom	Ordinary	100%	100%

The investment in Doctors On Call Limited is held at a carrying value of £1 (4 January 2019: £1).

15 Trade and other receivables

	3 January 2020 £ 000	(As restated) 4 January 2019 £ 000
Trade receivables	588	877
Receivables from related parties	4,134	8,924
Prepayments	183	457
Other receivables	446	605
	<u>5,351</u>	<u>10,863</u>

Trade receivables are stated after a provision of £98,000 (4 January 2019: £58,000). Receivables from related parties are interest free, unsecured and repayable on demand.

16 Cash at bank and in hand

	3 January 2020 £ 000	4 January 2019 £ 000
Cash at bank	<u>278</u>	<u>503</u>

Global Medics Limited

Notes to the Financial Statements for the 52 weeks ended 3 January 2020 (continued)

17 Trade and other payables

	3 January 2020 £ 000	4 January 2019 £ 000
Accrued expenses	236	512
Amounts due to related parties	7,878	13,066
Social security and other taxes	260	64
Outstanding defined contribution pension costs	2	2
Other payables	1	-
Current portion of long term lease liabilities	20	-
	<u>8,397</u>	<u>13,644</u>

Payables to related parties are interest free, unsecured and repayable on demand.

18 Leases

During the period the Company accounted for no leased properties under IFRS 16 as the only property used by the company was on a short term lease and was exited during the period. The Company leased 3 vehicles under IFRS 16 during the period, all which have a fixed lease fee over the term. The weighted average Incremental Borrowing Rate used to calculate the lease liability was 4.23%.

None of the leases accounted for under IFRS 16 during the period recognised future uplifts in rent.

Leases included in creditors

	3 January 2020 £ 000	4 January 2019 £ 000
Current portion of long term lease liabilities	20	-
Long term lease liabilities	<u>32</u>	<u>-</u>

Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	3 January 2020 £ 000	4 January 2019 £ 000
Less than one year	21	-
2 years	21	-
3 years	<u>12</u>	<u>-</u>
Total lease liabilities (undiscounted)	<u>54</u>	<u>-</u>

Within the payments listed above is £2,000 which will be recognised as interest on the lease liability.

Global Medics Limited

Notes to the Financial Statements for the 52 weeks ended 3 January 2020 (continued)

18 Leases (continued)

Total cash outflows related to leases

Total cash outflows related to leases are presented in the table below:

	3 January 2020 £ 000	4 January 2019 £ 000
Payment		
Right of use assets	7	-
Interest	2	-
Short term leases	111	-
Total cash outflow	120	-

19 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £25,000 (4 January 2019 - £18,000).

Contributions totalling £2,000 (4 January 2019 - £2,000) were payable to the scheme at the end of the period and are included in creditors.

20 Share capital

Allotted, called up and fully paid shares

	3 January 2020		4 January 2019	
	No.	£	No.	£
Ordinary shares of £1 each	1	1	1	1

21 Parent of group in whose consolidated financial statements the company is consolidated

The name of the parent of the group in whose consolidated financial statements the company's financial statements are consolidated is Impellam Group Plc.

These financial statements are available upon request from The Registrar of Companies, Companies Registration Office, Crown Way, Maindy, Cardiff, CF14 3UZ.

The Group has identified Lord Ashcroft as the ultimate controlling party as he has influence over more than 50%, but less than 75%, of both the shares and voting rights of Impellam Group Plc and together with being Chairman of Impellam Group Plc has significant influence over the Group.

Global Medics Limited

Notes to the Financial Statements for the 52 weeks ended 3 January 2020 (continued)

22 Non adjusting events after the financial period

In line with the FRC's guidance that COVID-19 should be treated as a non-adjusting post balance sheet event given our year-end and the development of the pandemic after that date, we have performed a re-assessment (but not adjustment) of the carrying value of the reported assets and liabilities.

Right of use asset

Right of use assets largely relate to property leases which at present and in downside planned scenarios, the Company expect continuing to use and therefore would not consider these impaired. In an extreme down-turn, which we do not foresee, we may consider plans to exit some property commitments.

Trade receivables and their recoverability

The Company supply to hospitals and NHS health trusts and, at the date of these financial statements, there had been no specific issues identified in the recoverability of amounts due from the Company's customers. Given the medical nature of the pandemic the directors believe that the Government will make sufficient funds available to our customers to allow for payment of our invoices, accept that there may be an increased risk of delay.

Receivables from related parties and their recoverability

The Company holds various receivables from related parties. At the date of these financial statements, there had been no specific issues identified in the recoverability of amounts due from the related parties.