

Company number: 00924542

HR GO PLC

Annual Report and Financial Statements 2022

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

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

ANNUAL REPORT AND FINANCIAL STATEMENTS 2022

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HR GO PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS 2022

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

| | |
|---------------|---|
| R G Barrow | <i>Group Managing Director</i> |
| J M Parkinson | <i>Director</i> |
| S J Parkinson | <i>Director</i> |
| C L Hare | <i>Managing Director of HR GO Recruitment Limited</i> |

SECRETARY

L Wall

REGISTERED IN ENGLAND AND WALES

No. 00924542

REGISTERED OFFICE

The Cedars
Church Road
Ashford
Kent
TN23 1RQ

AUDITOR

UHY Kent LLP t/a UHY Hacker Young
Chartered Accountants & Statutory Auditors
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

BANKERS

The Co-operative Bank Plc
Close Brothers Group Plc

SOLICITORS

Knights plc
Crawley

HR GO PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS 2022

INTRODUCTION TO HR GO PLC

HR GO plc is a predominantly UK based group of leading independent suppliers of temporary and permanent staff, which has been trading for 66 years, together with an e-commerce business/digital marketing agency.

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

SALIENT FEATURES OF THE LAST FIVE YEARS

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|--------------|--------------|--------------|--------------|--------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Turnover | 86,656 | 84,849 | 114,605 | 176,161 | 74,286 |
| Operating profit/(loss) | 1,581 | 459 | 2,069 | 9,511 | (88) |
| Profit/(loss) on ordinary activities before taxation | 1,470 | 321 | 1,965 | 9,448 | (89) |
| Tax on ordinary activities | (341) | (85) | (162) | (1,431) | (35) |
| Profit/(loss) for the year | 1,129 | 236 | 1,803 | 8,017 | (124) |
| Earnings before interest tax depreciation and amortisation | 2,154 | 1,201 | 2,801 | 9,915 | 186 |

HR GO PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS 2022

STRATEGIC REPORT

INTRODUCTION

The Directors present their Strategic Report on the Group for the year ended 31 December 2022.

BUSINESS REVIEW

2022 saw the end of Covid on 1st April 2022 and the cessation of the exceptional income the Group had benefited from through the provision of workers for essential service work throughout 2020 and 2021. This was followed by the sad loss of Jack Parkinson, our Chairman and majority shareholder, on 20th April 2022. The second half of the year was disappointing with our traditional clients slow to re-emerge and take on temps as businesses reacted to the new economic landscape. Permanent placements were however strong, and HR GO successfully targeted the swing in the labour market opportunity arising from the shortfall in temporary candidates. The Group also took the opportunity to further consolidate its trading entities: education is now focused in one core expanding hub in the south-east of England and the Recruitment Holdings brands have reorganised into one cohesive division largely based out of the Head Office in Ashford.

2022 signalled a new era under the new beneficiary owners of John and Sydney Parkinson, the son and daughter of the late Chairman, supported by their fellow long-standing Directors and senior management team. A period of focus and reorganisation; planning and investment in infrastructure for the future to provide the foundations for further growth. Bolstered by a strong balance sheet, enabling self-funded investment, much work was undertaken by our internal software development team to prepare the Recruitment business for a technology and consultant expertise-based future. The vision and the drive of the successors is to provide both candidate and client with the best recruitment experience, fully serviced internally, whilst in addition creating an entity, the Family Office, to separately manage niche recruitment sector and digital brands owned by the entrepreneurial Parkinson family.

Our business is split into three main sectors as follows:

High Street

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

Turnover decreased to £57.3m (2021: £161.4m) with an operating profit of £1.1m (2021: £7.6m). The decrease in turnover and operating profit is as expected due to the large national contracts secured to supply essential services workers during the Covid-19 pandemic coming to an end.

Engineering and Sales, including Construction and Facilities Management

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

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

Turnover for the year increased to £11.3m (2021: £9.5m) but returned an operating profit of £0.3m, compared with £0.2m last year. Specialist areas in this sector have now fully recovered from the Covid impact, which together with a reduction in costs has contributed to the increase in operating profit for the year.

Digital Agency Services

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

Turnover for the year increased to £5.6m (2021: £5.2m) with an operating profit of £0.4m (2021: £0.8m). This sector focuses on finding new and innovative products and processes through research and development, the costs of which have contributed to a reduction in operating profit.

HR GO PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

STRATEGIC REPORT (continued)

PRINCIPLE RISKS AND UNCERTAINTIES

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

There is an unknown risk of government regulations changing, which may put increased pressures on margins. HR GO monitors these changes and adapts to ensure we provide compliant, competitive and valuable recruitment services to our customers and workers in a changing regulatory environment.

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

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

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

The Group has exposure to the following risks from the use of its financial instruments:

- *Credit Risk Management*
Debtors consist mainly of trade receivables. The Group monitors the financial position of their customers on an ongoing basis. The granting of credit is controlled by application and account limits. An allowance is made for specific bad debts and at the reporting date, management did not consider there to be any material credit risk exposure.
- *Interest Rate Risk*
The Group finances its operations by an invoice discounting facility and long-term loans. The Group borrows at both fixed and floating rates of interest. It also receives interest free loans from some of its minority shareholders. The portfolio of borrowings is managed to reduce the Group's exposure to interest rate risk.
- *Foreign Currency Risk*
Overseas operations and investments are not material to the Group as a whole and so the Group is not exposed to any significant foreign currency risks. At 31 December 2022, the Group had no forward exchange contracts.
- *Cash Flow and Borrowings Risk*
At the end of the year, the net borrowings of the Group amounted to £0.5m (2021: £1.4m) a decrease of £0.9m. Further details of the Group's cash flows are contained in the consolidated cash flow statement and in the notes to the financial statements.

The Group has access to an invoice discounting facility, however due to the strong cash position of the Group there has been limited drawdown during the year. Given the reasonable expectation of the business to operate profitably, the Directors are confident of the Group's ability to fund its current and planned future operational activities.

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

HR GO PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

STRATEGIC REPORT (continued)

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

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

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

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

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

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

(b) the interests of the company's employees

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

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

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

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

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

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

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

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

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

Whilst HR GO plc is a public limited company it is an unlisted company and the large majority of its shares are held by directors Mr J M Parkinson and Miss S J Parkinson and other family members. This helps to ensure that the shareholders understand our strategy and objectives.

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

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ANNUAL REPORT AND FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors have pleasure in submitting their annual report to the shareholders, together with the audited financial statements for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

The Strategic Report on pages 3 to 5 describe the performance of the Group during the year and its future.

RESULTS AND DIVIDENDS

The Group's loss on ordinary activities before taxation for the year amounted to £88k (2021: £9.5m). The detailed results are set out in the consolidated profit and loss account on page 14.

Retained loss after minority interests of £0.3m (2021: £7m) has been transferred to reserves.

The Directors do not recommend the payment of a final dividend for the year (2021: £nil).

FUTURE DEVELOPMENTS

The investment and vision derived in 2022 by the third generation of Parkinsons at the helm of the family recruitment business, will cement the building blocks for renewed growth in 2023 and 2024. HR GO Recruitment Limited has recruited a C-Suite board and enhanced sales and marketing teams, with key staff recruited both from within the Group and external headhunting creating teams with a wealth of experience to drive and target business growth.

The Family Office now manages the other assets within the HR GO plc Group, including international subsidiaries in Poland and Australia, with plans to invest further continuing the entrepreneurial legacy of the past 65+ years under the Family's core values of opportunism, entrepreneurialism, sustainability, optimism and transparency.

DIRECTORS

The Directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report, unless stated otherwise:

J C Parkinson (deceased 21.4.2022)

R G Barrow

J M Parkinson

S J Parkinson (appointed 21.4.2022)

C L Hare

DISABLED EMPLOYEES

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

ENGAGEMENT WITH EMPLOYEES

The company maintains a policy of providing employees information on matters of concern to them and recognises the importance of keeping employees informed of the Group's plans and performance. This communication flow is achieved via a corporate intranet, weekly newsletters, regular staff meetings and an internal group data management.

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ANNUAL REPORT AND FINANCIAL STATEMENTS

DIRECTORS' REPORT

ENGAGEMENT WITH EMPLOYEES (continued)

system where performance of the business is available for managers to view and cascade information down to their respective teams. There is also an annual conference held, whereby senior management convey information and update everyone on future plans.

The company has an active appraisal process, which enables the management to discuss goals and objectives as well as encourage employees to share their thoughts in line with company plans. It is another forum to provide information about the business commensurate with each employee's role.

Training and development of staff is paramount in maintaining our skilled workforce. Staff training is provided both proactively and where required and all employees are encouraged to approach management in respect of meeting career development goals and aspirations. The Group has a proven and open policy to promote from within.

Employees participate directly in the performance of the Group and are incentivised through bonus and award schemes.

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS

Please see information as detailed in the section 172 disclosure in the Strategic report on page 5.

ENERGY AND CARBON REPORT

The Group is required to report on its emissions, energy consumption and energy efficiency activities.

| | 2022 (tCO2e) | 2021 (tCO2e) |
|-------------------------------------|-----------------|-----------------|
| Emissions Scope 1 | | |
| Gas | 17.85 | 36.28 |
| Company cars | 22.6 | 8.94 |
| | <u>40.45</u> | <u>45.22</u> |
| Emissions Scope 2 | | |
| Electricity purchased | 11.60 | 16.71 |
| Electricity purchased-electric cars | 1.73 | 3.58 |
| | <u>13.33</u> | <u>20.29</u> |
| Emissions Scope 3 | | |
| Included Sources | 5.67 | 6.61 |
| Business travel-Cars | 8.48 | 28.7 |
| Business travel-Air | 91.78 | 62.02 |
| Employee Commuting | 59.79 | 69.7 |
| | <u>165.72</u> | <u>167.03</u> |
| Total Gross Emissions | <u>219.5</u> | <u>232.54</u> |

All information provided from Scopes 1, 2 and 3 has been collected from recorded business data. There are no records for F-Gas / Emergency Generators / Fire Extinguishers as no refills or generators were required in the business during the reporting year. This will be recorded in the next report if these have been required.

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ANNUAL REPORT AND FINANCIAL STATEMENTS

DIRECTORS' REPORT

ENERGY AND CARBON REPORT (continued)

Company vehicles – Car mileage used in the GHG inventory was estimated from financial records. Going forward, an effective way of reporting on this aspect will be implemented and information on the actual miles travelled will be documented in the next report.

Gas and electricity purchased- Emissions related to Gas and Electricity were quantified with consumptions of gas and electricity. Defra Conversion Factors (2022) for gas and electricity for Electric Vehicles were used. The GHG emissions from electricity purchased was calculated with the suppliers' emissions factors for the electricity tariff. contracted (market based). Some HR GO offices use electricity from 100% renewable sources.

Business Travel (Cars)- Car mileage used in the GHG inventory was estimated from mileage claims and DEFRA Emissions factors for 2022.

Business Travel (Air)- Greenhouse emissions from Air Travel were quantified based on the distance travelled (returned) and DEFRA Emissions factors for 2022.

Waste- GHG emissions from waste were recalculated adopting a better methodology for estimating the quantity of waste produced, based on the average of days worked in the office per employee. However, we will improve the collection of waste data with a survey to capture the quantity of waste produced in the different waste streams, which will be conducted and included in future statements. DEFRA emissions factors for 2022 were used.

Employee Commuting –GHG emissions were recalculated based on an employee survey conducted in 2022 for employees commuting to 12 offices. This survey captured data for car commuting (diesel, petrol and hybrid cars). This data allowed the estimation of the GHG emissions for all 29 Offices based on the average miles travelled for each type of car (diesel, petrol and hybrid). We will be conducting additional surveys for employees commuting to the remaining offices to capture typical commuting types, including car, bus, rail and other.

Scope 3 does not include upstream and downstream transportation of goods as HR GO services do not involve transportation of goods to clients or from suppliers. Therefore, these two categories are not applicable to HR GO activities.

DISCLOSURE OF INFORMATION TO AUDITORS

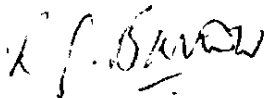
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the Director has taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITORS

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

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



R G Barrow
Director
12 June 2023

ANNUAL REPORT AND FINANCIAL STATEMENTS 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

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

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions.

HR GO PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS 2022

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of HR GO PLC (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022, which comprise the Group Profit and Loss Account, the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our Auditors' report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



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ANNUAL REPORT AND FINANCIAL STATEMENTS 2022

INDEPENDENT AUDITOR'S REPORT (continued)

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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ANNUAL REPORT AND FINANCIAL STATEMENTS 2022

INDEPENDENT AUDITOR'S REPORT (continued)

How the audit was considered capable of detecting irregularities including fraud

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

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

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

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

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

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

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

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

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

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

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ANNUAL REPORT AND FINANCIAL STATEMENTS 2022

INDEPENDENT AUDITOR'S REPORT (continued)

Use of our report

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

UHY Kent LLP

Allan Hickie BSc FCA (Senior statutory auditor)
for and on behalf of
UHY Kent LLP
Chartered Accountants
Statutory Auditors
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

Date: 13 June 2023

HR GO PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT Year ended 31 December 2022

| | Note | 2022 £'000 | 2021 £'000 |
|---|------|-----------------|------------------|
| TURNOVER | 4 | 74,286 | 176,161 |
| Cost of sales | | (60,687) | (149,397) |
| GROSS PROFIT | | 13,599 | 26,764 |
| Administrative expenses: | | | |
| - before exceptional items | | (13,704) | (17,754) |
| - exceptional items | 5 | (134) | (177) |
| Administrative expenses | | (13,838) | (17,931) |
| Other operating income | | | |
| - before exceptional items | | 151 | 322 |
| - exceptional items | | - | 356 |
| Other operating income | | 151 | 678 |
| Operating (loss)/profit: | | | |
| - before exceptional items | | 46 | 9,332 |
| - exceptional items | 5 | (134) | 179 |
| OPERATING (LOSS)/PROFIT | 6 | (88) | 9,511 |
| Net interest payable and similar charges | 8 | (1) | (63) |
| (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | (89) | 9,448 |
| Tax on ordinary activities | 11 | (35) | (1,431) |
| (LOSS)/PROFIT FOR THE YEAR | | (124) | 8,017 |
| (Loss)/profit for the year attributable to: | | | |
| Owners of the parent company | | (307) | 6,958 |
| Non-controlling interests | | 183 | 1,059 |
| | | (124) | 8,017 |

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

HR GO PLC**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
Year ended 31 December 2022

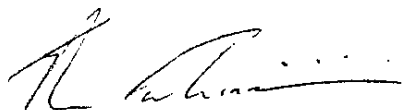
| | 2022 | 2021 |
|---|--------------------|---------------------|
| | £'000 | £'000 |
| (Loss)/profit for the financial year | (124) | 8,017 |
| Currency translation differences | <u>67</u> | <u>(24)</u> |
| Total other comprehensive expenses | <u>67</u> | <u>(24)</u> |
| Total comprehensive (expense)/income for the year | <u>(57)</u> | <u>7,993</u> |
| Total comprehensive (expense)/income for the year attributable to: | | |
| Owners of the parent company | (245) | 6,940 |
| Non-controlling interests | <u>188</u> | <u>1,053</u> |
| Total comprehensive (expense)/income for the year | <u>(57)</u> | <u>7,993</u> |

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

HR GO PLC
Company Number 00924542
CONSOLIDATED BALANCE SHEET
31 December 2022

| | Note | 2022 £'000 | 2021 £'000 |
|---|------|---------------|---------------|
| FIXED ASSETS | | | |
| Intangible fixed assets | 12 | 309 | - |
| Tangible fixed assets | 13 | 532 | 562 |
| | | <u>841</u> | <u>562</u> |
| CURRENT ASSETS | | | |
| Debtors: amounts falling due within one year | 16 | 17,449 | 20,356 |
| Deferred taxation - asset | 17 | - | - |
| Cash at bank and in hand | 24 | 2,550 | 6,973 |
| | | <u>19,999</u> | <u>27,329</u> |
| Creditors: amounts falling due within one year | 18 | (8,758) | (14,780) |
| NET CURRENT ASSETS | | <u>11,241</u> | <u>12,549</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 12,082 | 13,111 |
| Creditors: amounts falling due after more than one year | 19 | (335) | (173) |
| Provisions for liabilities | 20 | (249) | (373) |
| NET ASSETS | | <u>11,498</u> | <u>12,565</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 21 | 259 | 259 |
| Share premium | | 594 | 594 |
| Capital redemption reserve | | 56 | 56 |
| Profit and loss account | | 10,420 | 10,423 |
| Equity attributable to owners of the company | | <u>11,329</u> | <u>11,332</u> |
| Non-controlling interests | | 169 | 1,233 |
| TOTAL EQUITY | | <u>11,498</u> | <u>12,565</u> |

The financial statements were approved and authorised for issues by the board and were signed on its behalf on 12 June 2023.



J M Parkinson
Director

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

HR GO PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
31 December 2022

| | Called up share capital | Share premium | Capital reserve | Profit and loss account | Equity attributable to the owners of the parent | Non- controlling interest | Total equity |
|--|----------------------------|------------------|--------------------|----------------------------|--|---------------------------------|-----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| At 1 January 2021 | 259 | 594 | 56 | 3,345 | 4,254 | 479 | 4,733 |
| Profit for the year | - | - | - | 6,958 | 6,958 | 1,059 | 8,017 |
| Currency translation differences | - | - | - | (18) | (18) | (6) | (24) |
| Total comprehensive income for the year | - | - | - | 6,940 | 6,940 | 1,053 | 7,993 |
| Profit/(loss) on acquisition and disposal of stakes in subsidiaries | - | - | - | 138 | 138 | (171) | (33) |
| Dividends | - | - | - | - | - | (128) | (128) |
| At 1 January 2022 | 259 | 594 | 56 | 10,423 | 11,332 | 1,233 | 12,565 |
| (Loss)/profit for the year | - | - | - | (307) | (307) | 183 | (124) |
| Currency translation differences | - | - | - | 62 | 62 | 5 | 67 |
| Total comprehensive expense for the year | - | - | - | (245) | (245) | 188 | (57) |
| Profit/(loss) on acquisition and disposal of stakes in subsidiaries | - | - | - | 242 | 242 | (1,249) | (1,007) |
| Dividends | - | - | - | - | - | (3) | (3) |
| At 31 December 2022 | 259 | 594 | 56 | 10,420 | 11,329 | 169 | 11,498 |

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

HR GO PLC

CONSOLIDATED CASH FLOW STATEMENT Year ended 31 December 2022

| | Note | 2022 £'000 | 2021 £'000 |
|---|------|----------------|---------------|
| Net cash from operating activities | 23 | (2,406) | 12,150 |
| Taxation paid | | (171) | (418) |
| Net cash generated from operating activities | | (2,577) | 11,732 |
| Cash flow from investing activities | | | |
| Payment to acquire subsidiary | 15 | - | (12) |
| Payments to increase stakes in subsidiaries | 15 | - | (21) |
| Purchase of tangible assets | 13 | (246) | (121) |
| Purchase of intangible fixed assets | 12 | (330) | - |
| Proceeds from disposal of fixed assets | | 63 | 61 |
| Net cash used in investing activities | | (513) | (93) |
| Cash flow from financing activities | | | |
| Invoice discounting settlement | | - | (4,547) |
| Repayment of obligations under finance leases | | (125) | (227) |
| Receipt of loans | | 17 | 43 |
| Repayment of loans | | (1,096) | (191) |
| Dividends paid to non-controlling interests | | (128) | (130) |
| Interest paid | | (1) | (63) |
| Net cash used in financing activities | | (1,333) | (5,115) |
| Net (decrease)/increase in cash | | (4,423) | 6,524 |
| Cash at the beginning of the year | | 6,973 | 449 |
| Cash at end of year | 24 | 2,550 | 6,973 |

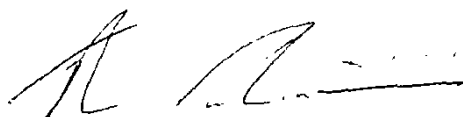
The notes on pages 21 to 40 form part of these financial statements.

COMPANY BALANCE SHEET
31 December 2022

| | Note | 2022 £'000 | 2021 £'000 |
|---|------|----------------|---------------|
| FIXED ASSETS | | | |
| Intangible fixed assets | 12 | 309 | - |
| Tangible fixed assets | 13 | 168 | 136 |
| Investments | 14 | 1,890 | 1,414 |
| | | <u>2,367</u> | <u>1,550</u> |
| CURRENT ASSETS | | | |
| Debtors | 16 | 4,814 | 9,724 |
| Cash at bank and in hand | | 1,006 | 5,900 |
| | | <u>5,820</u> | <u>15,624</u> |
| Creditors: amounts falling due within one year | 18 | (8,066) | (15,141) |
| NET CURRENT (LIABILITIES)/ASSETS | | <u>(2,246)</u> | <u>483</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 121 | 2,033 |
| Creditors: amounts falling due after more than one year | 19 | (2) | (32) |
| Provisions for liabilities | 20 | (110) | (189) |
| NET ASSETS | | <u>9</u> | <u>1,812</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 21 | 259 | 259 |
| Share premium account | | 594 | 594 |
| Capital redemption reserve | | 56 | 56 |
| Profit and loss account | | (900) | 903 |
| TOTAL EQUITY | | <u>9</u> | <u>1,812</u> |

The company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the parent company profit and loss account. The company's loss for the year was £1,803k (2021: profit £537k).

The financial statements were approved and authorised for issues by the board and were signed on its behalf on 12 June 2023.



J M Parkinson
Director

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

HR GO PLC

COMPANY STATEMENT OF CHANGES IN EQUITY 31 December 2022

| | Called up share capital £'000 | Share premium £'000 | Capital reserve £'000 | Profit and loss account £'000 | Total equity £'000 |
|---------------------|-------------------------------------|---------------------------|-----------------------------|-------------------------------------|--------------------------|
| At 1 January 2021 | 259 | 594 | 56 | 366 | 1,275 |
| Profit for the year | - | - | - | 537 | 537 |
| Dividends | - | - | - | - | - |
| At 1 January 2022 | 259 | 594 | 56 | 903 | 1,812 |
| Loss for the year | - | - | - | (1,803) | (1,803) |
| Dividends | - | - | - | - | - |
| At 31 December 2022 | 259 | 594 | 56 | (900) | 9 |

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

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE

HR GO plc ('the Company') and its subsidiaries' (together 'the Group') principal activities are recruitment specialists and suppliers of temporary staff and digital agency services.

The principal activity of the Company is that of providing administrative services to the subsidiaries within the Group.

The Company is a public limited company limited by shares and is incorporated in England & Wales (registration number 00924542). The address of the registered office is shown on page 1.

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

2. ACCOUNTING POLICIES

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

Basis of preparation

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

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

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

Going concern

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

Whilst making their assessment the Directors have reviewed detailed Income and Expenditure and Cash Flow forecasts prepared by management.

Although the individual Company balance sheet shows net current liabilities of £2,246k, this is not a concern because, as detailed in note 18, £6.8m of the current liabilities relate to amounts owed to its subsidiary companies, and the Directors do not envisage this will need to be paid in the coming year. The intention is for some of the inter-company debt to be cleared during 2023 via the declaration of dividends by one or more subsidiary companies. As shown on the consolidated balance sheet, the overall Group had net current assets of £11.2m as at 31 December 2022.

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2022

2. ACCOUNTING POLICIES (continued)

Exemptions for qualifying entities under FRS 102

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

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

- from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows;
- from the financial instrument disclosures, required under FRS 102 paragraphs, 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A, as the information is provided in the consolidated financial statement disclosures;
- from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

Basis of consolidation

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

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

Foreign currency translation

- *Functional and presentation currency*

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

- *Transactions and balances*

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

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

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

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

- *Translation*

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

2. ACCOUNTING POLICIES (continued)

Revenue recognition

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

Exceptional items

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

Operating leases: the Group as lessee

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

Where the unavoidable costs as lessee of an operating lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease. This is released over the remaining lease term.

Leased assets: the Group as lessee

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

Research and development

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

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

Government grants

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

Pension scheme

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

The assets for the Group employees' money purchase pension scheme are held separately from those of the Group in independently administered funds. The pension charge for the year is disclosed in note 9 to the financial statements.

Taxation

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2022

2. ACCOUNTING POLICIES (continued)

Taxation - continued

Current or deferred taxation assets and liabilities are not discounted.

- *Current tax*

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

- *Deferred tax*

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

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

Business combination and goodwill

Business combinations are accounted for by applying the purchase method.

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

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

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

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

Intangible fixed assets

Intangible fixed assets other than goodwill, such as capitalised software is stated at cost net of amortisation and any provision for impairment. Amortisation is charged on other intangible fixed assets to write off the cost of the asset over its expected useful economic life on a straight-line basis as follows:

- Software 10% per annum

Tangible fixed assets and depreciation

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

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2022

2. ACCOUNTING POLICIES (continued)

Tangible fixed assets and depreciation-continued

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

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

Impairment of goodwill and fixed asset investments

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs).

Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Holiday pay accrual

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

Financial Instruments

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

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

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

Financial Liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

2. ACCOUNTING POLICIES (continued)

Financial Liabilities continued

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

- **Interest bearing loans and borrowings**
Obligations for loans and borrowings are recognised when the Group becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.
- **Borrowing costs**
All borrowing costs are recognised in profit or loss in the year in which they are incurred.

Non-controlling interests

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

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

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

Goodwill

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

Impairment of goodwill and fixed asset investments

The carrying value of both goodwill and fixed asset investments is reviewed at each reporting date as explained in the accounting policy in note 2.

Provisions and accruals

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

Lease dilapidation provisions

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

Providing for doubtful debts

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

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2022

4. TURNOVER

Analysis of turnover by country of destination

| | 2022 £'000 | 2021 £'000 |
|-------------------|---------------|----------------|
| United Kingdom | 73,273 | 175,318 |
| Rest of the World | 1,013 | 843 |
| | <u>74,286</u> | <u>176,161</u> |

Analysis of turnover by class of business

| | 2022 £'000 | 2021 £'000 |
|---------------------|---------------|----------------|
| High Street | 57,316 | 161,467 |
| Engineering & Sales | 11,304 | 9,488 |
| Digital Agency | 5,666 | 5,206 |
| | <u>74,286</u> | <u>176,161</u> |

5. EXCEPTIONAL ITEMS

Administrative expenses include £134k (2021: £177k) of redundancy costs in respect of some staff restructuring. In 2021 other operating income includes £107k of government Covid-19 grants and £249k of compensation offset against the settlement of a disputed debt.

6. OPERATING (LOSS)/PROFIT

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

| | 2022 £'000 | 2021 £'000 |
|---|---------------|---------------|
| Operating lease expense | | |
| - Land and buildings | 614 | 572 |
| Depreciation on tangible fixed assets | 253 | 404 |
| Profit on disposal of tangible fixed assets | (39) | (7) |
| Amortisation of intangible fixed assets | 21 | - |
| Foreign exchange gains | (41) | (8) |
| Grants receivable | (29) | (107) |

Analysis of activities:

| | Existing Operations £'000 | Acquired & Start-up Operations £'000 | Sold and Closed Operations £'000 | 2022 Total £'000 |
|-------------------------|---------------------------------|---|---|------------------------|
| Turnover | 72,958 | - | 1,328 | 74,286 |
| Cost of sales | (59,507) | - | (1,180) | (60,687) |
| Administrative expenses | (13,605) | - | (233) | (13,838) |
| Other operating income | 151 | - | - | 151 |
| | <u>(3)</u> | <u>-</u> | <u>(85)</u> | <u>(88)</u> |

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

6. OPERATING PROFIT (continued)

Analysis of activities:

| | Existing Operations £'000 | Start-up Operations £'000 | Sold and Closed Operations £'000 | 2021 Total £'000 |
|-------------------------|---------------------------------|---------------------------------|---|------------------------|
| Turnover | 170,876 | 13 | 5,272 | 176,161 |
| Cost of sales | (145,053) | - | (4,344) | (149,397) |
| Administrative expenses | (17,130) | (25) | (776) | (17,931) |
| Other operating income | 673 | - | 5 | 678 |
| Operating profit/(loss) | <u>9,366</u> | <u>(12)</u> | <u>157</u> | <u>9,511</u> |

7. AUDITOR'S REMUNERATION

| | 2022 £'000 | 2021 £'000 |
|--|---------------|---------------|
| Fees payable to the Company's auditor and its associates for the audit of the parent company and the Group's consolidated financial statements | <u>18</u> | <u>18</u> |
| Fees payable to the Company's auditor and its associates for audit of the Company's subsidiaries | <u>40</u> | <u>39</u> |

8. NET INTEREST PAYABLE AND SIMILAR CHARGES

| | 2022 £'000 | 2021 £'000 |
|---|---------------|---------------|
| Interest payable and similar charges: | | |
| On bank overdrafts and invoice discounting | - | 55 |
| On finance leases and hire purchase contracts | <u>5</u> | <u>8</u> |
| | 5 | 63 |
| Interest receivable and similar income: | | |
| Interest receivable | <u>(4)</u> | - |
| | <u>1</u> | <u>63</u> |

9. EMPLOYEES

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

| | Group 2022 No. | Company 2022 No. | Group 2021 No. | Company 2021 No. |
|------------------------------------|----------------------|------------------------|----------------------|------------------------|
| Recruitment, IT and Administration | <u>261</u> | <u>56</u> | <u>270</u> | <u>57</u> |

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2022

9. EMPLOYEES (continued)

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

| | Group 2022 £'000 | Company 2022 £'000 | Group 2021 £'000 | Company 2021 £'000 |
|-----------------------|------------------------|--------------------------|------------------------|--------------------------|
| Wages and salaries | 10,269 | 2,494 | 13,994 | 3,444 |
| Social security costs | 1,476 | 253 | 1,781 | 441 |
| Pension costs | 303 | 97 | 287 | 91 |
| | <u>12,048</u> | <u>2,844</u> | <u>16,062</u> | <u>3,976</u> |

10. EMOLUMENTS OF DIRECTORS

| | 2022 £'000 | 2021 £'000 |
|--|---------------|---------------|
| Aggregate emoluments including benefits in kind | <u>517</u> | <u>1,637</u> |
| Company pension contributions to money purchase scheme | <u>37</u> | <u>35</u> |

Emoluments of highest paid director:

| | | |
|-----------------------|------------|------------|
| Total emoluments | <u>189</u> | <u>638</u> |
| Money purchase scheme | <u>25</u> | <u>6</u> |

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

| | 2022 No. | 2021 No. |
|------------------------|-------------|-------------|
| Money purchase schemes | <u>5</u> | <u>4</u> |

11. TAX ON ORDINARY ACTIVITIES

| | 2022 £'000 | 2021 £'000 |
|--|---------------|---------------|
| United Kingdom corporation tax payable | 62 | 1,259 |
| (Over)/under provision for corporation tax in prior year | <u>(27)</u> | <u>10</u> |
| Total current tax charge | 35 | 1,269 |
| Deferred tax asset movement (see note 17) | <u>-</u> | <u>162</u> |
| Total tax charge | <u>35</u> | <u>1,431</u> |

The standard rate of tax for the year is 19% (2021: 19%).

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2022

11. TAX ON ORDINARY ACTIVITIES (continued)

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

| | 2022 £'000 | 2021 £'000 |
|--|---------------|---------------|
| (Loss)/profit on ordinary activities before taxation | (89) | 9,448 |
| Tax on profit on ordinary activities at standard rate | (17) | 1,795 |
| Income disallowed for tax purposes | (76) | (276) |
| Deferred tax not recognised | 154 | (98) |
| Adjustment to tax charge in respect of previous period | (26) | 10 |
| Total current tax charge | 35 | 1,431 |

12. INTANGIBLE FIXED ASSETS

Group

| | Goodwill £'000 | Software £'000 | Total £'000 |
|-------------------------------------|-------------------|-------------------|----------------|
| Cost | | | |
| At 1 January 2022 | 1,177 | - | 1,177 |
| Additions | - | 330 | 330 |
| Disposals | (820) | - | (820) |
| At 31 December 2022 | 357 | 330 | 687 |
| Depreciation | | | |
| At 1 January 2022 | 1,177 | - | 1,177 |
| Charge for the year on owned assets | - | 21 | 21 |
| Disposals | (820) | - | (820) |
| At 31 December 2022 | 357 | 21 | 378 |
| Net book value | | | |
| At 31 December 2022 | - | 309 | 309 |
| Net book value | | | |
| At 31 December 2021 | - | - | - |

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2022

12. INTANGIBLE FIXED ASSETS (continued)

| | Software £'000 |
|-------------------------------------|-------------------|
| Company | |
| Cost | |
| At 1 January 2022 | - |
| Additions | 330 |
| At 31 December 2022 | 330 |
| Amortisation | |
| At 1 January 2022 | - |
| Charge for the year on owned assets | 21 |
| At 31 December 2022 | 21 |
| Net book value | |
| At 31 December 2022 | 309 |

13. TANGIBLE FIXED ASSETS

| Group | Short-term leasehold improvements £'000 | Plant, Equipment, Fixtures & Fittings and Software £'000 | Total £'000 |
|--|--|---|----------------|
| Cost | | | |
| At 1 January 2022 | 360 | 2,095 | 2,455 |
| Additions | 15 | 231 | 246 |
| Disposals | (222) | (416) | (638) |
| At 31 December 2022 | 153 | 1,910 | 2,063 |
| Depreciation | | | |
| At 1 January 2022 | 331 | 1,562 | 1,893 |
| Charge for the year on owned assets | 18 | 139 | 157 |
| Charge for the year on financed assets | - | 96 | 96 |
| Disposals | (222) | (393) | (615) |
| At 31 December 2022 | 127 | 1,404 | 1,531 |
| Net book value | | | |
| At 31 December 2022 | 26 | 506 | 532 |
| At 31 December 2021 | 29 | 533 | 562 |

The net book value of tangible fixed assets includes an amount of £164k (2021: £278k) in respect of assets held under finance leases and hire purchase contracts.

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2022

13. TANGIBLE FIXED ASSETS (continued)

| Company | Short-term leasehold improvements £'000 | Plant, Equipment, Fixtures & Fittings and Software £'000 | Total £'000 |
|--|--|---|----------------|
| Cost | | | |
| At 1 January 2022 | 186 | 757 | 943 |
| Additions | - | 96 | 96 |
| Disposals | (186) | (20) | (206) |
| At 31 December 2022 | - | 833 | 833 |
| Depreciation | | | |
| At 1 January 2022 | 186 | 621 | 807 |
| Charge for the year on owned assets | - | 32 | 32 |
| Charge for the year on financed assets | - | 29 | 29 |
| Disposals | (186) | (17) | (203) |
| At 31 December 2022 | - | 665 | 665 |
| Net book value | | | |
| At 31 December 2022 | - | 168 | 168 |
| At 31 December 2021 | - | 136 | 136 |

The net book value of tangible fixed assets includes an amount of £59k (2021: £88k) in respect of assets held under finance leases and hire purchase contracts.

14. INVESTMENTS

Investment in subsidiaries

| Company | Total £'000 |
|-----------------------|----------------|
| Cost | |
| At 1 January 2022 | 3,049 |
| Additions | 491 |
| Disposals | (1) |
| At 31 December 2022 | 3,539 |
| Impairment | |
| At 1 January 2022 | 1,635 |
| Charge for the period | 14 |
| At 31 December 2022 | 1,649 |
| Net book value | |
| At 31 December 2022 | 1,890 |
| At 31 December 2021 | 1,414 |

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2022

14. INVESTMENTS (continued)

The Directors consider that to give full particulars of all subsidiary undertakings would lead to a statement of excessive length. The following information is provided in relation to all active UK subsidiary undertakings. The companies, which have not been disclosed, are dormant in the year. All subsidiaries are included on consolidation. Full details of these companies can be obtained from HR GO plc's registered office as detailed on page 1.

| Name of company | Issued share capital £ | Class of Ordinary Share p | % held Company | % held Group |
|--|---------------------------|------------------------------------|-------------------|-----------------|
| Absolute Executive Search Limited* | 2 | 100 | 80 | 80 |
| Eclipse Business Services Limited* | 200 | 1 | 100 | 100 |
| Eclipse Group Solutions Ltd | 460 | 1 | 87 | 87 |
| Gel Resourcing Ltd* | 100 | 100 | 70 | 70 |
| HR GO (Doncaster) Limited* | 100 | 1 | - | 100 |
| HR GO (Glasgow) Limited* | 68 | 1 | - | 90 |
| HR GO (Dover) Limited* | 1,000 | 100 | - | 100 |
| HR GO (Driving) Limited* | 1 | 1 | 100 | 100 |
| HR GO (Driving Fenlands) Limited* | 200 | 100 | - | 100 |
| HR GO (Driving North) Limited* | 2 | 1 | 100 | 100 |
| HR GO (Driving South) Limited* | 1 | 1 | 100 | 100 |
| HR GO (Kent) Limited | 10,000 | 10 | 100 | 100 |
| HR GO (Liverpool) Limited | 117 | 1 | - | 100 |
| HR GO (Newcastle) Limited* | 200 | 1 | - | 100 |
| HR GO (Northampton) Limited* | 100 | 1 | 100 | 100 |
| HR GO (Norwich) Limited* | 179 | 1 | - | 100 |
| HR GO Recruitment Limited | 1 | 100 | 100 | 100 |
| Talented Recruiters Limited* (formerly HR GO Recruitment Education (EA) Limited) | 2 | 1 | 80 | 80 |
| HR GO Recruitment Education (NW) Limited* | 2 | 1 | 100 | 100 |
| HR GO Recruitment Education (SE) Limited* | 1 | 1 | 100 | 100 |
| HR GO Recruitment (Shepton Mallet) Ltd* | 100 | 100 | 100 | 100 |
| HR GO Recruitment (Sussex) Limited* | 100 | 100 | 100 | 100 |
| HR GO Recruitment (Technical Aviation) Limited* | 104 | 1 | 100 | 100 |
| HR GO Recruitment (Watford) Limited | 100 | 1 | 100 | 100 |
| RHL (FM & Technical) Limited* | 2 | 1 | 90 | 90 |
| RHL (Construction & Property) Limited* | 2 | 1 | 100 | 100 |
| Recruitment Holdings Limited | 10,000 | 1 | 98 | 98 |
| Sussex Recruitment Limited* | 1 | 100 | 100 | 100 |

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

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

- 1) HR GO (Doncaster) Limited, HR GO (Glasgow) Limited, HR GO (Liverpool) Limited, HR GO (Newcastle) Limited, HR GO (Norwich) Limited and HR GO (Dover) Limited, which are all subsidiaries of HR GO Recruitment Limited, a 100% owned subsidiary of HR GO plc.
- 2) HR GO (Driving Fenlands) Limited which is a 100% subsidiary of HR GO (Driving North) Limited.

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

14. INVESTMENTS (continued)

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

The following investments are held overseas:

| Name of company | Country of incorporation | % held Company | % held Group |
|----------------------------------|--------------------------|----------------|--------------|
| Eclipse Poland Limited sp.zo.o | Poland | - | 87 |
| Recruitment Holdings Pty Limited | Australia | - | 78 |
| HR GO Recruitment Poland sp.zo.o | Poland | - | 100 |

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

Recruitment Holdings Pty Limited is a 80% subsidiary of Recruitment Holding Limited. It remains a subsidiary by virtue of the controlling interest that HR GO plc has in Recruitment Holdings Limited.

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

15. INVESTMENT ACQUISITIONS AND DISPOSALS

The movement in stakes held in various subsidiary companies in 2022 have been accounted for by the acquisition method with no fair value adjustments being deemed necessary by the Directors. In total the sum payable/paid of £1,007k (2021: £33k) for the increase in stakes in subsidiary companies, the net assets acquired were valued at net book value of £1,257k (2021: £171k). The £1007k remains unpaid in the year end and has been adjusted to creditors.

Stakes were reduced in various subsidiary companies and proceeds of £nil (2021: £nil) were received for the disposal of these shares, at the date of disposal the net assets sold were valued at £9k (2021: £nil)

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2022 | | 2021 | |
|--------------------------------------|----------------|------------------|----------------|------------------|
| | Group £'000 | Company £'000 | Group £'000 | Company £'000 |
| Trade debtors | 15,208 | 12 | 19,365 | 29 |
| Loans to subsidiaries | - | 36 | - | 36 |
| Other loans | 403 | 403 | - | - |
| Amounts owed by subsidiary companies | - | 3,518 | - | 9,038 |
| Corporation tax recoverable | 793 | 253 | 220 | 168 |
| Other debtors | 461 | 201 | 310 | 88 |
| Prepayments and accrued income | 584 | 391 | 461 | 365 |
| | <u>17,449</u> | <u>4,814</u> | <u>20,356</u> | <u>9,724</u> |

Other debtors include a £3.5k loan advanced to a director of a subsidiary company, the loan is interest free and repayable on demand.

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2022

17. DEFERRED TAXATION – ASSET

| | 2022 £'000 | 2021 £'000 |
|--|---------------|---------------|
| Group | | |
| At 1 January | - | 165 |
| Transfer (to)/from profit and loss account (see note 11) | - | (165) |
| At 31 December | - | - |

A deferred tax asset has not been recognised in respect of timing differences relating to certain Group companies' tax losses and depreciation in excess of capital allowances, as there is insufficient evidence that the asset will be recovered in the foreseeable future. The amount of the asset not recognised is £721k (2021: £510k).

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2022 | | 2021 | |
|--|----------------|------------------|----------------|------------------|
| | Group £'000 | Company £'000 | Group £'000 | Company £'000 |
| Obligations under finance leases and hire purchase contracts | 88 | 29 | 124 | 39 |
| Minority shareholders' and other loans | 476 | 383 | 1,172 | 1,086 |
| Trade creditors | 506 | 233 | 495 | 90 |
| Amounts owed to subsidiary companies | - | 6,830 | - | 12,771 |
| Other taxes and social security | 3,565 | 227 | 6,151 | 253 |
| Other creditors | 1,824 | 91 | 2,332 | 46 |
| Accruals and deferred income | 2,265 | 273 | 4,506 | 856 |
| | <u>8,724</u> | <u>8,066</u> | <u>14,780</u> | <u>15,141</u> |

Various minority shareholders' and other loans are secured by fixed and floating charges on the assets of the individual subsidiary company. The loan is interest free and repayable on demand.

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

| | 2022 | | 2021 | |
|--|----------------|------------------|----------------|------------------|
| | Group £'000 | Company £'000 | Group £'000 | Company £'000 |
| Obligations under finance leases and hire purchase contracts | 3 | 2 | 92 | 32 |
| Other creditors | 264 | - | - | - |
| Accruals and deferred income | 68 | - | 81 | - |
| | <u>335</u> | <u>2</u> | <u>173</u> | <u>32</u> |

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2022

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

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

| | 2022 | | 2021 | |
|----------------------------|----------------|------------------|----------------|------------------|
| | Group £'000 | Company £'000 | Group £'000 | Company £'000 |
| In one year or less | 88 | 29 | 124 | 39 |
| Between one and five years | 3 | 2 | 92 | 32 |
| | <u>91</u> | <u>31</u> | <u>216</u> | <u>71</u> |

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

20. PROVISIONS FOR LIABILITIES

Group

| | Dilapidations £'000 | Onerous Lease £'000 | Total £,000 |
|-------------------------------------|------------------------|------------------------|----------------|
| At 1 January 2022 | 294 | 79 | 373 |
| Charged/(credited) to profit & loss | 30 | (68) | (38) |
| Utilised in year | <u>(75)</u> | <u>(11)</u> | <u>(86)</u> |
| | <u>249</u> | <u>-</u> | <u>249</u> |

Company

| | Dilapidations £'000 | Onerous Lease £'000 | Total £,000 |
|-------------------------------------|------------------------|------------------------|----------------|
| At 1 January 2022 | 110 | 79 | 189 |
| Charged/(credited) to profit & loss | - | (68) | (68) |
| Utilised in year | <u>-</u> | <u>(11)</u> | <u>(11)</u> |
| | <u>110</u> | <u>-</u> | <u>110</u> |

As part of the Group's property leasing arrangements there is an obligation to repair damages which incur during the life of the lease, such as wear and tear. The cost is charged to the profit and loss as the obligation arises. The provision is expected to be utilised between 2024 and 2029 years as the leases terminate.

21. SHARE CAPITAL

| | 2022 £'000 | 2021 £'000 |
|--|---------------|---------------|
| Authorised: 50,000,000 ordinary shares of 1p each | <u>500</u> | <u>500</u> |
| Allotted, called up and fully paid: 25,881,546 ordinary shares of 1p each | <u>259</u> | <u>259</u> |

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

22. RESERVES

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

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

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

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

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

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

| | Discontinued Operations £'000 | Continuing Operations £'000 | 2022 £'000 | 2021 £'000 |
|--|-------------------------------------|-----------------------------------|---------------|---------------|
| (Loss)/profit for the financial year | (65) | (59) | (124) | 8,017 |
| Adjustments for: | | | | |
| Tax on (loss)/profit | (20) | 55 | 35 | 1,431 |
| Net interest expense | - | 1 | 1 | 63 |
| Operating (loss)/profit | (85) | (3) | (88) | 9,511 |
| Depreciation | 1 | 252 | 253 | 404 |
| Loss/(profit) on sale of tangible fixed assets | 2 | (41) | (39) | (7) |
| Amortisation of intangible fixed assets | - | 21 | 21 | - |
| Change in debtors | 891 | 2,151 | 3,042 | 7,715 |
| Change in creditors | (507) | (5,154) | (5,661) | (5,454) |
| Other non-cash movements | - | 66 | 66 | (19) |
| Net cash from operating activities | 302 | (2,708) | (2,406) | 12,150 |

24. ANALYSIS OF CHANGES IN NET DEBT

| | At 31 December 2021 £'000 | Cash Flow £'000 | Other Non-cash changes £'000 | At 31 December 2022 £'000 |
|--------------------------|------------------------------------|-----------------------|---------------------------------------|------------------------------------|
| Cash at bank and in hand | 6,973 | (4,423) | - | 2,550 |
| Debt due after one year | - | - | - | - |
| Debt due within one year | (1,172) | 696 | - | (476) |
| Finance leases | (216) | 125 | - | (91) |
| Total | 5,585 | (3,602) | - | (1,983) |

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2022

25. OPERATING LEASE COMMITMENTS

At 31 December 2022, the Group had total commitments under non-cancellable operating leases as follows:

| | Land and buildings | |
|--------------------------|---------------------------|--------------|
| | 2022 | 2021 |
| | £'000 | £'000 |
| Leases which expire: | | |
| Within one year | 463 | 568 |
| Within two to five years | 541 | 998 |
| After five years | 127 | 212 |
| | <u>1,131</u> | <u>1,778</u> |

At 31 December 2021, the Company had total commitments under non-cancellable operating leases as follows:

| | Land and buildings | |
|--------------------------|---------------------------|--------------|
| | 2022 | 2021 |
| | £'000 | £'000 |
| Leases which expire: | | |
| Within one year | 73 | 153 |
| Within two to five years | 281 | 557 |
| After five years | 109 | 179 |
| | <u>463</u> | <u>889</u> |

26. RELATED PARTY TRANSACTIONS

Transactions with key management personnel

- The Company considers there to be no key management personnel outside of the Board of Directors. See note 10 for total emoluments to the Board of Directors.
- During the year the Group rented four (2021: four) properties from Barcham Investments Ltd, the company of a former director, and in 2021 provided for an onerous lease cost for one property belonging to the same company. Rents paid for these properties during the year amounted to £109k (2021: £109k). The onerous lease provision has been reversed in 2022 following clarification from the landlord of the lease end date March 2021, £62k against a provision of £68k in the 2021 results. In 2021 the company rented one property for £3k from another company indirectly controlled by the same director. The rents on these properties are determined by an independent professional valuer. There were no outstanding balances at the year end.
- Other loans at the balance sheet date presented in Debtors amounts falling due within one year, totalling £403k, have been advanced in equal share during the year to two directors who are also shareholders of the company.

The loans carry interest at 1.25% above Bank of England base rate payable annually or on date of settlement whichever is sooner.

Transactions with subsidiaries

- The aggregate amount receivable from group subsidiaries on intra-group balances at 31 December 2022 amounted to £3,554k (2021: £9,074k), which includes intra-group loans receivable of £36k (2021: £36k).

The aggregate amount payable to group subsidiaries on intra-group balances at 31 December amounted to £6,830k (2021: £12,771k).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

26. RELATED PARTY TRANSACTIONS (continued)

Transactions with subsidiaries continued

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

During the year the aggregate Group subsidiary debt write offs totalled £673k (2021: £555k) and the aggregate Company subsidiary debt write offs totalled £529k (2021: £39k).

The Directors have prepared budgets and forecasts for all companies within the Group, which indicate that the above amounts owed by its subsidiary companies are recoverable.

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

Management services £2,404k (2021: £5,576k);
Interest on finance facility £297k (2021: £240k);
Property rental £24k (2021: £44k); and
Other centralised costs £50k (2021: £36k).

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

IT & related marketing services £60k (2021: £108k)
Interest on finance facility £16k (2021: £25k)
Other centralised costs £55k (2021: £12k)
IT development resources capitalised £171k (2021: £nil).

27. CONTROLLING PARTY

At the balance sheet date the ultimate controlling parties were J M Parkinson and S J Parkinson by virtue of their equal shareholdings.

28. FINANCIAL LIABILITIES

Interest rate profile of financial liabilities

| | 2022 Group £'000 | 2022 Company £'000 | 2021 Group £'000 | 2021 Company £'000 |
|------------------------|------------------------|--------------------------|------------------------|--------------------------|
| Floating interest rate | - | - | 1,086 | 1,086 |
| Fixed interest rate | 91 | 31 | 216 | 71 |
| Interest free | 476 | 383 | 86 | - |
| | <u>567</u> | <u>414</u> | <u>1,388</u> | <u>1,157</u> |

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

The average fixed interest rate is 6%

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

HR GO PLC

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2022

28. FINANCIAL LIABILITIES (continued)

Maturity profile of financial liabilities

| | 2022 Group £'000 | 2022 Company £'000 | 2021 Group £'000 | 2021 Company £'000 |
|------------------------------|------------------------|--------------------------|------------------------|--------------------------|
| Due within one year | 564 | 412 | 1,296 | 1,125 |
| Due within two to five years | 3 | 2 | 92 | 32 |
| Due after five years | - | - | - | - |
| | <u>567</u> | <u>414</u> | <u>1,388</u> | <u>1,157</u> |