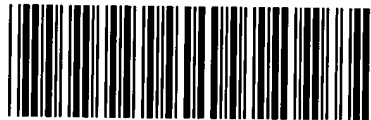


REGISTERED NUMBER: 05723485 (England and Wales)

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2020
FOR
HARNHAM SEARCH AND SELECTION LIMITED**

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FOR THE YEAR ENDED 30 NOVEMBER 2020**

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HARNHAM SEARCH AND SELECTION LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 30 NOVEMBER 2020**

DIRECTORS:

S J Clarke
D Farmer
S Lawrence

REGISTERED OFFICE:

3rd Floor, Melbury House
51 Wimbledon Hill Road
Wimbledon
London
SW19 7QW

REGISTERED NUMBER:

05723485 (England and Wales)

AUDITORS:

Hartley Fowler LLP
Statutory Auditors
Chartered Accountants
4th Floor Tuition House
27-37 St George's Road
Wimbledon
London
SW19 4EU

**STRATEGIC REPORT
FOR THE YEAR ENDED 30 NOVEMBER 2020**

The directors present their strategic report for the year ended 30 November 2020.

REVIEW OF BUSINESS

The directors are pleased to report the company's performance for the year.

Harnham Search & Selection is a provider of recruitment services specialising in providing permanent and contract staffing solutions for the data and analytics sector in the UK.

Gross profit decreased by 27% to £5,676,510 (2019 - £7,795,395). Profit before taxation was £1,184,474 a reduction from 2019 (£2,490,573) caused by the impact of Covid 19 on the UK economy from quarter two of 2020.

The average number of employees did not change compared to 2019 with the company looking to maintain capability throughout the Covid 19 related downturn and utilising the UK furlough scheme.

Turnover reduced by £2.8m to £13.1m. £1.9m of this reduction was in sales of permanent recruitment services. Revenue from contractor staffing solutions decreased by £0.9m.

Following the difficult market environment in 2020 the company has seen a strong trading improvement in 2021. The market looks to have adjusted to the new working environment brought about by Covid 19 and business looks able to trade normally through lockdowns with homeworking and home-hiring becoming accepted practice in most of Harnham's customers as it has also become in the company itself.

Key performance indicators

The company uses a number of key performance indicators to monitor the company's performance.

	2020	2019
Gross Profit	5,676,510	7,795,395
EBITDA	1,328,993	2,626,413
Total assets less current liabilities	3,773,020	3,904,263

The board considers:

i) Gross profit as a measure of growth in the business. This year the business declined by 27% caused by reduced market demand following the impact of Covid 19.

ii) Earnings before interest, tax, depreciation, and amortisation (EBITDA) as a measure of the underlying profitability. EBITDA reduced by 49% driven by the reduction in Gross Profit. Where it was possible to reduce costs by 11%, the 27% reduction in Gross Profit has been reflected in the company's earnings.

iii) Total assets less current liabilities (TALCL) represents the underlying assets of the business excluding any longer-term funding. It reduced by 3%.

**STRATEGIC REPORT
FOR THE YEAR ENDED 30 NOVEMBER 2020**

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the company's strategy are subject to a number of risks. The key risks and associated mitigating factors are laid out below.

Covid 19

The global pandemic caused by Covid 19 has had a significant impact on the company's business operations and the results contained in this report. The uncertainty caused by such unprecedented events leads to a reluctance in many of the company's clients to commit expenditure to generally and specifically growing their teams.

Having now experienced this type of event the company has successfully tested its disaster recovery procedures and further invested in its capability to continue to operate and service its clients in this environment. Additionally, the Data and Analytics sector has proved resilient with clients and candidates being able to adapt quickly to home working.

The company is now trading at above pre-covid levels but continues to focus on maintaining a safe environment for its employees and will retain the ability to work remotely.

Business and Operational risk

The company's business operates in a dynamic competitive environment; risk mitigation is through execution of robust business plans and continuous monitoring of performance.

The risk of disruption to operations is mitigated by ensuring appropriate disaster recovery plans are in place. These plans are regularly reviewed by the senior management team.

Market risk

The company is exposed to economic downturns generally and more specifically to the markets it trades in. This is mitigated by international diversification and that the growth of the data and analytics market insulates it from general economic fluctuations.

Credit risk

The company's credit risk stems primarily from trade debtors. Dedicated credit control resource is focused on continued review and active management to mitigate such risk. The company's clients tend to be "blue chip" with strong credit ratings and there is no significant level of bad debt.

Financial risk

The company is exposed to financial risks such as liquidity and currency fluctuations. Risk is mitigated through regular forecasting and continuous monitoring of performance against expectations. The company looks to reduce its currency exposure by reducing non-Sterling balances and natural hedges of costs in the same currency.

Future developments

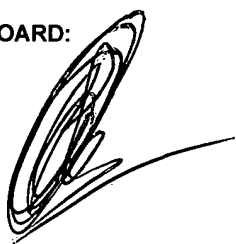
The board continue to see significant opportunities to grow within the data and analytics sector. It is looking to continue expansion in the UK.

FUTURE DEVELOPMENTS

The directors remain confident of the company's ability to generate profitable organic growth from its international markets.

ON BEHALF OF THE BOARD:

S J Clarke - Director



30 July 2021

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 NOVEMBER 2020**

The directors present their report with the financial statements of the company for the year ended 30 November 2020.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of recruitment services.

DIVIDENDS

The total distribution of dividends for the year ended 30 November 2020 will be £1,000,000.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 December 2019 to the date of this report.

S J Clarke
D Farmer
S Lawrence

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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 company will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

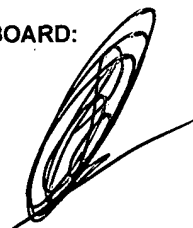
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Hartley Fowler LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

S J Clarke - Director



30 July 2021

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HARNHAM SEARCH AND SELECTION LIMITED

Opinion

We have audited the financial statements of Harnham Search And Selection Limited (the 'company') for the year ended 30 November 2020 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HARNHAM SEARCH AND SELECTION LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. We identify and assess risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance;
- results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
- the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud. In common with all audits we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the company operates in. The key laws and regulations we considered in this context included the UK Companies Act and tax legislation.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
HARNHAM SEARCH AND SELECTION LIMITED**

In addition we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

As a result of performing the above, we did not identify any key matters related to the potential risk of fraud or non-compliance with laws and regulations.

Our procedures to respond to risks identified included the following:

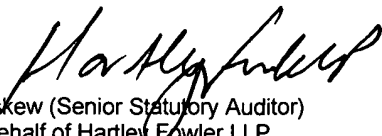
- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provision of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reviewing minutes of meetings of those charged with governance, reviewing internal reports and reviewing correspondence with HMRC, and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments, assessing whether the judgements made in making accounting estimates are indicative of a potential bias and evaluating the business rationale for any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indication of fraud or non-compliance with laws and regulations throughout the audit.

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 Report of the Auditors.

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 a Report of the Auditors 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.


Jonathan Askew (Senior Statutory Auditor)
for and on behalf of Hartley Fowler LLP
Statutory Auditors
Chartered Accountants
4th Floor Tuition House
27-37 St George's Road
Wimbledon
London
SW19 4EU

Date: 4/8/21

**INCOME STATEMENT
FOR THE YEAR ENDED 30 NOVEMBER 2020**

	Notes	2020 £	2019 £
TURNOVER	3	13,109,408	15,898,391
Cost of sales		7,432,898	8,102,996
GROSS PROFIT		5,676,510	7,795,395
Administrative expenses		5,947,477	6,654,910
		(270,967)	1,140,485
Other operating income	4	1,453,698	1,350,081
OPERATING PROFIT	6	1,182,731	2,490,566
Interest receivable and similar income		1,743	7
PROFIT BEFORE TAXATION		1,184,474	2,490,573
Tax on profit	7	228,255	494,091
PROFIT FOR THE FINANCIAL YEAR		956,219	1,996,482

The notes form part of these financial statements

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 NOVEMBER 2020**

	Notes	2020 £	2019 £
PROFIT FOR THE YEAR		956,219	1,996,482
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>956,219</u>	<u>1,996,482</u>

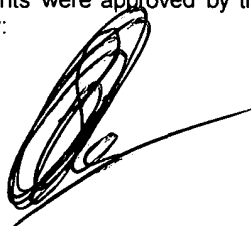
The notes form part of these financial statements

BALANCE SHEET
30 NOVEMBER 2020

	Notes	2020 £	£	2019 £	£
FIXED ASSETS					
Intangible assets	9		8,249		15,867
Tangible assets	10		270,228		344,556
			<u>278,477</u>		<u>360,423</u>
CURRENT ASSETS					
Debtors	11	4,358,997		4,201,699	
Cash at bank and in hand		<u>1,608,801</u>		<u>2,477,372</u>	
		5,967,798		6,679,071	
CREDITORS					
Amounts falling due within one year	12	<u>2,473,255</u>		<u>3,135,231</u>	
NET CURRENT ASSETS			<u>3,494,543</u>		<u>3,543,840</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,773,020		3,904,263
CREDITORS					
Amounts falling due after more than one year	13		(5,758)		(91,045)
PROVISIONS FOR LIABILITIES	16		<u>(24,751)</u>		<u>(26,926)</u>
NET ASSETS			<u>3,742,511</u>		<u>3,786,292</u>
CAPITAL AND RESERVES					
Called up share capital	17		13		13
Share premium			19,884		19,884
Retained earnings			<u>3,722,614</u>		<u>3,766,395</u>
SHAREHOLDERS' FUNDS			<u>3,742,511</u>		<u>3,786,292</u>

The financial statements were approved by the Board of Directors and authorised for issue on 30 July 2021 and were signed on its behalf by:

S J Clarke - Director



The notes form part of these financial statements

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 NOVEMBER 2020**

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 December 2018	13	3,169,913	19,884	3,189,810
Changes in equity				
Total comprehensive income	-	1,996,482	-	1,996,482
Dividends	-	(1,400,000)	-	(1,400,000)
Balance at 30 November 2019	13	3,766,395	19,884	3,786,292
Changes in equity				
Total comprehensive income	-	956,219	-	956,219
Dividends	-	(1,000,000)	-	(1,000,000)
Balance at 30 November 2020	13	3,722,614	19,884	3,742,511

The notes form part of these financial statements

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 NOVEMBER 2020**

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	1	1,558,266	2,695,134
Tax paid		(355,972)	(425,883)
Net cash from operating activities		<u>1,202,294</u>	<u>2,269,251</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(4,266)	(3,600)
Purchase of tangible fixed assets		(48,657)	(125,228)
Sale of tangible fixed assets		50	-
Interest received		1,743	7
Net cash from investing activities		<u>(51,130)</u>	<u>(128,821)</u>
Cash flows from financing activities			
Intercompany loan movements		(1,134,976)	658,736
Capital repayments in year		(80,303)	(76,752)
Government grants		195,544	-
Equity dividends paid		(1,000,000)	(1,400,000)
Net cash from financing activities		<u>(2,019,735)</u>	<u>(818,016)</u>
(Decrease)/increase in cash and cash equivalents		<u>(868,571)</u>	<u>1,322,414</u>
Cash and cash equivalents at beginning of year	2	2,477,372	1,154,958
Cash and cash equivalents at end of year	2	<u><u>1,608,801</u></u>	<u><u>2,477,372</u></u>

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 NOVEMBER 2020**
1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2020	2019
	£	£
Profit before taxation	1,184,474	2,490,573
Depreciation charges	134,870	119,535
Profit on disposal of fixed assets	(50)	-
Government grants	(195,546)	-
Finance income	(1,743)	(7)
	<u>1,122,005</u>	<u>2,610,101</u>
Decrease/(increase) in trade and other debtors	977,679	(817,978)
(Decrease)/increase in trade and other creditors	<u>(541,418)</u>	<u>903,011</u>
Cash generated from operations	<u><u>1,558,266</u></u>	<u><u>2,695,134</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 30 November 2020

	30/11/20	1/12/19
	£	£
Cash and cash equivalents	<u>1,608,801</u>	<u>2,477,372</u>

Year ended 30 November 2019

	30/11/19	1/12/18
	£	£
Cash and cash equivalents	<u>2,477,372</u>	<u>1,154,958</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1/12/19	Cash flow	At 30/11/20
	£	£	£
Net cash			
Cash at bank and in hand	<u>2,477,372</u>	<u>(868,571)</u>	<u>1,608,801</u>
	<u>2,477,372</u>	<u>(868,571)</u>	<u>1,608,801</u>
Debt			
Finance leases	<u>(172,521)</u>	<u>80,303</u>	<u>(92,218)</u>
	<u>(172,521)</u>	<u>80,303</u>	<u>(92,218)</u>
Total	<u><u>2,304,851</u></u>	<u><u>(788,268)</u></u>	<u><u>1,516,583</u></u>

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2020**

1. STATUTORY INFORMATION

Harnham Search And Selection Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Compliance with accounting standards

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

The presentation currency of the financial statements is the Pound Sterling (£) which is also the functional currency of the company.

Going concern

These financial statements are prepared on the going concern basis. The directors have reviewed the group's business plan, post year end performance and future forecast, and have confidence that the company has adequate resources to continue in operational existence for the foreseeable future. The directors believe that it is appropriate to prepare the financial statements on a going concern basis.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Critical accounting judgements and key sources of estimation uncertainty

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

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

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

a) Revenue recognition

The main area of judgement in revenue recognition relates to cut-off as revenue is recognised for permanent placements on the day a candidate starts work and temporary placement income over the duration of the placement.

b) Bad debt provisions

The directors assess individual debtor balances on a case by case basis at each year end and use judgement in determining an appropriate level of provision against irrecoverable debts.

c) Depreciation and amortisation

The directors are required to estimate the useful economic lives and residual values of tangible and intangible assets in order to determine an appropriate basis and method of depreciation and amortisation.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2020

2. ACCOUNTING POLICIES - continued

Turnover

Revenue is measured at fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue recognition

Turnover represents revenue earned under a wide variety of contracts to provide professional services. Revenue is recognised as earned when, and to the extent that, the firm obtains the right to consideration in exchange for its performance under these contracts. It is measured at the fair value of the right to consideration, which represents amounts chargeable to clients, including expenses and disbursements but excluding value added tax. Revenue not billed to clients is included in debtors and payments on account in excess of the relevant amount of revenue are included in creditors.

Turnover arising from the placement of permanent candidates is recognised at the time that the candidate commences full-time employment. Where a permanent candidate starts employment but does not work for the contractual period, a provision is made in respect of the required refund or credit note due to the client.

Turnover arising from temporary placements is recognised over the period that temporary workers are provided.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Computer software is being amortised evenly over its estimated useful life of three years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Plant and machinery	- 25% on cost
Fixtures and fittings	- 25% on cost
Computer equipment	- 33% on cost

Government grants

Government grants are recognised when the entity has reasonable assurance that conditions attached to the grant will be complied with and that the grant will be received.

Revenue grants are recognised using the accrual model and are therefore recognised as income on a systematic basis over the periods in which the entity recognises the related costs for which the grant is intended to compensate. Revenue grants are measured at fair value, being the amount of cash receivable.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2020

2. ACCOUNTING POLICIES - continued

Financial instruments

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are only offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which included debtors and cash at bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors and loans from fellow group companies are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2020

2. ACCOUNTING POLICIES - continued

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Leasing commitments

Assets obtained under hire purchase or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under financial leases are depreciated over their estimated useful lives of the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability. The minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the effective interest method. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Share options

The group operates an EMI share option scheme, engaging in equity settled share based payment transactions in respect of services received. Details of the options within this scheme are set out in the Share Based Payment Transactions note.

It is the policy of the company to grant share options that have an exercise price representing fair market value at the date of grant. Fair market values have been determined using the Black Scholes model, which takes into account the exercise price of the option, the current share price, the risk free interest rate, the expected volatility of the share price over the life of the option and other relevant factors. This is in accordance with FRS102 'Share-based payment.'

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivables or payables within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2020	2019
	£	£
United Kingdom	13,042,838	15,687,942
Europe	22,763	103,947
United States of America	37,613	106,502
ROW	6,194	-
	<u>13,109,408</u>	<u>15,898,391</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2020

4. OTHER OPERATING INCOME

	2020 £	2019 £
Sundry receipts	2,777	-
Management recharge	1,255,375	1,350,081
Government grants	195,546	-
	<u>1,453,698</u>	<u>1,350,081</u>

During the year the company received government grants of £195,546 (2019 - £nil) under the Coronavirus Job Retention Scheme. There are no unfulfilled conditions or other contingencies related to the grants received.

5. EMPLOYEES AND DIRECTORS

	2020 £	2019 £
Wages and salaries	3,854,631	4,366,097
Social security costs	439,552	502,962
Other pension costs	102,462	92,176
	<u>4,396,645</u>	<u>4,961,235</u>

The average number of employees during the year was as follows:

	2020	2019
Directors	3	3
Employees	72	72
	<u>75</u>	<u>75</u>

	2020 £	2019 £
Directors' remuneration	481,950	494,000
Directors' pension contributions to money purchase schemes	19,278	16,830
	<u>491,228</u>	<u>510,830</u>

The number of directors to whom retirement benefits were accruing was as follows:

	2020	2019
Money purchase schemes	<u>3</u>	<u>3</u>

No directors exercised share options during the year (2019 - one director).

Information regarding the highest paid director is as follows:

	2020 £	2019 £
Emoluments etc	160,650	168,000
Pension contributions to money purchase schemes	6,426	5,610
	<u>167,076</u>	<u>173,610</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2020

6. OPERATING PROFIT

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

	2020	2019
	£	£
Other operating leases	248,658	214,185
Depreciation - owned assets	59,785	43,134
Depreciation - assets on finance leases	63,200	63,201
Profit on disposal of fixed assets	(50)	-
Computer software amortisation	11,884	13,200
Auditors' remuneration	3,500	3,500
Other services relating to taxation	-	3,575
Taxation compliance services	17,356	-
Other non-audit services	3,355	8,298
Foreign exchange differences	34,705	29,599
	<u>248,658</u>	<u>214,185</u>

7. TAXATION**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2020	2019
	£	£
Current tax:		
UK corporation tax	238,277	478,073
Tax - prior year	(7,847)	(824)
Total current tax	<u>230,430</u>	<u>477,249</u>
Deferred tax	(2,175)	16,842
Tax on profit	<u>228,255</u>	<u>494,091</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2020	2019
	£	£
Profit before tax	<u>1,184,474</u>	<u>2,490,573</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	225,050	473,209
Effects of:		
Expenses not deductible for tax purposes	12,187	11,902
Depreciation in excess of capital allowances	11,948	12,066
Adjustments to tax charge in respect of previous periods	(7,847)	824
Other tax adjustments	-	(2,846)
Group relief	(13,083)	(1,064)
Total tax charge	<u>228,255</u>	<u>494,091</u>

8. DIVIDENDS

	2020	2019
	£	£
A Ordinary shares of 0.1p each		
Interim	<u>1,000,000</u>	<u>1,400,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2020

9. INTANGIBLE FIXED ASSETS

	Computer software £
COST	
At 1 December 2019	45,336
Additions	4,266
At 30 November 2020	49,602
AMORTISATION	
At 1 December 2019	29,469
Amortisation for year	11,884
At 30 November 2020	41,353
NET BOOK VALUE	
At 30 November 2020	8,249
At 30 November 2019	15,867

Amortisation of intangible assets is included within administrative expenses in the income statement.

10. TANGIBLE FIXED ASSETS

	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST					
At 1 December 2019	197,715	4,872	186,986	176,511	566,084
Additions	-	828	24,205	23,624	48,657
At 30 November 2020	197,715	5,700	211,191	200,135	614,741
DEPRECIATION					
At 1 December 2019	60,413	4,872	69,978	86,265	221,528
Charge for year	32,953	508	42,727	46,797	122,985
At 30 November 2020	93,366	5,380	112,705	133,062	344,513
NET BOOK VALUE					
At 30 November 2020	104,349	320	98,486	67,073	270,228
At 30 November 2019	137,302	-	117,008	90,246	344,556

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2020

10. TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under finance leases are as follows:

	Improvements to property £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 December 2019 and 30 November 2020	197,715	47,943	73,051	318,709
DEPRECIATION				
At 1 December 2019	60,413	21,974	33,482	115,869
Charge for year	32,953	11,985	18,262	63,200
At 30 November 2020	93,366	33,959	51,744	179,069
NET BOOK VALUE				
At 30 November 2020	104,349	13,984	21,307	139,640
At 30 November 2019	137,302	25,969	39,569	202,840

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade debtors	1,834,584	2,892,053
Amounts owed by group undertakings	2,240,923	1,105,946
Other debtors	155,261	15,081
Accrued income	47,699	59,648
Prepayments	80,530	128,971
	<u>4,358,997</u>	<u>4,201,699</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Finance leases (see note 14)	86,460	81,476
Trade creditors	892,150	948,822
Tax	140,782	266,324
Social security and other taxes	183,074	171,143
VAT	592,702	621,780
Other creditors	38,404	42,399
Accrued expenses	539,683	1,003,287
	<u>2,473,255</u>	<u>3,135,231</u>

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

	2020 £	2019 £
Finance leases (see note 14)	<u>5,758</u>	<u>91,045</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2020

14. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Finance leases	
	2020	2019
	£	£
Gross obligations repayable:		
Within one year	90,867	92,991
Between one and five years	5,830	95,464
	<u>96,697</u>	<u>188,455</u>
Finance charges repayable:		
Within one year	4,407	11,515
Between one and five years	72	4,419
	<u>4,479</u>	<u>15,934</u>
Net obligations repayable:		
Within one year	86,460	81,476
Between one and five years	5,758	91,045
	<u>92,218</u>	<u>172,521</u>
	Non-cancellable operating leases	
	2020	2019
	£	£
Within one year	296,586	294,106
Between one and five years	632,282	928,868
	<u>928,868</u>	<u>1,222,974</u>

15. SECURED DEBTS

The company has a receivables finance agreement with their bankers to provide an invoice discounting facility. The agreement includes a fixed and floating charge over the assets of the company. At the balance sheet date the amount drawn down on the facility and owing to the bank was £nil.

16. PROVISIONS FOR LIABILITIES

	2020	2019
	£	£
Deferred tax		
Accelerated capital allowances	<u>24,751</u>	<u>26,926</u>
		Deferred tax
		£
Balance at 1 December 2019		26,926
Credit to Income Statement during year		<u>(2,175)</u>
Balance at 30 November 2020		<u>24,751</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2020

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2020	2019
Number:	Class:		£	£
11,900	A Ordinary	0.1p	12	12
1,488	B Ordinary	0.1p	1	1
			<u>13</u>	<u>13</u>

A Ordinary shares have voting rights with entitlement to dividend distributions.

B Ordinary shares have no voting rights or entitlement to dividend distributions.

18. RELATED PARTY DISCLOSURES

Harnham Search and Selection Limited performs head office functions on behalf of the members of the group and subsequently recharges certain administrative costs across the group through intercompany loan arrangements. The loans are not secured, have no repayments terms and do not bear interest.

	Movement 30 November 2020	Balance 30 November 2020	Movement 30 November 2019	Balance 30 November 2019
	£	£	£	£
Harnham Group Limited	2,814	505,052	499,289	502,238
Harnham Europe Limited	511,637	622,570	109,193	110,933
Harnham Inc	492,447	968,435	1,065,619	475,988
Harnham GmbH	128,079	144,866	16,787	16,787

During the year, a total of key management personnel compensation of £501,228 (2019 - £510,830) was paid.

19. SHARE-BASED PAYMENT TRANSACTIONS

The parent company, Harnham Group Limited, operates an employee EMI share option scheme. This is in respect of employee services received by Harnham Search and Selection Limited, the share options being issued in the parent company.

The following share options are in issue at the year end:

	Brought forward	Non conditional	Conditional	Options exercised / lapsed	Carried forward	Exercise period (from date of grant)	Exercise price per ordinary share
EMI							
Employees	244	-	-	(61)	183	5 years	£83.19
Total	244	-	-	(61)	183		

In arriving at the fair value, each grant of an option is valued separately using Black Scholes Model and the resulting fair value charged to the profit and loss over the vesting period.

The expected life used in the model has been adjusted, based on management's best estimate for the effects on non-transferability, exercise restriction and behavioural considerations. The following table lists the assumptions used in the model:

Expected volatility	10%
Risk free interest rate	2.5%
Expected life of option (years)	5
Exercise price	£83.19 and £0.001
Expected dividends	None

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2020

20. ULTIMATE PARENT COMPANY

Harnham Group Limited is regarded by the director as being the company's ultimate parent company. Registered office and principal place of business: 3rd Floor Melbury House, 51 Wimbledon Hill Road, London, SW19