

Network Group Holdings Limited

Report and Financial Statements

31 December 2021

Registered No: 06281278

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COMPANIES HOUSE

Network Group Holdings Limited

Registered No: 06281278

DIRECTORS

P T Davis
M D Ellis
P R Hanke
T M Evans
A Anastasiou
T Large
G J Warner
S W West

SECRETARY

N J Dudley

AUDITOR

CLA Evelyn Partners Limited
45 Gresham Street
London
EC2V 7BG

REGISTERED OFFICE

Meriden Hall
Main Road
Meriden
Warwickshire
CV7 7PT

Network Group Holdings Limited

DIRECTORS' REPORT

The Directors present their report and the financial statements of Network Group Holdings Limited for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activities of the Company is that of a holding company for investments in recruitment activities.

DIRECTORS

The following directors have held office during the year and to the date of this report:

J D Smith	(resigned 15 July 2022)
P T Davis	
M M Gunn	(resigned 15 July 2022)
S R A Jones	(resigned 1 December 2021)
M D Ellis	
P R Hanke	
T M Evans	
A Anastasiou	
T Large	
G J Warner	
S W West	(appointed 29 July 2022)

FINANCIAL INSTRUMENTS

Treasury activities are managed centrally by the wider group under a framework of policies and procedures approved by, and monitored by, the Board. The objectives are to protect the assets of the wider group and to identify and then manage financial risk. The wider group uses various financial instruments. These include loans, cash, and various items such as trade receivables, trade payables and other financial assets and liabilities that arise from its operations. Their existence exposes the wider group to a number of financial risks which are described in more detail below.

Interest Rate Risk

The wider group finances its operations through a mixture of retained profits and borrowings. The Board feel that in the present financial climate the risk from significant interest rate fluctuation is minimal.

Currency Risk

The wider group trades predominantly in the United Kingdom and has no material exposure in its trading operations to the risk of changes in foreign currency exchange rates. Cash and bank deposits held in foreign currency are not considered to be material.

Liquidity Risk

The wider group's policy is to ensure that sufficient funding is available to fund on-going operations whilst reducing net debt.

Credit Risk

The wider group's credit risk is primarily attributable to its trade debtors. The wider group has no significant concentration of credit risk, with exposure spread over a large number of customers and as such this is not considered to be a significant risk area to the wider group.

Network Group Holdings Limited

DIRECTORS' REPORT

GOING CONCERN

The Company meets its day to day working capital requirements by utilising the credit facilities of itself and of the members of the wider group. The group is currently, and is forecasting to continue, operating well within its current facility levels.

The group's bankers have confirmed that they will continue to provide the existing facilities with a periodic review to be undertaken on at least an annual basis. Consequently, the Directors have a reasonable expectation that the Company will have sufficient finance for the foreseeable future and as such continue to adopt the going concern basis of preparation for the financial statements.

The Directors have also received an undertaking from its parent company that sufficient finance will be available, to meet its obligations as they fall due in line with the Company's business plan for a period of not less than 12 months from the date of signature of these financial statements. Therefore, the Directors continue to adopt the going concern basis of preparation for the financial statements.

DISABLED EMPLOYEES

The Company gives full consideration to applications for employment from disabled persons, where the requirements of the job can be adequately fulfilled by a disabled person. Where existing employees become disabled, it is the Company's policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

EMPLOYEE INVOLVEMENT

The Company provides employees with information on matters of concern to them as employees by means of formal and informal meetings and briefings. When decisions are taken affecting the interests of employees, they or their representatives are consulted and their views are taken into account.

The Company's parent undertaking, Pertemps Network Group Limited, operates a number of share incentive plans. All eligible employees are invited to join a scheme. The schemes are designed to incentivise employees.

THIRD PARTY INDEMNITY PROVISIONS FOR DIRECTORS

The Company maintains qualifying third party indemnity insurance for all directors. These insurances were in force throughout the year and remain in force at the date of this report.

DISCLOSURE OF INFORMATION TO THE AUDITOR

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

APPOINTMENT OF AUDITOR

The auditors, CLA Evelyn Partners Limited, were appointed and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

APPROVAL

This report was approved by the Board on 30 September 2022 and signed on its behalf by



P T Davis
Director

Network Group Holdings Limited

DIRECTORS' RESPONSIBILITY STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 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 apply them consistently;
- make judgements 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NETWORK GROUP HOLDINGS LIMITED

Opinion

We have audited the financial statements of Network Group Holdings Limited (the 'Company') for the year ended 31 December 2021, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 31 December 2021 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NETWORK GROUP HOLDINGS LIMITED (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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; and
- 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, set out on page 5, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NETWORK GROUP HOLDINGS LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

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

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

We obtain an understanding of the Company's legal and regulatory framework through enquiry of management concerning their understanding of relevant laws and regulations and of the Company's policies and procedures regarding compliance. We also drew on our existing understanding of the Company's industry and regulation.

We understand that the Company comply with the framework through:

- Updating operating procedures, manuals and internal controls as legal and regulatory requirements change;
- The Directors' close involvement in the day-to-day running of the business, meaning that any litigation or claims would come to their attention directly.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements and which are central to the Company's ability to conduct its business and where failure to comply could result in material penalties. We identified the following laws and regulations as being of significance in the context of the Company:

- The Companies Act 2006 and FRS102 in respect of the preparation and presentation of the financial statements

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations identified above:

- We enquired with the Company's management as to the existence of litigation and no material items were identified;
- We obtained written management representations regarding disclosure of any non-compliance with laws and regulations; and
- We reviewed board minutes of the Company to identify if there were any litigation or claims being discussed that had not been disclosed to us by management.

The senior statutory auditor led a discussion with members of the engagement team regarding the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur.

The areas identified in this discussion were:

- Manipulation of the financial statements; and
- Revenue recognition

The procedures that we carried out in order to gain evidence in the above area included:

- Testing of journal entries, including review and enquiry of the components auditors as to audit procedures undertaken with respect to the testing of journal entries:
- Review of revenue recognition


The senior statutory auditor was satisfied that the engagement team collectively had the appropriate competence and capabilities to identify or recognise irregularities.

A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NETWORK GROUP HOLDINGS LIMITED (CONTINUED)

Use of the audit report

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



.....
Avinash Heeralall (Senior Statutory Auditor)
For and on behalf of CLA Evelyn Partners Limited
Chartered Accountants and Statutory Auditor

45 Gresham Street
London
EC2V 7BG

29 September 2022

Network Group Holdings Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2021

	<i>2021</i> <i>£000</i>	<i>2020</i> <i>£000</i>
Dividends receivable	58	488
Loss on disposal of subsidiary undertakings	(633)	(184)
(LOSS)/PROFIT BEFORE AND AFTER TAX	<u><u>(575)</u></u>	<u><u>304</u></u>

Network Group Holdings Limited

BALANCE SHEET
at 31 December 2021

Registered No: 06281278

	Notes	2021 £000	2020 £000
FIXED ASSETS			
Investments – subsidiary undertakings	4	2,837	3,411
CURRENT ASSETS			
Debtors	5	5,032	4,974
CREDITORS: amounts falling due within one year			
Corporation tax		(61)	(61)
NET CURRENT ASSETS		4,971	4,913
NET ASSETS		7,808	8,324
EQUITY			
Share capital	6	75	75
Share capital redemption reserve	6	40	40
Share premium	6	1,582	1,582
Special reserve	6	300	300
Capital contribution reserve	6	466	407
Retained earnings	6	5,345	5,920
TOTAL EQUITY		7,808	8,324

The financial statements were approved by the Board of Directors and authorised for issue on 30 September 2022. They were signed on its behalf by :



P T Davis
Director

Network Group Holdings Limited

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2021

	Share capital £000	Share redemption reserve £000	Share premium £000	Special reserve £000	Capital contribution reserve £000	Retained earnings £000	Total equity £000
At 1 January 2020	75	40	1,582	300	345	5,616	7,958
Total comprehensive income	-	-	-	-	-	304	304
Share-based payment costs	-	-	-	-	62	-	62
At 31 December 2020	75	40	1,582	300	407	5,920	8,324
Total comprehensive income	-	-	-	-	-	(575)	(575)
Share-based payment costs	-	-	-	-	59	-	59
At 31 December 2021	75	40	1,582	300	466	5,345	7,808

Network Group Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2021

1. GENERAL INFORMATION

Network Group Holdings Limited is a company incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on page 1.

The nature of the Company's operations and its principal activities are set out in the Directors' Report.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention basis with the exception of certain financial instruments which are measured at fair value and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Functional and presentational currency

The financial statements are presented in Pounds Sterling. The Company has a functional currency of Pounds Sterling as this is the currency of the primary economic environment in which the Company operates.

Group accounts not prepared

Consolidated group financial statements are not prepared as the Company is a subsidiary of Pertemps Network Group Limited, a company incorporated in England and Wales. The ultimate parent undertaking and controlling party at the balance sheet date was Pertemps Network Group Limited, a company incorporated in England and Wales. The largest and smallest group of which the Company is a member and for which group accounts are prepared is Pertemps Network Group Limited. Copies of these accounts are available from the Registered Office as set out on page 1.

Summary of disclosure exemptions

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23.

This information is included in the consolidated financial statements of Pertemps Network Group Limited as at 31 December 2021 and these financial statements may be obtained from the Registered Office.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Going concern

The Company meets its day to day working capital requirements by utilising the credit facilities of itself and of the members of the wider group. The group is currently, and is forecasting to continue, operating well within its current facility levels.

The group's bankers have confirmed that they will continue to provide the existing facilities with a periodic review to be undertaken on at least an annual basis. Consequently, the Directors have a reasonable expectation that the Company will have sufficient finance for the foreseeable future and as such continue to adopt the going concern basis of preparation for the financial statements.

The Directors have also received an undertaking from its parent company that sufficient finance will be available, to meet its obligations as they fall due in line with the Company's business plan for a period of not less than 12 months from the date of signature of these financial statements. Therefore, the Directors continue to adopt the going concern basis of preparation for the financial statements.

Investment in subsidiary undertakings

Investments in subsidiaries are shown at cost less provision for impairment.

Revenue recognition

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Employee Share Schemes and Share-Based Payment Costs

The group of which the Company is a subsidiary operates a number of Employee Share Schemes.

The Company's parent undertaking, Pertemps Network Group Limited, operates a Company Share Option Plan through an Employee Benefit Trust.

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed (in other companies in the group) on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest.

Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. No payment is made for group relief surrendered.

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

Timing differences are differences between the taxable profits and the results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial Assets

Investments are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets, comprising trade receivables, other receivables and amounts due from related undertakings, are recognised in the statement of financial position when, and only when, the company becomes a party to the contractual provisions of the instrument.

Financial assets are initially recognised at fair value plus directly attributable transaction costs.

After initial recognition, financial assets at amortised cost are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

If there is objective evidence that there is an impairment loss on financial assets at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account.

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

Network Group Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Assets (continued)

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

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts and similar short term financing facilities. Bank overdrafts and similar short term financing facilities are shown within borrowings in current liabilities in the statement of financial position.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the fair value on initial recognition net of transaction costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities at 'fair value through profit or loss' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest basis is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis to the profit and loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2021

2. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Critical accounting judgements and key sources of estimation uncertainty.

In applying the Company's accounting policies, the directors are required to make judgements and estimations in determining the carrying amounts of assets and liabilities. The directors' judgements and estimations are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements and estimations, the actual results and outcomes may differ.

Critical judgements in applying the Company's accounting policies

The Directors have not made any material judgements or estimations in the process of applying the Company's accounting policies.

3. **REVENUE**

The principal activity of the Company is a holding company for investments in recruitment businesses.

Network Group Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2021

4. INVESTMENTS

	<i>Subsidiary undertakings £000</i>
Cost and carrying amount	
At 1 January 2020	3,533
Share-based payments costs	62
Disposals	(184)
	<hr/>
At 31 December 2020	3,411
Share-based payments costs	59
Disposals	(633)
	<hr/>
At 31 December 2021	<u>2,837</u>

DETAILS OF SUBSIDIARY UNDERTAKINGS

A list of the subsidiary undertakings, including the name, country of incorporation and proportion of ownership interest is as follows.

Subsidiary undertakings

All holdings are of ordinary shares.

<i>Name of company</i>		<i>Holding at 31 December 2021</i>	<i>Nature of business at 31 December 2021</i>
Apex Medical Locums Limited	Φ	73%	Recruitment
Aviation Payroll Limited	α	75%	Dormant
Aviation Recruitment Network Limited	α	75%	Recruitment
Avoca Managed Services Limited	κ	88%	Dormant
Cactus Search Limited	λ	89%	Recruitment
Carter Ford Limited	Θ	91%	Dormant
Click Recruitment Limited	α	75%	Recruitment
Click Recruitment (Sco) Limited	ν	75%	Recruitment
C.N.A ES Limited	ω	100%	Recruitment
C.N.A International Limited	α	100%	Dormant
C.N.A International (Franchising and Training) Limited	ω	51%	Dormant
Connect Group Consulting Limited	ρ	100%	Dormant
Consultancy Network Associates Limited	ω	100%	Dormant
Education Network Limited	α	51%	Recruitment
Elite Consultancy Network Limited	δ	65%	Dormant
Empire Medical Locums Limited	κ	88%	Recruitment
Ensco 766 Limited	λ	100%	Dormant
Equinox Professional Consultancy	Θ	100%	Recruitment
ES Selection Limited	α	75%	Dormant
Executive Network Group Limited	α	65%	Recruitment
FM Property Network Limited	α	100%	Dormant

Network Group Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2021

4. DETAILS OF SUBSIDIARY UNDERTAKINGS (CONTINUED)

<i>Name of company</i>		<i>Holding at 31 December 2021</i>	<i>Nature of business at 31 December 2021</i>
Fresh Medical Group Limited	α	73%	Dormant
Fresh Recruitment Limited	Φ	73%	Recruitment
Health People Group Limited	κ	88%	Recruitment
Hourglass Education Recruitment Limited	P	91%	Recruitment
HSE Recruitment Network Limited	δ	49%	Dormant
Human Cloud Limited	ξ	51%	Dormant
Makoto ERP Recruitment Limited	φ	75%	Dormant
MPS Healthcare Limited	ξ	75%	Recruitment
Network Construction London Limited	ε	100%	Dormant
Network Construction Services Limited	α	100%	Recruitment
Network ERP & IT (EMEA) Limited	α	75%	Recruitment
Network Healthcare Limited	η	76%	Dormant
Network Healthcare LD Limited	η	76%	Recruitment
Network Healthcare Professionals Limited	λ	76%	Recruitment
Network Healthcare Professionals (Swindon) Limited	α	75%	Dormant
Network HR Recruitment Limited	δ	65%	Dormant
Network IT Recruitment Limited	λ	56%	Recruitment
Network Live In Care Limited	η	76%	Recruitment
Network Managed Services Limited	γ	93%	Dormant
Network Medical Group Limited	α	100%	Dormant
Network Nursing Solutions Limited	η	76%	Recruitment
Network Public Sector Limited	α	51%	Recruitment
Network Recruitment Wales Limited	α	100%	Dormant
Network RGB Limited	λ	80%	Recruitment
Network Sales & Marketing (Manchester) Limited	α	100%	Dormant
Network Ventures Limited		100%	Recruitment
NGH (Trustees) Limited		100%	Employee Benefit Trust
NGI Consulting Limited	δ	65%	Dormant
Novate Staffing Limited	α	100%	Dormant
Nurture People Limited	α	100%	Dormant
Paradigm Professional Consultancy Limited	α	100%	Recruitment
Paragon Network Limited	α	75%	Recruitment
Pertemps Education Network Limited	⊙	100%	Dormant
Pertemps Medical Group Limited	α	88%	Dormant
Pertemps Medical Limited	κ	88%	Recruitment
Pertemps Medical Partnership Limited	φ	96%	Dormant
Pertemps Medical Professionals Limited	θ	74%	Recruitment
Pertemps Network Catering Limited	α	100%	Recruitment
Pertemps Network Medical Limited	κ	88%	Recruitment
Pertemps Professional Recruitment Limited	α	100%	Recruitment
Pertemps Staffbank Limited	κ	88%	Dormant
Procurement People Recruitment Limited	γ	93%	Dormant
Red Recruitment to Recruitment Limited	δ	65%	Dormant
Restgarth Care Limited	η	76%	Recruitment
RGB Recruitment Limited	α	85%	Recruitment

Network Group Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2021

4. DETAILS OF SUBSIDIARY UNDERTAKINGS (CONTINUED)

<i>Name of company</i>		<i>Holding at 31 December 2021</i>	<i>Nature of business at 31 December 2021</i>
SET Education Recruitment Limited	Λ	75%	Recruitment
Sheridan Maine (Midlands) Limited	α	100%	Recruitment
Sheridan Maine Recruitment Limited	ψ	51%	Recruitment
Sheridan Maine (South East) Limited	α	51%	Recruitment
Sheridan Maine (SW) Limited	ο	51%	Dormant
SSR Contract & Technical Limited	α	51%	Recruitment
SSR General & Management Limited	α	51%	Recruitment
Talent Match Limited	α	75%	Dormant
Technical Network Recruitment Limited	λ	93%	Recruitment
T.E.N (The Education Network – Employment Services) Limited	α	100%	Recruitment
The Book Recruitment Limited	α	100%	Dormant
The Education Network (Birmingham) Limited	η	56%	Recruitment
The Education Network (Midlands) Limited	α	100%	Dormant
The IT Recruitment Network Limited	μ	56%	Dormant
The People Network Limited	α	96%	Recruitment
Topcare (UK) Limited	η	76%	Dormant
Trinity IT Consulting Limited	α	63%	Recruitment
Vox Network Consultancy Limited	α	100%	Recruitment

All of the above companies have a registered office of Meriden Hall, Main Road, Meriden, Warwickshire, CV7 7PT with the exception of Health People Group Limited which is registered at 5 Deansway, Worcester, WR1 2JG and Network Recruitment Wales Limited which is registered at Unit 1 & 2 Magden Park Llantrisant, Rhondda Cynon Taf, Pontyclun, Glamorgan, United Kingdom, CF72 8XT.

All companies are incorporated in England and Wales. All of the above companies have been included in the consolidated financial statements.

Network Group Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2021

4. DETAILS OF SUBSIDIARY UNDERTAKINGS (CONTINUED)

All investments were held directly by Network Group Holdings Limited with the exception of:

- α Held by Network Ventures Limited
- λ Held by a combination of Network Ventures Limited and Network Group Holdings Limited
- δ Held by Executive Network Group Limited
- ε Held by Network Construction Services Limited
- φ Held by a combination of Network Ventures Limited and Network Healthcare Professionals Limited
- γ Held by Technical Network Recruitment Limited
- η Held by Network Healthcare Professionals Limited
- μ Held by Network IT Recruitment Limited
- ψ Held by Sheridan Maine (South East) Limited
- ρ Held by Nurture People Limited
- κ Held by Pertemps Medical Group Limited
- ω Held by C.N.A International Limited
- ξ Held by C.N.A ES Limited
- θ Held by Network Medical Group Limited
- φ Held by Network ERP & IT (EMEA) Limited
- ν Held by Click Recruitment Limited
- © Held by Pertemps Professional Recruitment Limited
- P Held by Carter Ford Limited
- Φ Held by Fresh Medical Group Limited
- Λ Held by MPS Healthcare Limited
- ο Held by Sheridan Maine Recruitment Limited

Network Group Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2021

5. DEBTORS

	2021 £000	2020 £000
Amounts owed by parent undertaking	1,087	435
Amounts owed by subsidiary undertakings	3,945	4,539
	<u>5,032</u>	<u>4,974</u>

6. EQUITY

Share capital

	2021 £000	2020 £000
Authorised: 150,000,000 ordinary 0.1p shares	150	150
Issued and fully paid: 75,283,446 ordinary 0.1p shares	75	75

Share capital redemption reserve

In accordance with UK legislation where share capital was repurchased and cancelled a transfer was required to the share capital redemption reserve.

Share premium

The excess of the nominal value of ordinary shares received upon the issue of a new share is classified as share premium

Special reserve

As part of a share premium account reduction in a prior year a special reserve was required to be created representing the amount due to creditors who had not consented to the reduction in share premium.

Capital contribution reserve

The capital contribution reserve represents the cumulative charge on outstanding share options. Once the options have been exercised or lapsed, this reserve is transferred into retained earnings.

Retained earnings

Retained earnings are the cumulative profits recognised by the Company.

Network Group Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2021

7. CONTINGENT LIABILITIES

The Company is party to cross-guarantees associated with part of the wider Group's banking facilities. At 31 December 2021 the amount of borrowings under the guarantee was £96,300,000 (2020: £65,292,000).

The Company has provided guarantees in respect of contracts with customers of its subsidiaries and leases for certain premises occupied by the Company's subsidiaries. The Directors do not believe it is possible to quantify any potential contingent liability in respect of these.

8. RELATED PARTY TRANSACTIONS

	2021 £000	2020 £000
Amounts due from Pertemps Network Group Limited	1,087	435
Amounts due from subsidiaries of the Company	3,945	4,539

During the year, the Company received dividends from its subsidiaries amounting to £58,000 (2020: £488,000).

9. ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking at the balance sheet date was Pertemps Network Group Limited, a company incorporated in England and Wales. This is the ultimate parent undertaking and controlling party at the balance sheet date and is also the largest and smallest group of which the Company is a member and for which group accounts are prepared. Copies of these accounts are available from the Registered Office as set out on page 1.