

# **FiveTen Group Holdings Limited**

Directors' report and consolidated financial statements  
for the year ended 31 December 2016

Registered number: 06314296

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# Strategic Report

## for the year ended 31 December 2016

The Directors present their strategic report on the Group for the year ended 31 December 2016.

### Principal activities

The principal activity of FiveTen Group Holdings Limited ('the Company') is that of a holding company.

The Company has managed its investments, which have continued their principal activities of providing specialist recruitment services into the accounting and finance, banking and legal sectors.

### Business review

During the year, the Company and its subsidiaries ('the Group') provided specialist recruitment services from operations in the UK, Ireland, Continental Europe, Russia, Kazakhstan, the Middle East, and the USA. The Group's consolidated operating profit before goodwill amortisation, exceptional items and share based payments has decreased compared to prior year as detailed below. Exceptional costs as reflected in the financial statements were incurred in relation to cost saving measures.

Gross profit (net fee income) was £24.9 million for the year compared to £34.1 million for the year ended 31 December 2015, a decrease of 27%. The Group generated an operating loss before goodwill amortisation, exceptional items and share based payment credit of £2.2 million (2015: £1.1 million profit) and reported a loss on ordinary activities before taxation of £17.2 million compared to a loss on ordinary activities before taxation of £10.8 million in the prior year. At 31 December 2016, the net liabilities of the Group were £125 million (2015: £110 million).

On 2 November 2016 the Group successfully completed the sale of its Greythorn North American operations. On 14 June 2017, the business completed the sale of its 100% owned Russian subsidiary CJSC FiveTen Antal to Antal International. The sale of these overseas operations allows the Group to have greater focus on the core brands operating in the UK, Ireland and Continental Europe.

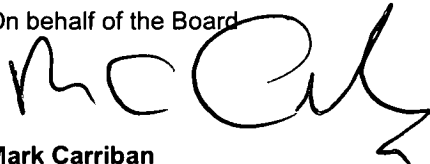
### Principal risks and uncertainties

The principal risks to the Group's performance are increasing competition leading to pressure on margins, the resignation of established consultants who generate fees from clients through placing candidates, the lower productivity of new consultants hired to grow the business, the impact of lower demand for recruitment services arising from country-specific economic weakness and from economic cyclicality and, in such circumstances, ongoing compliance with the Group's financial covenants. Risks include that the Group's bank may decide to reduce or withdraw ancillary facilities including overdraft and invoice discounting facilities following the required notice period. The Directors closely monitor trends in KPIs such as performance versus budget and fee earner productivity, and are continuing to take appropriate actions in response to changing market conditions. The support of both the Group's bank and lead investor has provided the Group with the resources to continue to develop the Group's strategy.

The Group's bank borrowing facilities are described in note 18 to the financial statements.

Management actively monitors the Group's profitability, cash flows, debt and covenants for compliance with the bank facilities agreement. Management also monitors on a weekly basis cash flow forecasts and undertakes a review of updated monthly profit and cash flow forecasts. These procedures enable Management to identify in advance any concerns relating to covenant compliance and to take remedial action, if necessary.

On behalf of the Board



**Mark Carriban**  
Director

322 High Holborn  
London, WC1V 7PB  
30 June 2017

# Directors' Report

## for the year ended 31 December 2016

The Directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2016.

### Likely future developments

On 14 June 2017, the Group successfully completed the sale of its Russian & Kazakhstan operations. This is in line with the Group's strategy and allows greater focus on the core brands operating in the UK, Ireland and Continental Europe. The Directors will continue to review the existing operations and may undertake selective restructuring to optimise performance and meet the Group's strategy. The Group will continue to invest in its people, hire more recruitment consultants where judged appropriate as opportunities arise, strengthen the quality of its offering, improve the effectiveness of its processes and systems and build on the strengths of the various brands.

### Overseas branches

The Group operates branches in Ireland, France, the Netherlands, Switzerland and Dubai.

### Going concern

The Directors have made an assessment and satisfied themselves of the Group's ability to continue as a going concern. The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least twelve months from the date of this report. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The key elements of this assessment were that, based upon the Group's forecasts, the Group was capable of passing the covenant tests under its asset based facilities agreement, and its bank facilities provide sufficient liquidity. Any financial forecast includes a degree of inherent uncertainty and the United Kingdom's decision to withdraw from the EU has increased the level of inherent uncertainty attached to the Group's financial forecasts.

### Dividends

The Directors do not recommend the payment of a dividend (2015: nil).

### Political contributions

There were no political contributions made in the year (2015: nil).

### Research and development activities

The Group has no research and development activities.

### Directors

The Directors who held office during the year and up to the date of signing the financial statements were as follows:

Nicholas Armstrong	
Mark Carriban	
Robert Ellis	
Chris Herrmannsen	
Michael Joyce	(appointed 04/01/16)
Edmund Lazarus	
Olivier Morali	(resigned 25/05/16)

### Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

# Directors' Report

for the year ended 31 December 2016 continued

## Employee information

### *Engagement and communication*

The success of the Group is directly linked to our employees. We aim to maintain teams of high-performing, engaged and motivated people who can help make the Group a continuing success.

Developing strong leaders and keeping people informed about what is happening is an important part of how our businesses are managed. The quality of our current and future leadership is vital to our continued growth and we aim to ensure leaders at all levels understand what is expected of them and have appropriate development opportunities.

We use a range of employee communication channels, including strategy presentations, leadership briefings and bulletins, a global intranet, team meetings, and internal newsletters. We encourage open communication across the Group and two-way feedback mechanisms exist to solicit ideas and suggestions for improvement.

Our culture supports our people to succeed and be fulfilled. We always encourage teamwork. We hold regular team building and recognition activities, including our prestigious High Flyers awards for outstanding performers.

### *Disability & diversity*

The Group is committed to being an equal opportunities employer. We recognise the benefits and value of understanding individuals' differences and we aim to have a diverse workforce that reflects the communities where we operate. As a professional employer within the service industry, the Group takes its responsibilities towards disabled employees and potential employees seriously and positively. Our objective is to reduce discrimination and promote equality and our Diversity policies, as part of our equal opportunities framework, ensures that our approach to recruitment, employment, training and promotion is inclusive, legally compliant and fair based on job related criteria such as aptitude and skills.

## Financial instruments

The Group's operations expose it to a number of financial risks: liquidity risk, interest rate risk and credit risk. The Group's overall risk management programme seeks to ensure sufficient liquidity is available to meet its foreseeable needs and to invest cash assets safely and profitably.

Policies to manage the risks associated with the Group's financial instruments have been further developed; however, given the continuing evolution of the Group, these policies are subject to ongoing review and development.

### *Liquidity risk*

The Group actively forecasts, manages and reports upon its working capital requirements on a regular basis to ensure that it has sufficient funds for its operations.

Please refer to the strategic report for further details.

### *Interest rate risk*

The Group is exposed to interest rate risk in respect of its asset based facilities agreement with ABN AMRO. See note 18 for further details.

The Group seeks to minimise finance charges on overdraft and loan balances via the monitoring of cash balances across the Group.

### *Credit risk*

The Group seeks to operate such that it is not exposed to significant credit risk from its customer base. In the event that customer concentration causes credit risk above desired levels, credit insurance is investigated and quotations sought, with decisions to take out credit insurance taken on a case by case basis.

# Directors' Report

for the year ended 31 December 2016 continued

Group funding under the asset based lending facility has been provided by one bank. The Board assessed the credit rating of this lender prior to entering into the facility and deemed the credit rating to be acceptable.

All institutions utilised by the Group require the advance approval of the Board.

## Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the group and parent company financial statements (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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group and 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" has been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Statement of disclosure of information to Auditors

The Directors of the Group have, individually, considered their responsibilities to provide information to the Group's auditors and, in so far as each of them is aware, there is no relevant audit information of which the Group's auditors are unaware and each Director has taken all the steps that he ought to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

## Post balance sheet event

On 14 June 2017, the business completed the sale of its 100% owned Russian subsidiary CJSC FiveTen Antal to Antal International.

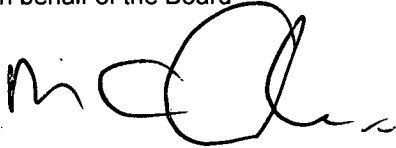
# Directors' Report

for the year ended 31 December 2016 continued

## Independent Auditors

The auditor, PricewaterhouseCoopers LLP will continue in office in accordance with Section 487(2) of the Companies Act 2006.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'm. Carriban', with a large, stylized loop in the middle.

**Mark Carriban**  
Director

322 High Holborn  
London, WC1V 7PB  
30 June 2017

# **Independent Auditors' Report**

to the members of FiveTen Group Holdings Limited

## **Report on the financial statements**

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### **Our opinion**

In our opinion, FiveTen Group Holdings Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2016 and of the group's loss and cash flows 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.
- 

### **What we have audited**

The financial statements, included within the Directors' report and consolidated financial statements (the "Annual Report"), comprise:

- the Consolidated and Company Balance Sheets as at 31 December 2016;
- the Consolidated Profit and Loss Account and the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated Statement of Cash Flows for the year then ended;
- the Consolidated and Company Statements of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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## **Opinion on other matter prescribed by the Companies Act 2006**

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

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

In addition, in light of the knowledge and understanding of the group, the company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

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## **Other matters on which we are required to report by exception**

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### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or



# Independent Auditors' Report

## to the members of FiveTen Group Holdings Limited continued

- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

### Responsibilities for the financial statements and the audit

As explained more fully in the Statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Richard Porter (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
30 June 2017

# Consolidated Profit and Loss Account

for the year ended 31 December 2016

	Note	2016 - £'000			2015 - £'000 (Restated*)		
		Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Turnover	5	52,279	11,973	64,252	56,255	45,494	101,749
Cost of sales		(31,026)	(8,350)	(39,376)	(30,725)	(36,943)	(67,668)
Gross profit		21,253	3,623	24,876	25,530	8,551	34,081
Administrative expenses excluding amortisation, exceptional items and disposal of operations		(23,339)	(3,769)	(27,108)	(25,306)	(7,667)	(32,973)
Group operating profit / (loss) before amortisation, exceptional items and disposal of operations		(2,086)	(146)	(2,232)	224	884	1,108
Goodwill and other intangibles amortisation		(2,962)	-	(2,962)	(3,303)	(420)	(3,723)
Exceptional administrative expenses	7	(780)	(379)	(1,159)	(1,633)	8	(1,625)
Profit on disposal of operations	25	-	1,386	1,386	-	4,762	4,762
Profit / (loss) on ordinary activities before interest and taxation		(5,828)	861	(4,967)	(4,712)	5,234	522
Interest receivable and similar income	6	1	9	10	1	8	9
Interest payable and similar charges	6	(12,124)	(153)	(12,277)	(10,878)	(443)	(11,321)
Loss on ordinary activities before taxation		(17,951)	717	(17,234)	(15,589)	4,799	(10,790)
Tax on loss on ordinary activities	10	(218)	40	(178)	(399)	(171)	(570)
Loss for the financial year	21	(18,169)	757	(17,412)	(15,988)	4,628	(11,360)

\*Restated to classify Greythorn North America operations as discontinued operations (note 25). This also includes the Australian and Singaporean operations which discontinued in 2015.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company profit and loss account. The loss for the Company for the year was £52,251 (2015 profit: £15,335).

There are no material differences between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalents.

# Consolidated Statement of Comprehensive Income

for the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Loss for the financial year		(17,412)	(11,360)
<b>Other comprehensive income / (expense):</b>			
Currency translation differences	21	2,162	(564)
<b>Other comprehensive income / (expense) for the year, net of tax</b>		<b>2,162</b>	<b>(564)</b>
<b>Total comprehensive expense for the year</b>		<b>(15,250)</b>	<b>(11,924)</b>

# Consolidated and Company Balance Sheets

as at 31 December 2016

	Note	Group		Company	
		2016 £'000	2015 £'000	2016 £'000	2015 £'000
<b>Fixed assets</b>					
Intangible assets	11	2,822	5,445	-	-
Tangible assets	12	238	408	-	-
Investments	13	-	-	631	631
		<b>3,060</b>	<b>5,853</b>	<b>631</b>	<b>631</b>
<b>Current assets</b>					
Debtors	14	9,562	11,822	25	12
Cash at bank and in hand		792	1,686	-	3
		<b>10,354</b>	<b>13,508</b>	<b>25</b>	<b>15</b>
<b>Creditors - amounts falling due within one year</b>	15	<b>(9,457)</b>	<b>(12,023)</b>	<b>(699)</b>	<b>(637)</b>
<b>Net current assets / (liabilities)</b>		<b>897</b>	<b>1,485</b>	<b>(674)</b>	<b>(622)</b>
<b>Total assets less current liabilities</b>		<b>3,957</b>	<b>7,338</b>	<b>(43)</b>	<b>9</b>
<b>Creditors - amounts falling due after more than one year</b>	16	<b>(129,017)</b>	<b>(117,270)</b>	<b>-</b>	<b>-</b>
Provisions for liabilities	17	(198)	(76)	-	-
<b>Net (liabilities) / assets</b>		<b>(125,258)</b>	<b>(110,008)</b>	<b>(43)</b>	<b>9</b>
<b>Capital and reserves</b>					
Called-up share capital	20	239	239	239	239
Treasury reserve	21	(48)	(48)	(48)	(48)
Share based payment reserve	21	201	279	-	-
Other reserves	21	2,722	2,722	-	-
Retained earnings	21	(128,372)	(113,200)	(234)	(182)
<b>Total Equity</b>		<b>(125,258)</b>	<b>(110,008)</b>	<b>(43)</b>	<b>9</b>

The notes on pages 14 to 38 are an integral part of these financial statements.

The financial statements on pages 8 to 38 were authorised for issue by the Board of Directors on 30 June 2017 and were signed on its behalf by:

  
Michael Joyce  
Director

# Consolidated and Company Statements of Changes in Equity

for the year ended 31 December 2016

£'000	Note	Group					Total Equity
		Called-up share capital	Treasury reserve	Share based payment reserve	Other reserves	Retained earnings	
Balance as at 1 January 2015		239	(48)	495	2,722	(101,492)	(98,084)
Loss for the year		-	-	-	-	(11,360)	(11,360)
Other comprehensive expense for the year		-	-	-	-	(564)	(564)
Total comprehensive expense for the year		-	-	-	-	(11,924)	(11,924)
Share based payments		-	-	(216)	-	216	-
Total transactions with owners, recognised directly in equity		-	-	(216)	-	216	-
Balance as at 31 December 2015		239	(48)	279	2,722	(113,200)	(110,008)
Balance as at 1 January 2016		239	(48)	279	2,722	(113,200)	(110,008)
Loss for the year		-	-	-	-	(17,412)	(17,412)
Other comprehensive income for the year		-	-	-	-	2,162	2,162
Total comprehensive expense for the year		-	-	-	-	(15,250)	(15,250)
Share based payments		-	-	(78)	-	78	-
Total transactions with owners, recognised directly in equity		-	-	(78)	-	78	-
Balance as at 31 December 2016		239	(48)	201	2,722	(128,372)	(125,258)

# Consolidated and Company Statements of Changes in Equity

for the year ended 31 December 2016 continued

£'000	Note	Company				Total Equity
		Called-up share capital	Treasury reserve	Share based payment reserve	Retained earnings	
Balance as at 1 January 2015		239	(48)	94	(165)	120
Loss for the year		-	-	-	(15)	(15)
Other comprehensive expense for the year		-	-	-	(2)	(2)
Total comprehensive expense for the year		-	-	-	(17)	(17)
Share based payments		-	-	(94)		(94)
Total transactions with owners, recognised directly in equity		-	-	(94)	-	(94)
Balance as at 31 December 2015		239	(48)	-	(182)	9
<hr/>						
Balance as at 1 January 2016		239	(48)	-	(182)	9
Loss for the year		-	-	-	(52)	(52)
Other comprehensive expense for the year		-	-	-	-	-
Total comprehensive expense for the year		-	-	-	(52)	(52)
Share based payments		-	-	-		-
Total transactions with owners, recognised directly in equity		-	-	-	-	-
Balance as at 31 December 2016		239	(48)	-	(234)	(43)

# Consolidated Statement of Cash Flows

for the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
<b>Cash flows from operating activities</b>			
Cash (used in) / generated from operations	22	989	(343)
Income taxes paid		94	(700)
<b>Net cash used in operating activities</b>		<b>1,083</b>	<b>(1,043)</b>
<b>Cash flow from investing activities</b>			
Disposal of subsidiary (net of cash disposed)		1,299	12,303
Purchase of tangible and intangible assets		(505)	(258)
Interest received		-	9
<b>Net cash generated from/(used in) investing activities</b>		<b>794</b>	<b>12,054</b>
<b>Cash flow from financing activities</b>			
Interest paid		(402)	(997)
Repayment of borrowings		(1,002)	(8,526)
		<b>(1,404)</b>	<b>(9,523)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>473</b>	<b>1,488</b>
Cash and cash equivalents at the beginning of the year	23	(3,736)	(5,172)
Exchange losses on cash and cash equivalents	23	203	(52)
<b>Cash and cash equivalents at the end of the year</b>	<b>23</b>	<b>(3,060)</b>	<b>(3,736)</b>
<b>Cash and cash equivalents consist of:</b>			
Cash at bank and in hand	23	792	1,686
Bank overdraft and Invoice discount financing	23	(3,852)	(5,422)
<b>Cash and cash equivalents</b>	<b>23</b>	<b>(3,060)</b>	<b>(3,736)</b>

# Notes to the Financial Statements

## for the year ended 31 December 2016

### 1. General information

FiveTen Group Holdings Limited ('the Company') and its subsidiaries (together "the Group") provides specialist recruitment services into the accounting and finance, banking, marketing and legal sectors, in the UK, Ireland, Continental Europe, Russia, Kazakhstan, the Middle East, the USA, Brazil and India.

The Company is a private company limited by shares and is incorporated in England. The address of its registered office is 322 High Holborn, London, WC1V 7PB.

### 2. Statement of compliance

These financial statements 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.

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.

### 3. Statement of significant accounting policies

#### Basis of preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention.

#### Basis of Consolidation

The financial statements include the results of FiveTen Group Holdings Limited ('the Company') and its subsidiary undertakings for the year ended 31 December 2016.

On 27 July 2007 a capital reorganisation resulted in the Company acquiring the entire A and B ordinary share capital of FiveTen Group Limited. This capital reorganisation was accounted for using merger accounting principles.

All other subsidiaries have been accounted for under the acquisition method of accounting. Under this method, the results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

All significant intra-Group transactions have been eliminated on consolidation. Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. The loss for the financial year dealt with in the financial statements of the Company was £52,251 (2015 profit: £15,335).

#### Audit exemption

Under section 479A of the Companies Act 2006, the following subsidiaries were exempt from the requirements of being audited for the year ended 31 December 2016:

- FiveTen Group Limited
- FiveTen Group Finance Limited
- FiveTen Acquisition Limited
- Greythorn Holdings Limited
- Greythorn Limited
- Marks Sattin (UK) Limited
- Laurence Simons International (Holdings) Limited
- Laurence Simons International Group Limited
- Laurence Simons International Recruitment Limited
- EMR Search & Selection Limited

#### Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of an exemption 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.



# Notes to the Financial Statements

## for the year ended 31 December 2016 continued

### 3. Statement of significant accounting policies *continued*

#### Going concern

The financial statements have been prepared on a going concern basis.

The Group's business activities, together with the factors likely to affect its future development, performance and prospects are set out more fully in the review of the business on page 1.

The Group has a £9.5m asset based facilities agreement with ABN AMRO until September 2018. Terms of this agreement include a guarantee and fixed and floating charge over the assets of certain members of the FiveTen Group and financial covenants including an interest cover covenant and tangible net worth covenant but these are only tested in the event that headroom under the ABN AMRO facilities agreement falls below a specified level.

The Directors have made an assessment and satisfied themselves of the Group's ability to continue as a going concern. The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least twelve months from the date of this report. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The key elements of this assessment were that, based upon the Group's forecasts, the Group was capable of passing the covenant tests under its new asset based facilities agreement, and its bank facilities provide sufficient liquidity. Any financial forecast includes a degree of inherent uncertainty and the United Kingdom's decision to withdraw from the EU has increased the level of inherent uncertainty attached to the Group's financial forecasts.

#### Revenue recognition

Revenue is measured at fair value of the consideration received or receivable and represents the amount receivable for services rendered (representing contract revenue and permanent placement fees), net of returns, discounts and rebates allowed by the Group and value added taxes.

Contract revenue is recognised based on the number of contractor hours worked multiplied by the agreed hourly rate. Revenue not invoiced by the end of the period is accrued within debtors.

Fees for permanent placements are agreed in advanced with the customer, with revenue being recognised when the offer from the customer is accepted by candidate, and is net of back-out provisions where applicable.

#### Exceptional items

Items of income and expense that are material by size and/or nature and are non-recurring are classified as exceptional items in the consolidated profit and loss account within their relevant category. The separate reporting of these items together with goodwill amortisation and share-based payment credit/(expense) helps give an indication of the Group's underlying performance.

#### Goodwill

Purchased goodwill (representing the excess of fair value of the consideration given and associated costs over the separable net assets) arising on consolidation is capitalised and amortised to nil in equal annual instalments over its estimated useful life of 10 years. On subsequent disposal or termination of a business, the profit or loss on disposal or termination is calculated after charging the unamortised amount of any related goodwill. In the Company's financial statements, investments in subsidiary undertakings are stated at nominal value or cost of shares issued.

#### Tangible fixed assets and depreciation

The cost of tangible fixed assets is their purchase cost, together with any costs of acquisition. Depreciation is provided on a straight line basis to write off the cost less estimated residual value of tangible fixed assets in equal instalments over their estimated useful lives using the following annual rates:

Leasehold improvements – the shorter of the period of the lease or 10 years  
Office equipment – 20%  
Fixtures and fittings – 20%  
Motor vehicles – 25%

# Notes to the Financial Statements

## for the year ended 31 December 2016 continued

### 3. Statement of significant accounting policies *continued*

#### Intangible fixed assets and amortisation

Intangible fixed assets are recognised where they are identifiable, non-monetary assets without physical substance, it is probable future economic benefits attributable to the assets will flow, and the cost of the asset can be measured reliably. The cost of intangible fixed assets is their purchase cost from third parties, as well as the cost of internal development, together with any costs of acquisition. Software and website costs are recognised as an intangible fixed asset provided they are not integral to the hardware on which it operates, in which case it is treated as part of the tangible fixed asset, and they meet the criteria for an intangible fixed asset above, or else costs are expensed as incurred. Amortisation is provided on a straight line basis to write off the cost less estimated residual value of intangible fixed assets in equal instalments over their estimated useful lives using the following annual rates:

Goodwill – 10%

Trademark licences – 10%

Software and websites – 33%

#### Impairment of goodwill and tangible assets

Acquired goodwill amortised over 10 years or less is tested for impairment at the end of the first full financial year following its acquisition.

Other than following the first year post-acquisition, impairment testing of goodwill and tangible fixed assets is only performed when events or changes in circumstances indicate that carrying values of these assets may not be recoverable.

#### Leases

##### (i) Operating leases assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

##### (ii) Lease incentives

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

The Group has no significant leases of a capital nature.

#### Investments

Investments in subsidiary companies are held at cost less accumulated impairment losses.

#### Debtors

Trade and other debtors are recorded at cost less allowances for estimated irrecoverable amounts.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Certain Group entities have in place a confidential invoice discounting facility where the counterparty has full recourse to all monies advanced against book debts.

#### Financial instruments

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

##### (i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances, 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.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

# Notes to the Financial Statements

## for the year ended 31 December 2016 continued

### 3. Statement of significant accounting policies *continued*

#### Financial instruments *continued*

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised 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.

#### (ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow Group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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

Derivates, including interest rate swaps and foreign exchange contracts, are not basic financial instruments.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

#### (iii) Offsetting

Financial assets and liabilities are offset and 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.

#### Interest bearing borrowings

Interest bearing bank loans, overdrafts and loan notes are initially recorded at the value of the amount received, net of attributable transaction costs.

Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being charged to the profit and loss account over the period of the borrowing on an effective interest basis.

#### Creditors

Trade and other creditors are recorded at cost.

#### Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flow at a rate that reflects the time value of money and the risks specific to the liability.

# Notes to the Financial Statements

## for the year ended 31 December 2016 continued

### 3. Statement of significant accounting policies *continued*

#### Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

##### *(i) Current tax*

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

##### *(ii) Deferred tax*

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as statement in the financial statements. These timing differences arise from the inclusion of income and expenses in the tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

#### Foreign currencies

##### *(i) Functional and presentation currency*

The Group financial statements are presented in pound sterling and rounded to thousands. The Company's functional and presentation currency is the pound sterling.

##### *(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the date 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 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 that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'administrative expenses'. All other foreign gains and losses are presented in the profit and loss account within 'interest receivable / (payable)'.

##### *(iii) Translation*

The trading results of Group undertakings are translated into pound 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'.

#### Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

##### *(i) Short term benefits*

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

##### *(ii) Annual bonus plan*

The Group operates a number of annual bonus plans for employees. An expense is recognised in the profit and loss account when the Group has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligations can be made.

# Notes to the Financial Statements

## for the year ended 31 December 2016 continued

### 3. Statement of significant accounting policies *continued*

#### Employee benefits *continued*

##### *(iii) Share-based payments*

Where shares or options are issued to employees with service conditions attached, they are accounted for in accordance with FRS 102 section 26 – share based payments. The fair value of the share or option issued is recognised as an employee expense with a corresponding increase in equity or liabilities depending on whether the arrangement is expected to be settled in equity or in cash.

The fair value is measured at issue/grant date and spread over the period that employees become unconditionally entitled to the shares/options. Cash-settled share-based payment awards are revalued at each reporting date.

##### *(iv) Defined contribution pension plans*

All UK Group entities operate approved stakeholder pension schemes. In addition UK permanent employees of UK entities can participate in a pension salary sacrifice scheme whereby the UK entities contribute to the employees' personal pensions the amount of salary that the employees have sacrificed plus a share of the employers' national insurance savings. There are no other pension arrangements within the Group.

All UK based employees are also auto enrolled into a scheme under Part 1 of the Pensions Act 2008 whereby the employer and employee currently contribute 1%.

#### Related party transactions

The Group discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

### 4. Critical accounting judgements and estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the

related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

##### *(i) Impairment of intangible assets and goodwill (note 11)*

The Group considers whether intangible assets and/or goodwill are impaired. Where an indication of impairment is identified, the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

##### *(ii) Provisions (note 17)*

Provisions are made for asset retirement obligations, dilapidations and contingencies. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to established net present value of the obligations require management's judgement.

##### *(iii) Debtors (note 14)*

Other Debtors includes a provision for the impairment of work-in-progress. This provision utilises management's best estimate of the value of revenue, uninvoiced at the balance sheet date, that may require impairment.

# Notes to the Financial Statements

for the year ended 31 December 2016 continued

## 5. Turnover

Turnover, all of which arises from the Group's principal activity of specialist recruitment services, is derived from external customers and is classified below by geographical area of origin. This does not differ materially from analysis by destination.

	2016 - £'000			2015 - £'000 (Restated*)		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
<b>Turnover</b>						
UK and EMEA	52,279	-	52,279	55,146	-	55,146
USA	-	11,973	11,973	-	14,147	14,147
Brazil	-	-	-	684	-	684
Asia Pacific	-	-	-	-	31,347	31,347
India	-	-	-	425	-	425
	<b>52,279</b>	<b>11,973</b>	<b>64,252</b>	<b>56,255</b>	<b>45,494</b>	<b>101,749</b>

\*Restated to classify Greythorn North American operations as discontinued operations (note 25). This also includes the Australian and Singaporean operations which discontinued in 2015.

## 6. Net interest payable and similar charges

	2016 - £'000			2015 - £'000 (Restated*)		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Interest receivable on deposits at short call	1	9	10	1	8	9
Interest payable and similar charges on bank loans and overdrafts	(248)	(153)	(401)	(634)	(443)	(1,077)
Other financing charges including interest on quoted euro bonds /loan notes	(11,748)	-	(11,748)	(10,661)	-	(10,661)
Unrealised foreign exchange gains	(128)	-	(128)	417	-	417
<b>Total interest payable and similar charges</b>	<b>(12,124)</b>	<b>(153)</b>	<b>(12,277)</b>	<b>(10,878)</b>	<b>(443)</b>	<b>(11,321)</b>
<b>Total net interest payable and similar charges</b>	<b>(12,123)</b>	<b>(144)</b>	<b>(12,267)</b>	<b>(10,877)</b>	<b>(435)</b>	<b>(11,312)</b>

\*Restated to classify Greythorn North American operations as discontinued operations (note 25). This also includes the Australian and Singaporean operations which discontinued in 2015.

Unrealised foreign exchange represents foreign exchange movements on intercompany funding balances.

# Notes to the Financial Statements

for the year ended 31 December 2016 continued

## 7. Operating loss

Operating loss is stated after charging/(crediting):

	2016 - £'000			2015 - £'000 (Restated*)		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Wages and salaries	13,792	2,293	16,085	16,750	5,923	22,673
Social Security costs	1,722	186	1,908	2,129	504	2,633
Other pension costs	65	-	65	69	-	69
Share-based payments	(73)	-	(73)	(160)	-	(160)
<b>Total staff costs</b>	<b>15,506</b>	<b>2,479</b>	<b>17,985</b>	<b>18,788</b>	<b>6,427</b>	<b>25,215</b>
<b>Exceptional items</b>						
Group board restructuring	-	-	-	307	-	307
Closure Costs	45	-	45	272	-	272
Cost savings and redundancies	719	-	719	636	-	636
Other costs (including legal & professional)	16	379	395	186	(8)	178
Impairment of goodwill	-	-	-	232	-	232
<b>Total exceptional items</b>	<b>780</b>	<b>379</b>	<b>1,159</b>	<b>1,633</b>	<b>(8)</b>	<b>1,625</b>
Depreciation of tangible fixed assets	182	60	242	250	74	324
Operating lease charges	1,482	-	1,482	1,774	273	1,907
Foreign exchange loss/(gain)	2,422	-	2,422	18	24	42
Audit fees payable to the Company's auditor	108	-	108	123	13	136
Fees payable for other services:						
- Other services	-	-	-	-	369	369

\*Restated to classify Greythorn North American operations as discontinued operations (note 25). This also includes the Australian and Singaporean operations which discontinued in 2015.

Total administrative expenses for the year excluding exceptional items were £30,070,000 (2015: £36,696,000).

### Exceptional administrative expense

Exceptional costs, excluding disposal of operations, of £1,159,000 (2015: £1,625,000) were incurred as a result of cost saving measures including redundancies and office closures. Prior year exceptional items related to costs incurred for amendments to the Group's banking facilities, cost saving measures and Board restructuring.

# Notes to the Financial Statements

for the year ended 31 December 2016 continued

## 8. Employees

The average monthly number of people employed by the Group (including Directors) during the year was as follows:

	2016			2015 (Restated*)		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Professional staff	259	23	282	282	95	377
Administration	83	12	95	102	34	136
Total average number of employees	342	35	377	384	129	513

The aggregate payroll costs are listed in note 7 – Operating loss.

The 2016 discontinued operations only traded up to 2 November 2016 and the average is based on the ten months of trading.

The Directors have considered that whilst there are obligations for pay as you earn tax and national insurance liabilities for contractors not operating through limited companies, the individuals do not represent employees of the Group, and consequently they have been excluded from the details above.

At 31 December 2016 there were no contributions (2015: £nil) outstanding in respect of the defined contribution pension scheme.

During the year the Company had no employees other than the Directors. The Company made no payments for the services of its Directors during the year, with another Group entity providing payment for their services to the Group.

## 9. Directors' emoluments and key management

The Directors are considered to be the key management of the Group.

Directors' remuneration consists of:

	2016 £'000	2015 £'000
Directors' emoluments	578	770
Compensation for loss of office	-	270

The emoluments of the highest paid Director amounted to £213,000 (2015: £274,000) including pension contributions of £nil (2015: £nil) with no share options exercised (2015: none).

The compensation for loss of office in 2015 is in relation to one Director for the year ended 31 December 2015 was £270,000. The compensation for loss of office in relation to Directors is fully accrued once the loss of office has occurred, and is excluded from the Directors' emolument amount detailed above.

During the year four Directors received shares in FiveTen Group Limited as part of a management incentive plan. Further details of the plan can be found in Note 24.



# Notes to the Financial Statements

for the year ended 31 December 2016 continued

## 10. Tax on loss on ordinary activities

(a) Analysis of charge for the year

The charge based on the loss for the year comprises:

	2016 £'000	2015 £'000
Current tax		
UK corporation tax for the year	16	17
Adjustments in respect of prior years	-	1
Double tax relief	(16)	(16)
Overseas tax	134	724
Overseas tax - prior year adjustment	70	(135)
<b>Total current tax</b>	<b>204</b>	<b>591</b>
Deferred tax		
Origination and reversal of timing differences	(39)	(31)
Adjustments in respect of prior years	13	10
<b>Total deferred tax (see note 19)</b>	<b>(26)</b>	<b>(21)</b>
<b>Total tax on loss on ordinary activities</b>	<b>178</b>	<b>570</b>

(b) The tax assessed for the year is higher (2015: higher) than the standard effective rate of corporation tax in the UK for the year ended 31 December 2016 of 20% (2015:20.25%). The differences are explained below:

	2016 £'000	2015 £'000
Group loss on ordinary activities before taxation	(17,234)	(10,790)
Tax on ordinary activities at 20% (2015: 20.25%)	(3,447)	(2,185)
Effects of:		
Expenses not deductible for tax:		
- Amortisation of goodwill and other intangibles	548	722
- Non-deductible interest	2,350	2,159
- Other	4	64
Unrecognised deferred tax	769	458
Adjustments in respect of prior years	83	(62)
Impact of overseas tax rates	(129)	(586)
<b>Total tax charge</b>	<b>178</b>	<b>570</b>

### Factors affecting current and future tax charges

Changes to UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reducing the main rate of corporation tax to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

# Notes to the Financial Statements

for the year ended 31 December 2016 continued

## 11. Intangible assets

	Goodwill £'000	Other £'000	Total £'000
<b>Cost</b>			
At 1 January 2016	43,228	43	43,271
Additions	-	332	332
Disposals	-	(44)	(44)
Reclassification	-	920	920
Sale of subsidiaries	-	(136)	(136)
Foreign exchange	-	(9)	(9)
<b>At 31 December 2016</b>	<b>43,228</b>	<b>1,106</b>	<b>44,334</b>
<b>Impairment and accumulated amortisation</b>			
At 1 January 2016	37,818	8	37,826
Charge for the year	2,872	89	2,961
Reclassification	-	804	804
Sale of subsidiaries	-	(82)	(82)
Impairment	-	(5)	(5)
Foreign exchange	-	8	8
<b>At 31 December 2016</b>	<b>40,690</b>	<b>822</b>	<b>41,512</b>
<b>Net book value at 31 December 2016</b>	<b>2,538</b>	<b>284</b>	<b>2,822</b>

	Goodwill £'000	Other £'000	Total £'000
<b>Cost</b>			
At 1 January 2015	60,329	34	60,363
Additions	-	9	9
Sale of subsidiaries	(16,888)	-	(16,888)
Foreign exchange	(213)	-	(213)
<b>At 31 December 2015</b>	<b>43,228</b>	<b>43</b>	<b>43,271</b>
<b>Impairment and accumulated amortisation</b>			
At 1 January 2015	49,622	3	49,625
Charge for the year	3,718	5	3,723
Sale of subsidiaries	(15,562)	-	(15,562)
Impairment	232	-	232
Foreign exchange	(192)	-	(192)
<b>At 31 December 2015</b>	<b>37,818</b>	<b>8</b>	<b>37,826</b>
<b>Net book value at 31 December 2015</b>	<b>5,410</b>	<b>35</b>	<b>5,445</b>

# Notes to the Financial Statements

for the year ended 31 December 2016 continued

## 11. Intangible assets *continued*

	Carrying Value		Remaining amortisation period (years)	
	2016	2015	2016	2015
<b>Goodwill</b>				
Antal	1,275	2,325	1	2
EMR UK	849	1,634	1	2
Marks Sattin UK	414	1,383	1	2
Greythorn USA	-	68	-	1
	<b>2,538</b>	<b>5,410</b>		

The Directors have considered the period over which goodwill arising on acquisitions should be amortised. The acquired businesses have each contributed to the Group's strategy to build an international professional specialist recruitment business using a family of brand names. Each acquired business, together with its broad range of established clients in its respective market, is believed to have strengthened the Group's market presence, the opportunities for cross selling to existing clients and the consolidated operating cash flow for the Group. Taking into account the above contributory factors, the Directors have concluded that a period of 10 years is judged to be appropriate over which to amortise goodwill arising on acquisition.

The Group has other intangible assets which include various trademark licenses over the brands of the Group and software & websites. These are being amortised on a straight-line basis over a period of 10 years and 3 years respectively.

During the year, the company reclassified software costs from tangible assets to intangible assets. See note 12 for further details.

# Notes to the Financial Statements

for the year ended 31 December 2016 continued

## 12. Tangible assets

	Leasehold improvements £'000	Office equipment £'000	Fixtures & fittings £'000	Motor vehicles £'000	Software £'000	Group Total £'000
<b>Cost</b>						
At 1 January 2016	840	1,003	721	6	920	3,490
Additions	12	144	6	11	-	173
Sale of subsidiaries	(42)	(226)	(40)	-	-	(308)
Disposals	(76)	(59)	(7)	(8)	-	(150)
Reclassification	-	-	-	-	(920)	(920)
Foreign exchange	5	70	19	3	-	97
<b>At 31 December 2016</b>	<b>739</b>	<b>932</b>	<b>699</b>	<b>12</b>	<b>-</b>	<b>2,382</b>
<b>Accumulated depreciation</b>						
At 1 January 2016	714	880	679	5	804	3,082
Charge for the year	69	158	11	4	-	242
Sale of subsidiaries	(41)	(252)	(32)	-	-	(325)
Disposals	(44)	(59)	-	(6)	-	(109)
Reclassification	-	-	-	-	(804)	(804)
Foreign exchange	12	30	15	1	-	58
<b>At 31 December 2016</b>	<b>710</b>	<b>757</b>	<b>673</b>	<b>4</b>	<b>-</b>	<b>2,144</b>
<b>Net book value</b>						
<b>At 31 December 2016</b>	<b>29</b>	<b>175</b>	<b>26</b>	<b>8</b>	<b>-</b>	<b>238</b>
At 31 December 2015	126	123	42	1	116	408

As at 1st January 2016, the company reclassified software assets as intangible assets. This is in accordance with FRS102 regarding the classification of assets. The corresponding amounts are included in Note 11.

## 13. Investments

Shares in subsidiary undertakings:

**Company  
2016  
£'000**

Shares in subsidiary undertakings:

Nominal value or cost of shares issued

**At 1 January 2016 and 31 December 2016**

**631**

# Notes to the Financial Statements

for the year ended 31 December 2016 continued

## 13. Investments *continued*

The Group's subsidiary undertakings are detailed below:

Name	Equity owned by the Company	Class of shares	Direct/ Indirect holding	Country of incorporation	Principal activity
FiveTen Group Finance Limited	100%	Ordinary	100% Direct	UK	Holding
FiveTen Group Limited	100%	Ordinary	100% Indirect	UK	Holding
FiveTen Acquisition Limited	100%	Ordinary	100% Indirect	UK	Holding
Greythorn Holdings Limited	100%	Ordinary	100% Indirect	UK	Holding
Laurence Simons International (Holdings) Limited	100%	Ordinary	100% Indirect	UK	Holding
Cresco Limited	100%	Ordinary	100% Indirect	Ireland	Holding
CJSC FiveTen Antal	100%	Ordinary	100% Indirect	Russia	Recruitment
EMR Search & Selection Limited	100%	Ordinary	100% Indirect	UK	Recruitment
FiveTen Recrutamento Ltda	100%	Ordinary	100% Indirect	Brazil	Recruitment
Greythorn Limited	100%	Ordinary	100% Indirect	UK	Recruitment
Laurence Simons (India) Private Limited	100%	Ordinary	100% Indirect	India	Recruitment
Laurence Simons International Group Limited	100%	Ordinary	100% Indirect	UK	Recruitment
Laurence Simons International Recruitment Limited	100%	Ordinary	100% Indirect	UK	Recruitment
Marks Sattin (UK) Limited	100%	Ordinary	100% Indirect	UK	Recruitment
EMR Group Limited	100%	Ordinary	100% Indirect	UK	Dormant
FiveTen (Hong Kong) Ltd	100%	Ordinary	100% Indirect	Hong Kong	Dormant
FiveTen CIS Limited	100%	Ordinary	100% Indirect	UK	Dormant
FiveTen GmbH	100%	Ordinary	100% Indirect	Germany	Dormant
Laurence Simons International Inc	100%	Ordinary	100% Indirect	USA	Dormant
Marks Sattin Limited	100%	Ordinary	100% Indirect	UK	Dormant
Ortus Interim Solutions Limited	100%	Ordinary	100% Indirect	UK	Dormant
<b>Companies sold to Vaco GT, Inc in November 2016 (2015: Held full year 100% Indirect)</b>					
Greythorn Inc	100%	Ordinary	100% Indirect	USA	Recruitment

With the exception of the holding and dormant companies, all the above entities are engaged in recruitment activities. All the above entities are included in the Group consolidated financial statements.

As described in Note 25 'Discontinued Operations', the Group sold its North America operations on 2 November 2016.

The Directors believe that the carrying values of the Investments are supported by their underlying net assets.

The registered office of all UK incorporated companies is 322 High Holborn, London, WC1V 7PB. The registered offices for overseas incorporated offices are:

Cresco Limited – 6 Sullivan's Quay, Cork, Republic of Ireland

CJSC FiveTen Antal – Tryokhprudny per. 9, bld. 1, Moscow 123001, Russia

FiveTen Recrutamento Ltda – c/o Grant Thornton, Av. Bernardino de Campos, 98 - 14° andar, Paraíso, São Paulo, 04004-040, Brazil

Laurence Simons (India) Private Limited – 201-202, Comet Building, Station Road, Bandra (West) Mumbai Maharashtra 400050.

FiveTen GmbH – c/o Richter & Ebner, Machtfinger Strasse 9, 81379 München

FiveTen (Hong Kong) Limited – 12/F, Tower 2, The Gateway, 25-27 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.

# Notes to the Financial Statements

for the year ended 31 December 2016 continued

## 14. Debtors

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
<b>Amounts falling due within one year</b>				
Trade debtors	4,210	6,071	-	-
Other debtors	386	454	4	-
Corporation and overseas tax	-	-	17	4
Deferred tax (see note 19)	384	412	-	-
Prepayments and accrued income	4,582	4,885	4	8
	<b>9,562</b>	<b>11,822</b>	<b>25</b>	<b>12</b>

Debtor balances are all amounts falling due within one year. Trade debtors are stated after provisions for impairment of £158,000 (2015: £234,000). Financial assets are all debt instruments measured at amortised cost.

## 15. Creditors – amounts falling due within one year

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Bank overdrafts (see note 18)	3,852	5,422	-	-
Trade creditors	593	416	-	-
Amounts owed to group undertakings	-	-	625	562
Other creditors	1,514	1,355	70	70
Corporation tax, UK and overseas	612	263	-	-
Other taxation and social security	882	1,364	-	-
Accruals and deferred income	2,004	3,203	4	5
	<b>9,457</b>	<b>12,023</b>	<b>699</b>	<b>637</b>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Bank overdrafts and loans are secured by a fixed and floating charge over certain assets of the Group, see note 18 for full details.

Financial liabilities are all measured at amortised cost.

# Notes to the Financial Statements

for the year ended 31 December 2016 continued

## 16. Creditors – amounts falling due after more than one year

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Quoted Euro bonds (see note 18)	43,234	43,234	-	-
Loan notes (see note 18)	15,503	15,503	-	-
Accrued interest on Quoted Euro bonds and Loan notes	70,280	58,533	-	-
	<b>129,017</b>	<b>117,270</b>	<b>-</b>	<b>-</b>

Bank loans are secured by a fixed and floating charge over certain assets of the Group, see note 18 for full details.

The Quoted Euro bonds, Loan Notes and associated interest are due between 2023 - 2028. See note 18 for further details in respect of these instruments.

## 17. Provisions for liabilities

	Group £'000
At 1 January 2016	76
Provided in the year	122
<b>At 31 December 2016</b>	<b>198</b>

Provisions relate to dilapidations (£156k) and onerous leases (£42k).

The Group's property leasing agreements include obligations to repair damages which occur during the life of the lease, such as wear and tear. The dilapidations provision is expected to be utilised in October 2017 to cover the cost of these obligations when the lease of the main building terminates. The cost is charged to profit and loss as the obligation arises.

The onerous lease provision relates to a property which at the year end is no longer in use; this includes provision for the remaining obligations of the property until the end of the lease in 2017.

## 18. Group funding arrangements

### Asset Based Lending Facility

The Group has an Asset Based Lending Facility with ABN AMRO for up to £9.5 million, over 36 months from September 2015. The facility is split between un-invoiced debt (WIP) of £2.5 million (75% of notified un-invoiced debt) and invoiced debt of £7.0 million (90% of notified debtor book).

At the year end £3.8 million (2015: £5.4 million) of the invoice discounting facility was being utilised. The invoice discounting facility, to the extent it is utilised at the period end, is included within the overdraft balance.

At 31 December 2016, the Group were in compliance with the financial covenants.

This facility is secured by a fixed and floating charge over certain assets of the Group.

# Notes to the Financial Statements

## for the year ended 31 December 2016 continued

### 18. Group funding arrangements *continued*

#### *Quoted Euro bonds and Loan notes*

During the period ended 30 June 2008, the Group approved a Loan Note Instrument creating £43.2 million principal of fixed rate unsecured loan notes ('loan notes') due 21 March 2023. On 25 September 2008 the loan notes and associated PIK notes, if and when issued, were admitted onto the Official List of the Channel Islands Stock Exchange.

As part of the Group recapitalisation and refinancing completed on 23 December 2008, the Group approved two further Loan Note instruments creating £1.2 million principal of fixed rate unsecured loan notes on 7 November 2008 and £8.8 million principal of fixed rate unsecured loan notes on 23 December 2008.

As part of the Group recapitalisation and refinancing on 6 August 2013, the Group approved a further Loan Note instrument creating £5.5 million principal of fixed rate unsecured loan notes on 6 August 2013.

On 28th November 2014, a subscription agreement was entered into under which Bregal Capital LLP agreed to subscribe up to £2.0m of unsecured loan notes in the event of certain liquidity conditions arising. At 31 December 2016, the £2.0m of unsecured loans notes were unsubscribed. These unsubscribed unsecured loan notes are valid until 31 December 2016. The loan notes are unsecured and the £43.2 million, £1.2 million, and £8.8 million loan notes rank pari passu without any preference amongst themselves and rank in priority to the £5.5 million loan note. Interest accrues at a 10% annual compound interest rate over the period. Interest is payable on the redemption of the loan notes, however it may be satisfied in full by the issue of Payment in Kind ('PIK') Notes at the election of any loan note holder at any time over the life of the instrument.

The loan notes may be fully or partially redeemed prior to the due date at the option of the Group. The loan note holders cannot require redemption of the loan notes together with any accrued but unpaid interest unless certain events, for example the occurrence of a material default under the Group's banking facility agreement, occur. At the year end, the Group was not anticipating the early full or partial redemption of these loan note instruments.

The loan notes are held by funds controlled by Bregal Capital LLP, a major shareholder of the Company and Richard Mead, a former director of the Company.



# Notes to the Financial Statements

for the year ended 31 December 2016 continued

## 19. Deferred tax

	Deferred tax asset 2016 £'000	Deferred tax liability 2016 £'000	Deferred tax asset 2015 £'000	Group Deferred tax liability 2015 £'000
At 1 January	412	-	966	-
Sale of subsidiaries	(63)	-	(564)	-
Deferred tax credit	26	-	21	-
Exchange movements	9	-	(11)	-
<b>At 31 December</b>	<b>384</b>	<b>-</b>	<b>412</b>	<b>-</b>

The amounts for deferred tax assets and liabilities are set out below:

	Recognised asset 2016 £'000	Recognised liability 2016 £'000	Recognised asset 2015 £'000	Group Recognised liability 2015 £'000
Capital allowances	354	-	317	-
Other differences	30	-	23	-
Carried forward losses	-	-	72	-
	<b>384</b>	<b>-</b>	<b>412</b>	<b>-</b>

A deferred tax asset has been recognised in respect of UK timing differences where a trading profit has been forecast for the year ending 31 December 2017.

At 31 December 2016 there were unrecognised deferred tax assets of £4.4 million (2015: £5.5 million) of which £4.0 million (2015: £5.1 million) was in respect of carried forward losses and £0.5 million (2015: £0.4 million) in respect of differences between depreciation and capital allowances. The unrecognised deferred tax asset will become recoverable in the event the Group generates sufficient profits in excess of the carried forward losses.

At 31 December 2016 the Company had no deferred tax assets or liabilities

## 20. Called up share capital

	2016 £'000	2015 £'000
<b>Authorised</b>		
2,321,022 (2015: 2,321,022) A ordinary shares of 10p	232	232
478,978 (2015: 478,978) B ordinary shares of 10p	48	48
1,000,000 (2015: 1,000,000) C ordinary shares of 10p	100	100
	<b>380</b>	<b>380</b>
<b>Allotted, issued and fully paid</b>		
1,912,392 (2015: 1,912,392) A ordinary shares of 10p	191	191
478,097 (2015: 478,097) B ordinary shares of 10p	48	48
	<b>239</b>	<b>239</b>

# Notes to the Financial Statements

for the year ended 31 December 2016 continued

## 20. Called up share capital *continued*

### Rights attaching to the shares

#### Dividend rights

Dividends are only payable after the repayment of all outstanding amounts, including the loan notes together with accrued interest. Where dividends are declared, the Company will distribute dividends to shareholders in respect of their holdings *pari passu* and *pro rata* to the number of shares held by each of them as if there were only one class of share.

#### Capital

On the sale, disposal or liquidation of the Company, the proceeds shall be allocated in a manner as set out in the Articles of Association.

#### Voting

Each shareholder of the Company is entitled to receive notice, attend and vote at general meetings of the Company. Each shareholder who is present in person or by proxy, shall have one vote for each ordinary share held by him subject to, should Bregal Capital LLP (who holds any registered A ordinary share) be present, its representative shall have a number of votes that equals 75% of the total number of votes cast in respect of any resolution.

#### Compulsory transfer of shares

The Articles of the Company contain 'lock-in' clauses that require B ordinary shareholders who are employed by FiveTen Group Holdings Limited or its subsidiaries to remain in employment of the Group until a change in control of the Group takes place in order to gain access to the full fair value of their shares. Should they leave prior to this date, the Group's intention would be to repurchase the shares of leavers. Under this compulsory transfer arrangement, should the B ordinary shareholders leave the employment of the Group prior to a change in control, they likely forfeit some value by having to offer their shares for sale at a value potentially lower than fair value at the date of their leaving. Similar compulsory transfer conditions are attached to the C ordinary shares of FiveTen Group Limited.

Accordingly both the B ordinary shares in FiveTen Group Holdings Limited and the C ordinary shares of FiveTen Group Limited constitute share-based payments and fall within the scope of FRS 102 section 26. See note 24 for further details.

## 21. Reserves

	Treasury reserve £'000	Share based payment reserve £'000	Other reserves £'000	Group Profit and loss account £'000
At 1 January 2016	(48)	279	2,722	(113,200)
Loss for the financial year	-	-	-	(17,412)
Share based payment transactions	-	(78)	-	78
Foreign exchange on consolidation	-	-	-	2,162
<b>At 31 December 2016</b>	<b>(48)</b>	<b>201</b>	<b>2,722</b>	<b>(128,372)</b>

# Notes to the Financial Statements

for the year ended 31 December 2016 continued

## 21. Reserves *continued*

	Treasury reserve £'000	Share based payment reserve £'000	Company Profit and loss account £'000
At 1 January 2016	(48)	-	(182)
Total comprehensive expense for the year	-	-	(52)
Share based payment transactions	-	-	-
<b>At 31 December 2016</b>	<b>(48)</b>	<b>-</b>	<b>(234)</b>

### ***Treasury reserve***

The treasury reserve represents the value within share capital and share premium from the issue of B shares. As described in notes 20 and 24, these shares have not yet vested unconditionally and as such are held in treasury.

### ***Share-based payment reserve***

A share-based payment credit of £73,000 (2015: £160,000 credit) has been recognised in the profit and loss account in the year, as detailed in note 24. £78,000 debit (2015: £216,000 debit) has been reflected within equity in the share-based payment reserve, £5,000 credit (2015: £161,000 debit) recognised in liabilities, and £nil as a cash outlay (2015: £1,000).

### ***Investment in own shares***

At 31 December 2016 the FiveTen Group Employee Benefit Trust held 447,125 B ordinary shares of the Company (2015: 349,310 B ordinary shares). As set out above in note 21, these shares are treated as share-based payments in accordance with FRS 102 section 26, and as a result no investment in own shares within treasury as required under UITF 38 – Accounting for ESOP Trusts, is required.

### ***Other reserves***

This balance represents the adjustments required to reflect the capital structure of FiveTen Group Holdings Limited within the Group consolidated financial statements under merger accounting.

# Notes to the Financial Statements

for the year ended 31 December 2016 continued

## 22. Notes to the cash flow statement

	2016 £'000	2015 £'000
Group operating loss before taxation for the year	(17,234)	(10,790)
Adjustment for:		
Depreciation charges	242	324
Amortisation of goodwill and other intangible assets	2,962	3,723
Impairment of goodwill	-	232
Share based payment credit	(73)	(160)
Net finance costs	12,267	11,312
Gain on disposal of subsidiaries	(1,386)	(4,762)
Foreign exchange loss/(gain) through operating loss	531	42
Changes in working capital:		
Decrease/(increase) in trade and other receivables	2,985	1,298
(Decrease)/increase in trade and other payables	572	(1,573)
Increase in provisions	123	11
<b>Operating cash flows after movements in working capital</b>	<b>989</b>	<b>(343)</b>

# Notes to the Financial Statements

for the year ended 31 December 2016 continued

## 23. Analysis of movement in net debt

Given the number of transactions in the year, the movement in net debt is shown both by type of instrument and under statutory current, non-current liability format to provide clarity of the transactions:

a) By type of instrument:

	As at 1 January 2016 £'000	Cash movement in year £'000	Exchange rate effect £'000	Non-cash items £'000	As at 31 December 2016 £'000
Cash at bank and in hand	1,686	(1,097)	203	-	792
Bank overdrafts	(5,422)	1,570	-	-	(3,852)
Net cash	(3,736)	473	203	-	(3,060)
Loan notes	(58,737)	-	-	-	(58,737)
Gross debt	(62,473)	473	203	-	(61,797)
<b>Net debt (excluding accrued interest)</b>	<b>(62,473)</b>	<b>473</b>	<b>203</b>	<b>-</b>	<b>(61,797)</b>

Net debt comprises borrowings excluding accrued interest, less cash and cash equivalents. At 31 December 2016 net debt including accrued interest on Quoted Euro bonds and loan notes amounted to £132,077,000 (2015: £121,004,000).

b) By current, non-current liability:

	As at 1 January 2016 £'000	Cash movement in year £'000	Exchange rate effect £'000	Reallocation £'000	Non-cash items £'000	As at 31 December 2016 £'000
Cash at bank and in hand	1,686	(1,097)	203	-	-	792
Bank overdrafts	(5,422)	1,570	-	-	-	(3,852)
Net cash	(3,736)	473	203	-	-	(3,060)
Debt due within one year	-	-	-	-	-	-
Debt due after one year	(58,737)	-	-	-	-	(58,737)
<b>Net debt (excluding accrued interest)</b>	<b>(62,473)</b>	<b>473</b>	<b>203</b>	<b>-</b>	<b>-</b>	<b>(61,797)</b>

# Notes to the Financial Statements

## for the year ended 31 December 2016 continued

### 24. Share-based payments

As set out in note 18, the B ordinary shares in FiveTen Group Holdings Limited and the C ordinary shares in FiveTen Group Limited have various forfeiture conditions attached to them such that should the shareholder leave the employment of the Group within a specific period, the shareholder will likely suffer a loss of value.

The nature of this arrangement, such that the employee is required to stay with the Group in order to be entitled to the full value of the shares, is deemed to be a 'service condition' under FRS 102 section 26 – 'share based payments' and as such the accounting for these shares is captured by the provisions of this Financial Reporting Standard.

During the year, no C ordinary shares in FiveTen Group Limited were issued to employees of the Group (2015: nil).

The fair value of C ordinary shares in FiveTen Group Limited is derived from an assessment of the enterprise value of the Group on each date of the issue of the C ordinary shares. As no shares were issued, a fair value valuation was not performed.

If a holder of B ordinary share in FiveTen Group Holdings Limited or a C ordinary share in FiveTen Group Limited leaves the Group prior to a change in control of the Group, they can be required to sell their shareholding back to the Company or other shareholders at a price based on the lower of a combination of nominal value, cost and market value. The pricing is determined by the length of the period from the date of the shares being issued to the date of leaving and whether the shareholder is deemed to be a good or bad leaver. The Company's intention is to repurchase the shares of leavers. Accordingly the share based payment will be cash-settled in respect of leavers and equity-settled in respect of shares that fully vest.

During the year 97,815 (2015:145,374) B ordinary shares and 6,724 (2015: 17,034) C ordinary shares were purchased by the Group from employee shareholders who left the Group.

At the year end an assessment has been made in respect of the shares anticipated to vest in full and be equity-settled and the shares that will be cash-settled as a result of employees leaving the Group prior to the shares vesting. The proportion of the FRS 102 section 26 expense relating to cash-settled shares will be recognised within liabilities. The proportion of the FRS 102 section 26 expense relating to equity-settled shares will be recognised within liabilities and equity. The liabilities element will represent the amount the Group would be required to pay should the employee leave the Group at the year end, with the equity element being the balance of the equity-settled FRS 102 section 26 charge not reflected in liabilities.

At 31 December 2016 there were 24,993 B ordinary shares in the Company (2015: 122,808) and 91,980 C ordinary shares in FiveTen Group Limited (2015: 98,704) deemed to be treated as share-based payments in accordance with FRS 102 section 26.

At the time of preparing the financial statements, an estimated vesting date, required by FRS 102 section 26 in order to undertake the fair value calculation, was judged to be 31 December 2017. The vesting period will be reviewed at each reporting date and adjusted as necessary.

For the year ended 31 December 2016 a share-based payment credit of £73,000 (2015: £160,000 credit) has been recognised in the profit and loss account in the year. £78,000 debit (2015: £216,000 debit) has been reflected within equity in the share-based payment reserve £5,000 credit (2015: £161,000 debit) recognised in liabilities and £nil as a cash outlay (2015: £1,000).

During the year the FiveTen Group Limited operated a management incentive plan. The scheme was open to certain Directors of the company who were remunerated by shares. The Directors will receive dividends from the shares based upon achieving a certain level of performance including revenue growth and operating profit in development of the business. For the year ended 31 December 2016 there is no liability due to the directors.

# Notes to the Financial Statements

for the year ended 31 December 2016 continued

## 25. Discontinued operations

As part of the Group's strategy to concentrate resources and repay term debt, the Group sold its Greythorn North American operations on 1 June 2016 to Vaco. During the year the region contributed post-tax loss of £629,000 (excluding profit on disposal of operations) (2015: £94,000 profit).

	2016 £'000	2015 £'000
Total Proceeds	1,700	12,482
Net Assets at disposal	(279)	(6,359)
Transaction costs	(35)	(1,361)
<b>Gain on disposal</b>	<b>1,386</b>	<b>4,762</b>

The gain on disposal of Greythorn North American operations is £1,386k. The 2015 financial statements included a gain on disposal of £4,762k for the Australian & Singaporean operations.

## 26. Related party transactions

Other than as disclosed in note 18, there are no related party transactions.

## 27. Contingent liabilities

The Company has guaranteed all outstanding liabilities that existed at 31 December 2016 for the following subsidiary companies until they are satisfied in full:

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FiveTen Group Finance Limited  
FiveTen Acquisition Limited  
FiveTen Group Limited  
Greythorn Holdings Limited  
Greythorn Limited  
Marks Sattin (UK) Limited  
Laurence Simons International (Holdings) Limited  
Laurence Simons International Group Limited  
Laurence Simons International Recruitment Limited  
EMR Search & Selection Limited

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# Notes to the Financial Statements

for the year ended 31 December 2016 continued

## 28. Other commitments

### Leasing commitments

The Group had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2016			2015		
	Land and buildings £'000	Other £'000	Total £'000	Land and buildings £'000	Other £'000	Total £'000
Less than one year	687	27	714	1,774	43	1,817
One to two years	32	25	57	594	3	597
Two to five years	3	10	13	159	1	160
	<b>722</b>	<b>62</b>	<b>784</b>	<b>2,527</b>	<b>47</b>	<b>2,574</b>

At 31 December 2016 the Company had no operating lease commitments. There were no capital commitments within the Group at the end of the year.

## 29. Exchange rates

Average translation rates	2016	2015	Year end rates	2016	2015
Euro	1.240	1.377	Euro	1.172	1.357
Australian dollar	1.870	1.933	Australian dollar	1.712	2.028
US dollar	1.377	1.528	US dollar	1.234	1.480
HK dollar	8.821	11.848	HK dollar	9.566	11.472
Singapore dollar	1.939	2.047	Singapore dollar	1.784	2.094
Russian rouble	93.289	93.400	Russian rouble	75.537	108.489
Indian rupee	92.206	97.855	Indian rupee	83.650	97.881
Brazilian real	4.894	5.081	Brazilian real	4.012	5.857

## 30. Ultimate controlling entity

The majority shareholders of the Company are funds controlled by Bregal Capital LLP and accordingly the Directors consider Bregal Capital LLP to be the ultimate controlling entity.

## 31. Post balance sheet event

On 14 June 2016, the business completed the sale of its 100% owned Russian subsidiary CJSC FiveTen Antal to Antal International.