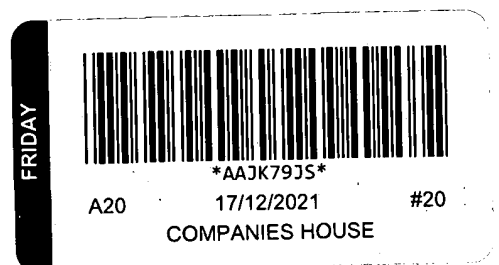


Company Registration No. 09289232 (England and Wales)

THIRD REPUBLIC LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020



THIRD REPUBLIC LIMITED

COMPANY INFORMATION

Directors Mr M L Rocheron-Bird
Mr R R Vercesi

Company number 09289232

Registered office 2-4 Packhorse Road
Gerrards Cross
Buckinghamshire
SL9 7QE

Auditor Nunn Hayward LLP
2-4 Packhorse Road
Gerrards Cross
Buckinghamshire
SL9 7QE

THIRD REPUBLIC LIMITED

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THIRD REPUBLIC LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2020

The directors present the strategic report for the period ended 31 December 2020.

Fair review of the business

2020 represented a difficult year with group turnover falling by 14.7% to £16,062,967 (2019 - £18,847,053). This resulted in a gross profit of £5,465,507 (2019 - £6,066,897), and profit before tax of £142,831 (2019 - £54,219). The results reflect that whilst the group is still in a development phase, the growing US business began to contribute more significantly to the business and absorbed a declining proportion of overhead costs.

The directors are satisfied with the 2020 performance of the group in the context of the ongoing COVID-19 pandemic and UK and global economic conditions.

The contractor business was temporarily affected towards the end of 2019 and early 2020 by the Government's planned changes to IR35 legislation, but measures put in place meant that no significant drop off in business was experienced when the delayed changes occurred in 2021.

The IT recruitment sector was less affected by the pandemic than much of the economy and the transition to home working was relatively straightforward resulting in little discernible effect on staff productivity. At the height of the pandemic advantage was taken of the government CBILS loan initiative and the furlough scheme for a proportion of sales staff. During this period sales activity declined and the sales cycle took longer than normal as clients postponed hiring decisions. Post the initial lockdowns, there has been a significant resurgence in hiring activity and the company is expecting to trade in excess of pre pandemic levels in 2021.

There were no business acquisitions or disposals during the period.

Principal risks and uncertainties

The risks affecting the company are closely monitored by the directors on a regular basis and explained in more detail in the Directors' Report.

Key performance indicators

The directors are satisfied the level of turnover in the year given the impact of the pandemic on the wider economy. Gross margins were up slightly from 32.2% to 34.0%. Gross margins are largely dictated by the market and the mix of services sold. There is an expectation that increased productivity of sales staff will contribute to increased profitability in future periods. Profit before tax has increased on last year and, it is expected that profitability will continue to rise in future.

The company monitors business financial performance according to the below KPIs, focussed on growing profitability with increased volumes and improved margins. The performance for the year together with comparative data is shown below:

	2020	2019
	£	£
Turnover	16,062,967	18,847,053
Gross profit	5,465,507	6,066,897
Profit before tax	142,831	54,219
Average head count	76	69

THIRD REPUBLIC LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

On behalf of the board

A handwritten signature in black ink, appearing to read 'Vercesi', is positioned above the printed name.

Mr R R Vercesi

Director

6 December 2021

THIRD REPUBLIC LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2020

The directors present their annual report and financial statements for the period ended 31 December 2020.

Principal activities

The principal activity of the company and group continued to be that of the provision of contract and permanent staff, recruitment and related services to the IT and Advanced Technologies sectors.

Results and dividends

The results for the period are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

Mr M L Rocheron-Bird

Mr R R Vercesi

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the period. These provisions remain in force at the reporting date.

Financial instruments

Economic uncertainty

The main economic risks concern the demand for employment services in the technology sector. Whilst this sector has been less affected by the COVID-19 pandemic and the UK's decision to leave the EU than much of the economy, there remains some uncertainty in the long term. However, the hiring cycle in this sector is generally over a longer period and many of the contractors are placed into long term IT contracts, consequently the group can respond quickly to any negative indicators and scale the business appropriately.

Liquidity risk

The group has access to invoice financing facilities that fund most of the contractor costs, and there is sufficient headroom in the rolling cash flow forecasts to cover continued trading for at least 2 years from this balance sheet date.

Interest rate risk

The company's principal liabilities are trade creditors and amounts owed between the group companies. These balances do not incur interest and therefore it is deemed that there is no interest rate risk attached. The group does not use derivative financial instruments.

Credit risk

The group's credit risk is primarily attributable to its trade debtors, the majority of which are insured via the group's invoice finance provider. This risk is further managed through careful monitoring of credit limits and dedicated credit control staff.

Recruitment and growth

The group's success relies on recruiting quality sales staff and maintaining their ongoing performance. The risk of under-performance is mitigated by steps to improve internal recruitment, sales training and leadership develop with the purpose of improving performance and the retention of high performing staff

Post reporting date events

Information relating to events since the end of the year is given in the notes to the financial statements.

THIRD REPUBLIC LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

Future developments

The Third Republic group remains financially secure and well placed to grow over the next year. The most significant development since the year end has been the COVID-19 pandemic to which the group has responded quickly. This has ensured that the group has been able to maintain its position and remain cash positive throughout the period without disadvantaging suppliers.

As the economy continues to recover from the COVID-19 pandemic, the company is well placed to take advantage of the increased staff turnover many clients are experiencing. In addition, the US subsidiary continues to perform well in both permanent and contract recruitment and is well positioned for continued growth.

Auditor

Nunn Hayward LLP will be proposed for re-appointment in accordance with section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

Going concern

The financial statements have been prepared on a going concern basis. After making enquiries, including consideration of the current and forecast cash flows, the directors have a reasonable expectation that the company and group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

THIRD REPUBLIC LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

On behalf of the board



Mr R R Vercesi

Director

6 December 2021

THIRD REPUBLIC LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THIRD REPUBLIC LIMITED

Opinion

We have audited the financial statements of Third Republic Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 31 December 2020 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. 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 group's and the parent company's affairs as at 31 December 2020 and of the group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial period 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.

THIRD REPUBLIC LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF THIRD REPUBLIC LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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 obtained an understanding of the legal and regulatory framework that are applicable to the company and determined that the most significant are those that relate to the reporting framework (Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006), the relevant tax compliance regulations in the UK and the EU General Data Protection Regulations (GDPR).
- We understood how the company was complying with those frameworks by making enquiries of local management and designed audit procedures to identify non-compliance with laws and regulations including making enquires of those charged with governance at group level; testing journal entries, with a focus on manual, large or unusual transactions.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by meeting with management and making enquiries of those charged with governance. We also considered performance targets and the likelihood of these to influence management to misstate revenue and reported profits.
- We considered the controls established to address the risks identified, to prevent, deter or detect fraud, and how management and those charged with governance monitor those controls.

THIRD REPUBLIC LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF THIRD REPUBLIC LIMITED

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

Use of our report

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

Nunn Hayward LLP

Daniel Palmer FCA (Senior Statutory Auditor)

For and on behalf of Nunn Hayward LLP

Date: *15th December 2021*

Chartered Accountants

Statutory Auditor

2-4 Packhorse Road

Gerrards Cross

Buckinghamshire

SL9 7QE

THIRD REPUBLIC LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 DECEMBER 2020

		Period ended 31 December 2020 £	Year ended 26 December 2019 £
	Notes		
Turnover	3	16,062,967	18,847,053
Cost of sales		(10,597,460)	(12,780,156)
Gross profit		5,465,507	6,066,897
Administrative expenses		(5,735,785)	(6,012,678)
Other operating income		414,146	-
Operating profit	4	143,868	54,219
Interest payable and similar expenses	8	(1,037)	-
Profit before taxation		142,831	54,219
Tax on profit	9	(18,409)	(52,429)
Profit for the financial period		124,422	1,790
Other comprehensive income			
Currency translation differences		7,752	3,913
Total comprehensive income for the period		132,174	5,703

Profit for the financial period is all attributable to the owners of the parent company.

Total comprehensive income for the period is all attributable to the owners of the parent company.

THIRD REPUBLIC LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	10		39,110		42,818
Current assets					
Debtors	12	3,550,750		4,720,080	
Cash at bank and in hand		1,760,518		476,154	
		5,311,268		5,196,234	
Creditors: amounts falling due within one year	13	(4,326,307)		(4,832,988)	
Net current assets			984,961		363,246
Total assets less current liabilities			1,024,071		406,064
Creditors: amounts falling due after more than one year	14		(485,833)		-
Provisions for liabilities					
Deferred tax liability	16	5,754		5,754	
			(5,754)		(5,754)
Net assets			532,484		400,310
Capital and reserves					
Called up share capital	18		6,237		6,237
Share premium account			457,702		457,702
Other reserves			8,864		1,112
Profit and loss reserves			59,681		(64,741)
Total equity			532,484		400,310

The financial statements were approved by the board of directors and authorised for issue on 6 December 2021 and are signed on its behalf by:



Mr R R Vercesi
Director

THIRD REPUBLIC LIMITED

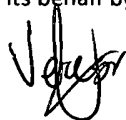
COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	10		31,720		40,634
Current assets					
Debtors	12	2,729,666		3,234,862	
Cash at bank and in hand		990,572		98,351	
		3,720,238		3,333,213	
Creditors: amounts falling due within one year	13	(2,792,469)		(2,853,586)	
Net current assets			927,769		479,627
Total assets less current liabilities			959,489		520,261
Creditors: amounts falling due after more than one year	14		(485,833)		-
Provisions for liabilities					
Deferred tax liability	16	5,754		5,754	
			(5,754)		(5,754)
Net assets			467,902		514,507
Capital and reserves					
Called up share capital	18		6,237		6,237
Share premium account			457,702		457,702
Profit and loss reserves			3,963		50,568
Total equity			467,902		514,507

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £46,605 (2019 - £9,685 profit).

The financial statements were approved by the board of directors and authorised for issue on 6 December 2021 and are signed on its behalf by:



Mr R R Vercesi
Director

Company Registration No. 09289232

THIRD REPUBLIC LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2020

	Share capital	Share premium account	Other reserves	Profit and loss reserves	Total
	£	£	£	£	£
Balance at 27 December 2018	6,237	457,702	(2,801)	(66,531)	394,607
Year ended 26 December 2019:					
Profit for the year	-	-	-	1,790	1,790
Other comprehensive income:					
Currency translation differences	-	-	-	3,913	3,913
Total comprehensive income for the year	-	-	-	5,703	5,703
Transfers	-	-	3,913	(3,913)	-
Balance at 26 December 2019	6,237	457,702	1,112	(64,741)	400,310
Period ended 31 December 2020:					
Profit for the period	-	-	-	124,422	124,422
Other comprehensive income:					
Currency translation differences	-	-	-	7,752	7,752
Total comprehensive income for the period	-	-	-	132,174	132,174
Transfers	-	-	7,752	(7,752)	-
Balance at 31 December 2020	6,237	457,702	8,864	59,681	532,484

THIRD REPUBLIC LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2020

	Share capital	Share premium account	Profit and loss reserves	Total
	£	£	£	£
Balance at 27 December 2018	6,237	457,702	40,883	504,822
Year ended 26 December 2019:				
Profit and total comprehensive income for the year	-	-	9,685	9,685
Balance at 26 December 2019	6,237	457,702	50,568	514,507
Period ended 31 December 2020:				
Loss and total comprehensive income for the period	-	-	(46,605)	(46,605)
Balance at 31 December 2020	6,237	457,702	3,963	467,902

THIRD REPUBLIC LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	21	1,717,068		(251,406)	
Interest paid		(1,037)		-	
Income taxes paid		(29,989)		(55,881)	
Net cash inflow/(outflow) from operating activities		1,686,042		(307,287)	
Investing activities					
Purchase of tangible fixed assets		(21,585)		(19,320)	
Receipts arising from loans made		(818)		(15,235)	
Net cash used in investing activities		(22,403)		(34,555)	
Financing activities					
Proceeds from borrowings		-		651,179	
Repayment of borrowings		(937,027)		-	
Proceeds of new bank loans		550,000		-	
Net cash (used in)/generated from financing activities		(387,027)		651,179	
Net increase in cash and cash equivalents		1,276,612		309,337	
Cash and cash equivalents at beginning of period		476,154		162,904	
Effect of foreign exchange rates		7,752		3,913	
Cash and cash equivalents at end of period		1,760,518		476,154	

THIRD REPUBLIC LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

Third Republic Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 2-4 Packhorse Road, Gerrards Cross, Buckinghamshire, SL9 7QE.

The group consists of Third Republic Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: The disclosure requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b), and 12.29A;
- Section 26 'Share based Payment': Share based payment arrangements required under FRS 102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

1.2 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Third Republic Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 December 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

THIRD REPUBLIC LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.4 Reporting period

The group have made a decision to extend their reporting period end from 26 December 2020 to 31 December 2020 so that it is now aligned with the calendar year end. The comparative amounts presented in the financial statements are effectively comparable in reporting period length as the impact of extending the current period reporting date by five days is immaterial.

1.5 Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover represents the fair value of revenue receivable from the placement of permanent and contractor staff excluding value added tax and rebates.

Turnover on the recruitment of permanent placements is recognised when a candidate has accepted the job offer and resigned from their current job. A provision is made against the possibility of the cancellation of these placements prior to or shortly after the commencement of employment.

Turnover on contractor placements is recognised over the period the contractor is provided and represents the amount billed for the services including the remuneration costs of the worker.

Where revenue has been earned but is un-billed at the balance sheet date, it is accrued and included within accrued income.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	Over lease term
Plant and equipment	20% on cost
Computers	33% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

THIRD REPUBLIC LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

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

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.

Basic financial assets

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

THIRD REPUBLIC LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

THIRD REPUBLIC LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.18 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount is recognised over the vesting period based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve market conditions.

The fair value of the award also takes account of no-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties.

1.19 Related parties disclosures

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

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

THIRD REPUBLIC LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

2 Judgements and key sources of estimation uncertainty

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

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

Significant areas of estimation and judgement in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is in respect of commissions payable which is estimated by management based on experience and history of past payments.

3 Turnover and other revenue

	2020	2019
	£	£
Other significant revenue		
Grants received	414,146	-
	<u>414,146</u>	<u>-</u>
	2020	2019
	£	£
Turnover analysed by geographical market		
United Kingdom	7,750,285	9,658,151
Europe	2,265,207	2,487,071
North America	6,047,475	6,701,831
	<u>16,062,967</u>	<u>18,847,053</u>

4 Operating profit

	2020	2019
	£	£
Operating profit for the period is stated after charging:		
Exchange differences	16,917	42,174
Depreciation of owned tangible fixed assets	25,293	42,069
Operating lease charges	424,413	371,541
	<u>466,623</u>	<u>455,784</u>

THIRD REPUBLIC LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

5 Auditor's remuneration

	2020	2019
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	15,000	15,000

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the period was:

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Recruitment	65	60	42	41
Management and administration	11	9	11	7
Total	76	69	53	48

Their aggregate remuneration comprised:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Wages and salaries	3,952,088	3,901,223	2,417,382	2,312,995
Social security costs	433,584	442,104	261,860	246,870
Pension costs	37,364	35,121	37,364	35,034
	4,423,036	4,378,448	2,716,606	2,594,899

7 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	169,397	166,646

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2019 - 2).

THIRD REPUBLIC LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

8 Interest payable and similar expenses

	2020	2019
	£	£
Other interest on financial liabilities	1,037	-

9 Taxation

	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	29,349	19,630
Adjustments in respect of prior periods	-	(83)
Total UK current tax	29,349	19,547
Foreign current tax on profits for the current period	22,394	27,128
Total current tax	51,743	46,675
Deferred tax		
Origination and reversal of timing differences	(33,334)	5,754
Total tax charge	18,409	52,429

The actual charge for the period can be reconciled to the expected charge for the period based on the profit or loss and the standard rate of tax as follows:

	2020	2019
	£	£
Profit before taxation	142,831	54,219
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	27,138	10,302
Tax effect of expenses that are not deductible in determining taxable profit	37,267	7,996
Depreciation on assets in excess of capital allowance	1,694	4,904
Foreign taxes	(14,356)	23,473
Deferred tax	(33,334)	5,754
Taxation charge	18,409	52,429

THIRD REPUBLIC LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

10 Tangible fixed assets

Group	Leasehold land and buildings £	Plant and equipment £	Computers £	Total £
Cost				
At 27 December 2019	31,945	26,265	75,257	133,467
Additions	-	2,536	19,049	21,585
At 31 December 2020	31,945	28,801	94,306	155,052
Depreciation and impairment				
At 27 December 2019	30,122	12,203	48,324	90,649
Depreciation charged in the period	1,823	4,637	18,833	25,293
At 31 December 2020	31,945	16,840	67,157	115,942
Carrying amount				
At 31 December 2020	-	11,961	27,149	39,110
At 26 December 2019	1,823	14,062	26,933	42,818
Company				
	Leasehold land and buildings £	Plant and equipment £	Computers £	Total £
Cost				
At 27 December 2019	31,945	26,265	72,085	130,295
Additions	-	2,536	11,444	13,980
At 31 December 2020	31,945	28,801	83,529	144,275
Depreciation and impairment				
At 27 December 2019	30,122	12,203	47,336	89,661
Depreciation charged in the period	1,823	4,637	16,434	22,894
At 31 December 2020	31,945	16,840	63,770	112,555
Carrying amount				
At 31 December 2020	-	11,961	19,759	31,720
At 26 December 2019	1,823	14,062	24,749	40,634

THIRD REPUBLIC LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

11 Subsidiaries

Details of the company's subsidiaries at 31 December 2020 are as follows:

		shares held	Direct
Third Republic Inc	USA	Common stock	100.00

On incorporation, Third Republic Inc. issued 200 Common Stock of no par value, representing 100% of the authorised share capital, to the company at no cost. The registered office is 1178 Broadway, 2nd Floor, New York, NY 10001, USA.

12 Debtors

	Group 2020	2019	Company 2020	2019
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	1,711,472	2,664,485	1,036,089	1,784,096
Amounts owed by group undertakings	-	-	574,874	357,148
Other debtors	107,363	158,304	68,349	104,170
Prepayments and accrued income	1,698,581	1,897,291	1,017,020	989,448
	<u>3,517,416</u>	<u>4,720,080</u>	<u>2,696,332</u>	<u>3,234,862</u>
Amounts falling due after more than one year:				
Deferred tax asset (note 16)	<u>33,334</u>	<u>-</u>	<u>33,334</u>	<u>-</u>
Total debtors	<u>3,550,750</u>	<u>4,720,080</u>	<u>2,729,666</u>	<u>3,234,862</u>

13 Creditors: amounts falling due within one year

		Group 2020	2019	Company 2020	2019
	Notes	£	£	£	£
Bank loans	15	64,167	-	64,167	-
Other borrowings	15	1,249,662	2,186,689	822,163	1,469,590
Trade creditors		322,619	516,305	94,485	55,845
Corporation tax payable		46,927	25,173	50,435	28,798
Other taxation and social security		205,729	134,527	205,729	134,527
Other creditors		450,949	379,498	200,791	100,190
Accruals and deferred income		1,986,254	1,590,796	1,354,699	1,064,636
		<u>4,326,307</u>	<u>4,832,988</u>	<u>2,792,469</u>	<u>2,853,586</u>

THIRD REPUBLIC LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

13 Creditors: amounts falling due within one year

(Continued)

Other borrowings relates to amounts due on invoice discounting. Invoice discounting and other creditors in the amount of £1,299,662 (2019 - £2,236,689) is secured by personal guarantees provided by the directors.

14 Creditors: amounts falling due after more than one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans and overdrafts	15	485,833	-	485,833	-

Amounts included above which fall due after five years are as follows:

Payable by instalments	45,833	-	45,833	-
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15 Loans and overdrafts

	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans	550,000	-	550,000	-
Other loans	1,249,662	2,186,689	822,163	1,469,590
	1,799,662	2,186,689	1,372,163	1,469,590
Payable within one year	1,313,829	2,186,689	886,330	1,469,590
Payable after one year	485,833	-	485,833	-

The bank loan is a loan provided under the Coronavirus Business Interruption Loan Scheme and is partially guaranteed by the UK Government.

The loan is for a term of 6 years with capital being repaid from month 13. Interest is charged at a rate of 3% over base commencing 12 months after drawdown.

THIRD REPUBLIC LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

16 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2020 £	Liabilities 2019 £	Assets 2020 £	Assets 2019 £
Group				
Accelerated capital allowances	7,374	7,374	-	-
Retirement benefit obligations	(1,620)	(1,620)	-	-
Tax deductible expenses	-	-	33,334	-
	<u>5,754</u>	<u>5,754</u>	<u>33,334</u>	<u>-</u>

	Liabilities 2020 £	Liabilities 2019 £	Assets 2020 £	Assets 2019 £
Company				
Accelerated capital allowances	7,374	7,374	-	-
Retirement benefit obligations	(1,620)	(1,620)	-	-
Tax deductible expenses	-	-	33,334	-
	<u>5,754</u>	<u>5,754</u>	<u>33,334</u>	<u>-</u>

	Group 2020 £	Company 2020 £
Movements in the period:		
Liability at 27 December 2019	5,754	5,754
Credit to profit or loss	(33,334)	(33,334)
Asset at 31 December 2020	<u>(27,580)</u>	<u>(27,580)</u>

17 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>37,364</u>	<u>35,121</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund. Pension contributions payable at the balance sheet date and included in other creditors amounted to £6,975 (2019 - £8,525).

THIRD REPUBLIC LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

18 Share capital

	2020	2019	2020	2019
	Number	Number	£	£
Ordinary share capital Issued and fully paid	(000's)	(000's)		
Ordinary A of 0.01p each	7,978,800	7,978,800	798	798
Ordinary B of 0.01p each	4,730,600	4,730,600	473	473
Ordinary C of 0.01p each	4,530,600	4,530,600	453	453
Ordinary D of 0.0001p each	1,313,874,000	1,313,874,000	1,314	1,314
Ordinary E of 0.0001p each	2,239,198,700	2,239,198,700	2,239	2,239
Ordinary F of 0.0001p each	960,287,200	960,287,200	960	960
	<u>4,530,599,900</u>	<u>4,530,599,900</u>	<u>6,237</u>	<u>6,237</u>

All classes of shares have equal voting rights and rank pari passu for dividends and on winding up.

19 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Within one year	51,944	195,018	4,253	4,253
Between two and five years	-	47,691	-	-
	<u>51,944</u>	<u>242,709</u>	<u>4,253</u>	<u>4,253</u>

20 Events after the reporting date

There were no significant events after the balance sheet date.

THIRD REPUBLIC LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

21 Cash generated from/(absorbed by) group operations

	2020 £	2019 £
Profit for the period after tax	124,422	1,790
Adjustments for:		
Taxation charged	18,409	52,429
Finance costs	1,037	-
Depreciation and impairment of tangible fixed assets	25,293	42,069
Movements in working capital:		
Decrease/(increase) in debtors	1,203,482	(1,316,931)
Increase in creditors	344,425	969,237
Cash generated from/(absorbed by) operations	1,717,068	(251,406)

22 Analysis of changes in net debt - group

	27 December 2019 £	Cash flows £	Exchange rate movements £	31 December 2020 £
Cash at bank and in hand	476,154	1,276,612	7,752	1,760,518
Borrowings excluding overdrafts	(2,186,689)	387,027	-	(1,799,662)
	<u>(1,710,535)</u>	<u>1,663,639</u>	<u>7,752</u>	<u>(39,144)</u>