

# **Change Recruitment Group Limited**

Report and Financial Statements

Year Ended

30 April 2015

Company Number SC308080

THURSDAY



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# **Change Recruitment Group Limited**

**Report and financial statements  
for the year ended 30 April 2015**

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## **Directors**

L G Dean  
J J M Faulds (Non executive Chairman)  
M McFall

## **Secretary and registered office**

M McFall, Finlay House, 10-14 West Nile Street, Glasgow, G1 2PP

## **Company number**

SC308080

## **Auditors**

BDO LLP, 4 Atlantic Quay, 70 York Street, Glasgow, G2 8JX

## **Bankers**

Clydesdale Bank PLC, 20 Waterloo Street, Glasgow, G2 6BB

## **Solicitors**

Geldards LLP, The Arc, Enterprise Way, Nottingham, NG2 1EN

# Change Recruitment Group Limited

## Strategic report for the year ended 30 April 2015

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The directors submit their report and the financial statements of Change Recruitment Group Limited for the year ended 30 April 2015.

### Review of the business

The directors of the business report a solid financial performance given the challenging global economic conditions experienced by the Oil & Gas sector – one of our key markets. However the investment in leadership, new consultants, IT infrastructure and the brand will ensure our continued success in our other key areas such as Financial Services sector and the Accountancy & Finance market. Reported revenue for the year was £17.0m (2014 £19.7m).

The downturn in Oil & Gas has inevitably impacted on our operating profit before goodwill amortisation for the year of £0.4m (2014 £0.9m). However, tight control of overheads has helped reduce this impact.

Cashflow and working capital management remain a key focus. Net cashflow from operating activities was approximately £1.3m during the year (2014 £1.0m) resulting in an increase in cash of £0.4m (2014 £0.1m).

### Outlook

In an attempt to mitigate the loss of revenue from the Oil & Gas market, significant investment has been made to enable Change to enter new markets such as Engineering, Supply Chain and Procurement. This investment has quickly resulted in Change securing a presence in these markets and establishing strong market growth in a short period of time.

Continued investment has also been made to bolster our senior management team with the addition of one director and two associate directors in recent months. These appointments will play a strong part in our strategy of not only maintaining market share in our key sectors but also allowing us to broaden our activities across new sectors and geographies.

In November 2015 Change moved in to our new offices in Edinburgh. This coincided with the launch of Change's new website – [www.changerecruitmentgroup.com](http://www.changerecruitmentgroup.com) – and refreshed branding. There has also been an extensive upgrading of IT systems to increase productivity and allow for future growth.

The Board wish to thank our clients and candidates for their continued support. We would also wish to thank our people for their continued hard work and dedication, we are truly grateful and proud of their efforts.

# Change Recruitment Group Limited

## Strategic report for the year ended 30 April 2015 (*continued*)

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### Principal risks and uncertainties

Like all other businesses, the Group is exposed to the risk of a downturn in business within its end markets. The directors closely monitor the Group's performance and are proactive in continuously developing existing and new customer relationships to generate new business opportunities.

The Group is exposed to the risk of payment default by its trade debtors. To mitigate this risk, credit checks are carried out for new customers, trade debtors are closely monitored to identify any issues and rigorous credit control procedures are carried out.

The carrying amounts of cash and bank balances, trade debtors and payables approximate their respective fair values due to the relatively short-term maturing of these financial instruments. The directors are of a view that the Group is not exposed to any significant interest rate risk.

The Group uses KPIs to monitor and measure its business performance. The KPIs we use are sales growth, productivity, breakeven fee levels, gross profit, gross margin profitability and headcount ratios including fee earners to support staff. Balance sheet KPIs include debtor days, creditor days and gearing ratios. In addition the Group also seeks qualitative data to ensure it can continually improve the client and candidate experience.

### Restructure

During the year a portion of the unsecured subordinated bonds (Deep Discounted Bonds ("DDB's")) and all of the Loan Notes held by NBG Private Equity Fund LP (the "Fund") in Change Recruitment Group Limited were waived, together with the related accrued interest. This restructuring of the shareholder debt has significantly strengthened the balance sheet position of the Group with bank loans and bonds now £8.7m (2014 £13.7m).

### By order of the board



M McFall  
Secretary

16 December 2015

# **Change Recruitment Group Limited**

## **Report of the directors for the year ended 30 April 2015**

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The directors present their report together with the audited financial statements for the year ended 30 April 2015.

### **Results and dividends**

The profit and loss account is set out on page 7 and shows the loss for the year.

### **Qualifying third party indemnity provisions**

The company has arranged qualifying third party indemnity for all of its directors.

### **Directors**

The directors of the company during the year were:

L G Dean  
J J M Faulds  
M McFall  
B Robinson BA FCA (resigned 02 April 2015)

### **Directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and company 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

# **Change Recruitment Group Limited**

## **Report of the directors for the year ended 30 April 2015 (*continued*)**

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### **Auditors**

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

### **By order of the board**



M McFall  
**Secretary**

16 December 2015

# **Change Recruitment Group Limited**

## **Independent auditor's report**

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### **To the members of Change Recruitment Group Limited**

We have audited the financial statements of Change Recruitment Group Limited for the year ended 30 April 2015 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

### **Respective responsibilities of directors and auditors**

As explained more fully in the statement of directors' responsibilities, 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). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

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 30 April 2015 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# Change Recruitment Group Limited

## Independent auditor's report (*continued*)

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### Matters on which we are required to report by exception

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.

*BDO LLP*

Neil Craig (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
Glasgow  
United Kingdom

16 December 2015

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



# Change Recruitment Group Limited

## Consolidated profit and loss account for the year ended 30 April 2015

	Note	2015 £	2014 £
<b>Turnover</b>	2	<b>17,002,782</b>	19,686,728
Cost of sales		<b>11,602,340</b>	11,992,143
<b>Gross profit</b>		<b>5,400,442</b>	7,694,585
Administrative expenses		<b>4,909,269</b>	6,722,107
Amortisation of goodwill		<b>651,503</b>	651,503
Depreciation		<b>64,419</b>	58,093
Administrative expenses		<b>5,625,191</b>	7,431,703
<b>Group operating (loss)/profit</b>	3	<b>(224,749)</b>	262,882
Interest payable and similar charges	6	<b>(559,494)</b>	(693,015)
<b>Loss on ordinary activities before taxation</b>		<b>(784,243)</b>	(430,133)
Taxation on loss on ordinary activities	7	<b>(3,572)</b>	(96,039)
<b>Loss on ordinary activities after taxation</b>		<b>(787,815)</b>	(526,172)

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

The notes on pages 11 to 27 form part of these financial statements.

# Change Recruitment Group Limited

## Consolidated balance sheet at 30 April 2015

<b>Company number SC308080</b>	<b>Note</b>	<b>2015 £</b>	<b>2015 £</b>	<b>2014 £</b>	<b>2014 £</b>
<b>Fixed assets</b>					
Intangible assets	9		7,550,778		8,202,281
Tangible assets	10		56,923		76,144
			<u>7,607,701</u>		<u>8,278,425</u>
<b>Current assets</b>					
Debtors	12	2,459,865		3,307,356	
Cash at bank and in hand		708,508		274,195	
		<u>3,168,373</u>		<u>3,581,551</u>	
<b>Creditors: amounts falling due within one year</b>	13	2,294,122		4,675,873	
		<u>2,294,122</u>		<u>4,675,873</u>	
<b>Net current assets/(liabilities)</b>			<u>874,251</u>		<u>(1,094,322)</u>
<b>Total assets less current liabilities</b>			<u>8,481,952</u>		<u>7,184,103</u>
<b>Creditors: amounts falling due after more than one year</b>	14		8,384,721		11,812,963
<b>Capital and reserves</b>					
Called up share capital	17	1,135,833		1,135,833	
Capital redemption reserve	18	121,667		121,667	
Profit and loss account	18	(1,160,269)		(5,886,360)	
		<u>(1,160,269)</u>		<u>(5,886,360)</u>	
<b>Shareholders' funds/(deficit)</b>	19		<u>97,231</u>		<u>(4,628,860)</u>
			<u>8,481,952</u>		<u>7,184,103</u>

The financial statements were approved by the board of directors and authorised for issue on 16 December 2015.



M McFall  
Director

The notes on pages 11 to 27 form part of these financial statements.

# Change Recruitment Group Limited

## Company balance sheet at 30 April 2015

<b>Company number SC308080</b>	<b>Note</b>	<b>2015 £</b>	<b>2015 £</b>	<b>2014 £</b>	<b>2014 £</b>
<b>Fixed assets</b>					
Fixed asset investments	11		14,790,092		14,790,092
<b>Current assets</b>					
Debtors	12	222,067		979,385	
Cash at bank and in hand		4,189		1,880	
		<u>226,256</u>		<u>981,265</u>	
<b>Creditors: amounts falling due within one year</b>	13	425,780		2,745,257	
		<u></u>		<u></u>	
<b>Net current liabilities</b>			(199,524)		(1,763,992)
			<u></u>		<u></u>
<b>Total assets less current liabilities</b>			14,590,568		13,026,100
			<u><u></u></u>		<u><u></u></u>
<b>Creditors: amounts falling due after more than one year</b>	14		8,384,721		11,812,963
<b>Capital and reserves</b>					
Called up share capital	17	1,135,833		1,135,833	
Capital redemption reserve	18	121,667		121,667	
Profit and loss account	18	4,948,347		(44,363)	
		<u></u>		<u></u>	
<b>Shareholders' funds</b>	19		6,205,847		1,213,137
			<u></u>		<u></u>
			14,590,568		13,026,100
			<u><u></u></u>		<u><u></u></u>

The financial statements were approved by the board of directors and authorised for issue on 16 December 2015.



M McFall  
Director

The notes on pages 11 to 27 form part of these financial statements.

# Change Recruitment Group Limited

## Consolidated cashflow statement for the year ended 30 April 2015

	Note	2015 £	2015 £	2014 £	2014 £
<b>Net cash inflow from operating activities</b>	22		1,265,443		1,004,400
<b>Returns on investments and servicing of finance</b>					
Interest paid: bank loans		(147,068)		(187,195)	
Interest paid: other loans		-		(118,967)	
<b>Net cash outflow from returns on investments and servicing of finance</b>			(147,068)		(306,162)
<b>Taxation</b>					
Corporation tax paid			(3,572)		(30,222)
<b>Capital expenditure and financial investment</b>					
Payments to acquire tangible fixed assets			(45,198)		(25,583)
<b>Cash inflow before use of financing</b>			1,069,605		642,433
<b>Financing</b>					
Loans repaid			(635,292)		(594,956)
<b>Increase in cash</b>	23		434,313		47,477

The notes on pages 11 to 27 form part of these financial statements.

# Change Recruitment Group Limited

## Notes forming part of the financial statements for the year ended 30 April 2015

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### 1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

The following principal accounting policies have been applied:

#### *Basis of consolidation*

The consolidated financial statements incorporate the results of Change Recruitment Group Limited and all of its subsidiary undertakings as at 30 April 2015 using the acquisition method of accounting. The results of subsidiary undertakings are included from the date of acquisition.

#### *Goodwill*

Goodwill arising on an acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life up to a maximum of 20 years. Impairment tests on the carrying value of goodwill are undertaken:

- at the end of the first full financial year following acquisition;
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

#### *Turnover*

Turnover, which excludes value added tax, constitutes the value of services undertaken by the group through its principal activity, which is recruitment consultancy.

Turnover consists of temporary staff placements where turnover is recognised when the service has been provided, permanent staff placements where income is recognised at the date an offer is accepted by a candidate and a start date has been determined and amounts billed to clients for advertising and response handling expenses incurred on their behalf which are recognised when the expense is incurred. Where a permanent staff placement is made but the candidate has not started work at the balance sheet date, the anticipated turnover from the placement is accrued on the balance sheet as accrued income. Provision is made for possible cancellations of placements prior to, or shortly after, the commencement of employment.

#### *Depreciation*

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, over their expected useful lives. It is calculated at the following rates:

Fixtures and fittings	- 25% straight line
Office furniture and equipment	- 25% straight line

#### *Valuation of investments*

Investments held as fixed assets are stated at cost less any provision for impairment.

# Change Recruitment Group Limited

## Notes forming part of the financial statements for the year ended 30 April 2015 (continued)

### 1 Accounting policies (continued)

#### *Finance costs*

Finance costs are charged to profit over the term of the debt so that the amount charged is at a constant rate on the carrying amount or in line with the repayment agreement as appropriate. Finance costs include issue costs, which are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### *Dividends*

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders.

#### *Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the group anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

#### *Leased assets*

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

#### *Foreign currency*

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account.

#### *Liquid resources*

For the purposes of the cash flow statement, liquid resources are defined as current asset investments and short term deposits.

### 2 Turnover

	2015 £	2014 £
Analysis by geographical market:		
United Kingdom	15,175,982	16,871,758
Europe	978,504	1,430,173
Rest of the world	848,296	1,384,797
	<hr/>	<hr/>
	17,002,782	19,686,728
	<hr/>	<hr/>

Turnover is wholly attributable to the principal activity of the group.

# Change Recruitment Group Limited

Notes forming part of the financial statements  
for the year ended 30 April 2015 (continued)

## 3 Operating (loss)/profit

	2015 £	2014 £
This is arrived at after charging:		
Depreciation of tangible fixed assets	64,419	58,093
Amortisation of positive goodwill	651,503	651,503
Hire of other assets - operating leases	15,905	20,768
Hire of property - operating leases	274,686	235,278
Exchange differences	-	7,938
Group - fees payable for the audit of the annual accounts	16,500	16,500
Group - non-audit services - fees for tax compliance work	19,157	3,500
	<u>          </u>	<u>          </u>

Included in the group audit fee is an amount of £5,500 (2014 - £5,500) in respect of the company.

## 4 Employees

Staff costs (including directors) consist of:

	Group 2015 £	Group 2014 £
Wages and salaries	3,115,781	4,510,508
Social security costs	349,924	514,433
Other pension costs	15,458	-
	<u>          </u>	<u>          </u>
	<u>3,481,163</u>	<u>5,024,941</u>

The average number of employees (including directors) during the year was 92 (2014 - 125).

## 5 Directors' remuneration

	2015 £	2014 £
Directors' emoluments	423,308	391,277
	<u>          </u>	<u>          </u>

The total amount payable to the highest paid director in respect of emoluments was £236,308 (2014 - £125,650). This included £25,000 payable as compensation for loss of office. Company pension contributions of £728 (2014 - £Nil) were made to a money purchase scheme on their behalf.

## Change Recruitment Group Limited

Notes forming part of the financial statements  
for the year ended 30 April 2015 (*continued*)

### 6 Interest payable and similar charges

	2015 £	2014 £
Bank loans and overdrafts	147,068	173,327
Other borrowings	412,426	519,688
	<u>559,494</u>	<u>693,015</u>

Invoice discounting charges (included in administrative expenses) during the year amounted to £26,769 (2014 - £29,545).



# Change Recruitment Group Limited

Notes forming part of the financial statements  
for the year ended 30 April 2015 (*continued*)

## 7 Taxation on loss on ordinary activities

	2015 £	2014 £
<i>Foreign tax</i>		
Overseas tax	3,435	30,222
<i>Deferred tax</i>		
Origination and reversal of timing differences	137	65,817
	<hr/>	<hr/>
Taxation on loss on ordinary activities	3,572	96,039
	<hr/>	<hr/>

The tax assessed for the year differs from the standard rate of corporation tax in the UK applied to the loss before tax. The differences are explained below:

	2015 £	2014 £
Loss on ordinary activities before tax	(784,243)	(430,133)
	<hr/>	<hr/>
Loss on ordinary activities at the standard rate of corporation tax in the UK of 20.00% (2014 - 20.00%)	(156,849)	(86,027)
Effect of:		
Expenses not deductible for tax purposes	134,122	137,787
Depreciation for period compared to capital allowance	13	10,124
Other timing differences	904	(74,809)
Foreign tax	-	18,132
Losses not utilised	25,245	25,015
	<hr/>	<hr/>
Current tax charge for the year	3,435	30,222
	<hr/>	<hr/>

## 8 Profit for the financial year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The group loss for the year includes a loss after tax of £521,196 (2014 - £600,398) which is dealt with in the financial statements of the parent company.

# Change Recruitment Group Limited

Notes forming part of the financial statements  
for the year ended 30 April 2015 (*continued*)

## 9 Intangible fixed assets

### Group

	Positive goodwill £
<i>Cost</i>	
At 1 May 2014 and 30 April 2015	13,030,069
<i>Amortisation</i>	
At 1 May 2014	4,827,788
Provided for the year	651,503
At 30 April 2015	5,479,291
<i>Net book value</i>	
At 30 April 2015	7,550,778
At 30 April 2014	8,202,281

# Change Recruitment Group Limited

Notes forming part of the financial statements  
for the year ended 30 April 2015 (*continued*)

## 10 Tangible fixed assets

### Group

	Office furniture and equipment £	Fixtures and fittings £	Total £
<i>Cost</i>			
At 1 May 2014	582,683	602,404	1,185,087
Additions	21,913	23,285	45,198
	<hr/>	<hr/>	<hr/>
At 30 April 2015	<b>604,596</b>	<b>625,689</b>	<b>1,230,285</b>
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 May 2014	548,666	560,277	1,108,943
Provided for the year	25,796	38,623	64,419
	<hr/>	<hr/>	<hr/>
At 30 April 2015	<b>574,462</b>	<b>598,900</b>	<b>1,173,362</b>
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 30 April 2015	<b>30,134</b>	<b>26,789</b>	<b>56,923</b>
	<hr/>	<hr/>	<hr/>
At 30 April 2014	<b>34,017</b>	<b>42,127</b>	<b>76,144</b>
	<hr/>	<hr/>	<hr/>

# Change Recruitment Group Limited

Notes forming part of the financial statements  
for the year ended 30 April 2015 (*continued*)

## 11 Fixed asset investments

### Company

	Group undertakings £
<i>Cost</i>	
At 1 May 2014 and 30 April 2015	14,790,092

### *Subsidiary undertakings, associated undertakings and other investments*

The principal undertakings in which the company's interest at the year end is 20% or more are as follows:

	Proportion of voting rights and ordinary share capital held	Nature of business
<i>Subsidiary undertakings</i>		
Cairngorm Management Holdings Limited	100	Intermediate parent company
Cairngorm Management Limited *	100	Intermediate parent company and recruitment consultancy
Cairngorm Management (Glasgow) Limited**	100	Non trading
Cairngorm Management (Edinburgh) Limited**	100	Non trading
Cairngorm CBS Limited **	100	Non trading

\* Cairngorm Management Limited is a wholly owned subsidiary company of Cairngorm Management Holdings Limited

\*\* Cairngorm Management (Glasgow) Limited, Cairngorm Management (Edinburgh) Limited and Cairngorm CBS Limited are wholly owned subsidiary undertakings of Cairngorm Management Limited

# Change Recruitment Group Limited

Notes forming part of the financial statements  
for the year ended 30 April 2015 (continued)

## 12 Debtors

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Amounts receivable within one year				
Trade debtors	1,407,358	2,441,378	-	-
Amounts owed by group undertakings	-	-	220,817	976,240
Other debtors	726,299	571,618	1,250	3,145
Prepayments and accrued income	277,450	245,465	-	-
	<u>2,411,107</u>	<u>3,258,461</u>	<u>222,067</u>	<u>979,385</u>
Amounts receivable after more than one year				
Deferred taxation (see note 15)	48,758	48,895	-	-
	<u>48,758</u>	<u>48,895</u>	<u>-</u>	<u>-</u>
Total debtors	<u>2,459,865</u>	<u>3,307,356</u>	<u>222,067</u>	<u>979,385</u>

## 13 Creditors: amounts falling due within one year

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Bank loans and overdrafts (secured) (see note 14)	317,646	635,292	317,646	635,292
Bonds and loan notes	-	1,292,273	-	1,292,273
Trade creditors	503,277	646,737	2,500	13,092
Other taxation and social security	621,261	653,163	-	-
Other creditors	20,122	-	-	-
Accruals and deferred income	831,816	1,448,408	105,634	804,600
	<u>2,294,122</u>	<u>4,675,873</u>	<u>425,780</u>	<u>2,745,257</u>

As at 30 April 2015, there was an amount of £704,266 due by the bank to Cairngorm Management Limited in respect of the invoice discounting facility (2014 - £108,467 due by the bank to Cairngorm Management Limited). Trade debtor balances totalling £1,562,540 (2014 - £1,935,520) have been assigned to the Clydesdale Bank to secure the factored debt. In addition, there is a cross guarantee in place between all group companies in respect of bank borrowings.

# Change Recruitment Group Limited

Notes forming part of the financial statements  
for the year ended 30 April 2015 (continued)

## 14 Creditors: amounts falling due after more than one year

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Bank loans (secured)	2,664,721	2,982,367	2,664,721	2,982,367
Bonds and loan notes	5,720,000	8,830,596	5,720,000	8,830,596
	<u>8,384,721</u>	<u>11,812,963</u>	<u>8,384,721</u>	<u>11,812,963</u>
Maturity of debt:				
	Group Loans and overdrafts 2015 £	Group Loans and overdrafts 2014 £	Company Loans and overdrafts 2015 £	Company Loans and overdrafts 2014 £
In one year or less, or on demand	<u>317,646</u>	<u>1,927,565</u>	<u>317,646</u>	<u>1,927,565</u>
In more than one year but not more than two years	1,256,065	2,042,381	1,256,065	2,042,381
In more than two years but not more than five years	7,128,656	9,458,913	7,128,656	9,458,913
In more than five years	-	311,669	-	311,669
	<u>8,384,721</u>	<u>11,812,963</u>	<u>8,384,721</u>	<u>11,812,963</u>

# Change Recruitment Group Limited

## Notes forming part of the financial statements for the year ended 30 April 2015 *(continued)*

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### 14 Creditors: amounts falling due after more than one year *(continued)*

As at 30 April 2015, the amounts outstanding on the two loans with the Clydesdale Bank PLC amounted to £0.74 million (2014 - £1.38 million) and £2 million (2014 - £2 million) respectively. The first loan is repayable in instalments. Interest is payable quarterly at the 3 month LIBOR rate plus a margin of 3.85% (3 month LIBOR rate plus a margin of 3.95% effective from 1 July 2016). The second loan is repayable in full by 30 June 2018. Interest is payable quarterly at the 3 month LIBOR rate plus a margin of 3.95%.

As at 30 April 2015, there is a further bank loan outstanding amounting to £241,179 (2014 - £241,179). The loan is due to be repaid by 30 June 2016. Interest is charged at the 3 month LIBOR rate plus a margin of 3.5%.

The bank loans are secured by a bond and floating charge over the whole assets and undertakings of all group companies and there is a cross guarantee in place between all the group companies.

As at 30 April 2015, there are unsecured loan notes outstanding amounting to £20,000 (2014 - £1,630,676). During the year, loan notes of £1,740,704 held by NBG Private Equity Fund LP were waived to nil. The remaining loan notes are due to be repaid on 30 June 2019. Interest is charged at the 3 month LIBOR rate plus a margin of 3%.

On 30 April 2012, the company issued £12,030,405 of unsecured subordinated bond certificates at a discounted amount of £8,492,193. The bonds are held by NBG Private Equity Fund LP, the majority shareholder. Repayment of these bond certificates was partially waived by the holder during the year. The company intends to redeem the debt as early as possible, thus minimising the repayment amounts. A repayment plan has been agreed with NBG Private Equity Fund LP and provided the repayments are made in accordance with this plan, the total to be repaid over the period to 2019 would amount to £5,700,000. If the redemptions are not made in accordance with the repayment agreement, the liability included in the financial statements will be remeasured. The maximum redemption amount which would be payable would be £7,119,566.

### 15 Pensions

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge amounted to £15,458 (2014 - £Nil). Contributions amounting to £20,122 (2014 - £Nil) for employees and temporary workers were payable to the fund and are included in creditors.

## Change Recruitment Group Limited

Notes forming part of the financial statements  
for the year ended 30 April 2015 (*continued*)

### 16 Provisions for liabilities

#### *Deferred taxation*

	2015 £	2014 £
Fixed asset timing differences	(48,758)	(39,904)
Sundry timing differences	-	(74,808)
	<u>(48,758)</u>	<u>(114,712)</u>
Transferred to debtors	48,758	114,712
	<u>-</u>	<u>-</u>

The policy for the recognition of deferred tax assets and liabilities is at note 1.



# Change Recruitment Group Limited

## Notes forming part of the financial statements for the year ended 30 April 2015 (continued)

### 17 Share capital

	2015 £	2014 £
<i>Allotted, called up and fully paid</i>		
47,500,000 A1 ordinary shares of 1pence each	475,000	475,000
3,125,000 A2 ordinary shares of 1pence each	31,250	31,250
29,625,000 B ordinary shares of 1pence each	239,458	296,250
33,333,300 C ordinary shares of 1pence each	390,125	333,333
	<u>1,135,833</u>	<u>1,135,833</u>

No dividends were payable by the company during the period 2007 to 2015. Thereafter, the profits of the company available for distribution shall be applied as follows:-

- first in paying to the holders of the A ordinary shares as a class (both the A1 and the A2 shares) a cumulative preferential net cash dividend of a sum equal to the relevant percentage of the net profit of the company of 20%;
- subject to the payment of the above dividend and any accruals thereof, any remaining profits of the company may be distributed amongst the holders of the equity shares in accordance with the number of shares held by them *pari passu* as if they constituted one class of shares.

Voting rights attaching to the shares are as follows:-

- the holders of the A1 ordinary shares have two votes attaching to each A1 ordinary share held;
- the holders of the B ordinary shares have one vote attaching to every B ordinary share held.

The holders of the A2 ordinary shares and the holders of C ordinary shares only have a right to receive notice of but not to attend, speak or vote at general meetings of the company.

On a return of assets on liquidation or capital reduction or otherwise, the assets of the company remaining after the payment of its liabilities shall be applied as follows:-

- first in paying to the holders of the A ordinary shares 1 pence per share together with a sum equal to any arrears or accruals of the dividends on the A ordinary shares calculated to the date of the return of capital;
- second in paying to the holders of the B ordinary shares and the C ordinary shares 1 pence per share together with a sum equal to any arrears or accruals of the dividends on the B ordinary shares and the C ordinary shares calculated to the date of the return of capital;
- the remaining balance of any assets shall be distributed amongst the holders of the equity shares *pari passu* as if the same constituted one class of shares.

The holder of the A1 ordinary shares may elect for the company to redeem certain of the A1 ordinary shares subscribed for at completion but only upon the holder of these shares identifying additional parties wishing to subscribe for new shares. Alternatively the holder of the A1 ordinary shares can transfer its existing shares to the new subscribers.

# Change Recruitment Group Limited

Notes forming part of the financial statements  
for the year ended 30 April 2015 (*continued*)

## 18 Reserves

### Group

	Capital redemption reserve £	Profit and loss account £
At 1 May 2014	121,667	(5,886,360)
Loss for the year	-	(787,815)
Capital contribution	-	5,513,906
	<hr/>	<hr/>
At 30 April 2015	<b>121,667</b>	<b>(1,160,269)</b>
	<hr/>	<hr/>

### Company

	Capital redemption reserve £	Profit and loss account £
At 1 May 2014	121,667	(44,363)
Loss for the year	-	(521,196)
Capital contribution	-	5,513,906
	<hr/>	<hr/>
At 30 April 2015	<b>121,667</b>	<b>4,948,347</b>
	<hr/>	<hr/>

## 19 Reconciliation of movements in shareholders' funds/(deficit)

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Loss for the year	(787,815)	(526,172)	(521,196)	(600,398)
Issue of shares	56,792	-	56,792	-
Shares redeemed	(56,792)	-	(56,792)	-
Capital contribution	5,513,906	-	5,513,906	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net additions to/(deductions from) shareholders' funds/(deficit)	<b>4,726,091</b>	(526,172)	<b>4,992,710</b>	(600,398)
Opening shareholders' (deficit)/funds	<b>(4,628,860)</b>	(4,102,688)	<b>1,213,137</b>	1,813,535
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' funds/(deficit)	<b>97,231</b>	(4,628,860)	<b>6,205,847</b>	1,213,137
	<hr/>	<hr/>	<hr/>	<hr/>

# Change Recruitment Group Limited

## Notes forming part of the financial statements for the year ended 30 April 2015 (continued)

### 20 Commitments under operating leases

The group had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2015 £	Other 2015 £	Land and buildings 2014 £	Other 2014 £
Operating leases which expire:				
Within one year	57,053	-	93,804	-
In two to five years	-	17,226	-	17,226
After five years	265,770	-	159,930	-
	<u>322,823</u>	<u>17,226</u>	<u>253,734</u>	<u>17,226</u>

The company had no annual commitments under non-cancellable operating leases.

### 21 Related party disclosures

On 30 April 2012, the company issued £12,030,405 of unsecured subordinated bond certificates at a discounted amount of £8,492,193. The bonds are held by NBG Private Equity Fund LP, the majority shareholder. Repayment of these bond certificates was partially waived by the holder during the year. The company intends to redeem the debt as early as possible, thus minimising the repayment amounts. A repayment plan has been agreed with NBG Private Equity Fund LP and provided the repayments are made in accordance with this plan, the total to be repaid over the period to 2019 would amount to £5,700,000. If the redemptions are not made in accordance with the repayment agreement, the liability included in the financial statements will be remeasured. The maximum redemption amount which would be payable would be £7,119,566. As at 30 April 2015, the amount due in respect of the bond certificates amounts to £5,795,033 (2014: £9,198,180) inclusive of accrued finance costs of £95,033 (2014: £705,987). Finance costs on the bonds for the year amounted to £361,287 (2014: £447,209).

As at 30 April 2015, there are unsecured loan notes outstanding amounting to £20,000 (2014 - £1,630,676). During the year, loan notes of £1,740,704 held by NBG Private Equity Fund LP were waived to nil. The remaining loan notes are due to be repaid on 30 June 2019. Interest is charged at the 3 month LIBOR rate plus a margin of 3%. Interest payable on these loan notes for the year amounted to £50,449 (2014 - £57,816). Accrued interest at 30 April 2015 was £65 (2014: £89,137). The terms applying to these loan notes are as disclosed in note 14 to the financial statements.

During the year Change Recruitment Group Limited purchased services from NBGI Private Equity Limited worth £29,656 (2014: £30,120). At 30 April 2015 there was an outstanding balance of £2,500 (2014: £5,730) owing to NBGI Private Equity Limited.

# Change Recruitment Group Limited

Notes forming part of the financial statements  
for the year ended 30 April 2015 (continued)

## 22 Reconciliation of operating (loss)/profit to net cash inflow from operating activities

	2015 £	2014 £
Operating (loss)/profit	(224,749)	262,882
Exceptional items included in operating (loss)/profit	-	709,596
	<hr/>	<hr/>
Operating (loss)/profit before exceptional items	(224,749)	972,478
Amortisation of intangible fixed assets	651,503	651,503
Depreciation of tangible fixed assets	64,419	58,093
Decrease in debtors	847,491	620,922
Decrease in creditors	(73,221)	(589,000)
	<hr/>	<hr/>
Cash outflow relating to exceptional items	1,265,443	1,713,996
	-	(709,596)
	<hr/>	<hr/>
Net cash inflow from operating activities	1,265,443	1,004,400
	<hr/>	<hr/>

## 23 Reconciliation of net cash flow to movement in net debt

	2015 £	2014 £
Increase in cash	434,313	47,477
Cash inflow from changes in debt	635,292	594,956
	<hr/>	<hr/>
Movement in net debt resulting from cash flows	1,069,605	642,433
Non-cash adjustment	4,402,869	(233,676)
	<hr/>	<hr/>
Movement in net debt	5,472,474	408,757
Opening net debt	(13,466,333)	(13,875,090)
	<hr/>	<hr/>
Closing net debt	(7,993,859)	(13,466,333)
	<hr/>	<hr/>

# Change Recruitment Group Limited

Notes forming part of the financial statements  
for the year ended 30 April 2015 (*continued*)

## 24 Analysis of net debt

	At 1 May 2014 £	Cash flow £	Other non- cash items £	At 30 April 2015 £
Cash at bank and in hand	274,195	434,313	-	708,508
Debt due within one year	(1,927,565)	635,292	969,289	(322,984)
Debt due after one year	(11,812,963)	-	3,433,580	(8,379,383)
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total	(13,466,333)	1,069,605	4,402,869	(7,993,859)
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

## 25 Controlling party

The company is under the control of NBG Private Equity Fund LP, the holder of the A1 ordinary shares.