

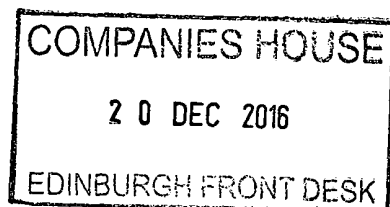
Change Recruitment Group Limited

Report and Financial Statements

Year Ended

30 April 2016

Company Number SC308080



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Change Recruitment Group Limited

Company Information

Directors	L G Dean J J M Faulds M McFall
Company secretary	M McFall
Registered number	SC308080
Registered office	Finlay House 10-14 West Nile Street Glasgow G1 2PP
Independent auditor	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

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Change Recruitment Group Limited

Group Strategic Report For the Year Ended 30 April 2016

Introduction

The directors submit their report and the financial statements of Change Recruitment Group Limited for the year ended 30 April 2016.

Business review

Reported revenue is up 5.8% for the year 2016 at £17.98m (2015 £17.0m). The outcome for the year has been impacted by the non cash goodwill amortisation charge of £1.3m following the adoption of FRS102. In addition external economic factors such as the downturn in the Oil & Gas sector also affected the results in this financial year. A key priority was to grow the temp business, the team managed to almost double the numbers of temps working however there have been margin pressures in certain key sectors. The continued investment in core disciplines such as Accountancy and Finance are paying off, we're sure we'll see even greater returns in the years to come.

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.

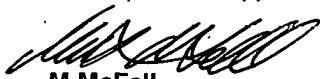
The Group is exposed to the risk of payment default by its trade debtors. To mitigate this risk, credit checks are carried out for new customers, trade debtors are closely monitored to identify any issues and rigorous credit control procedures are carried out.

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.

Financial key performance indicators

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.

This report was approved by the board on 19 October 2016 and signed on its behalf.



M McFall
Director

Change Recruitment Group Limited

Directors' Report For the Year Ended 30 April 2016

The directors present their report and the financial statements for the year ended 30 April 2016.

Directors' responsibilities statement

The directors are responsible for preparing the Group 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group 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 for the Group financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

Principal activity

The principal activity of the organisation is recruiting permanent, temporary and contracting talent into client organisations across the world.

Results and dividends

The loss for the year, after taxation, amounted to £2,202,808 (2015 - loss £1,439,317).

Directors

The directors who served during the year were:

L G Dean
J J M Faulds
M McFall

Change Recruitment Group Limited

Directors' Report For the Year Ended 30 April 2016

Future developments

Further investment in core activities has resulted in a stronger more consistent revenue base with a good increase in temporary/contractor revenue as well as consistent permanent revenue performance both internationally as well as the UK markets.

Whilst there is uncertainty over the economy, particularly since the vote on the UK's membership of the EU, the Board are confident the investment in and growth strategy of the business will return stronger financial performances in the years to come.

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.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Auditors

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 19 October 2016 and signed on its behalf.



M McFall
Director

Change Recruitment Group Limited

Independent Auditor's report 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 2016 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows, 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), including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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.

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 2016 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.

Change Recruitment Group Limited

Independent Auditor's report to the members of Change Recruitment Group Limited

Opinion on other matters prescribed by the Companies Act 2006

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

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.



Martin Gill (Senior statutory auditor)
for and on behalf of BDO LLP, Statutory auditor
Glasgow
United Kingdom

19 October 2016

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 2016

		2016 £	2015 £
Turnover	4	17,979,400	17,002,782
Cost of sales		(13,158,195)	(11,602,340)
Gross profit		4,821,205	5,400,442
Administrative expenses		(6,532,921)	(6,276,620)
Operating loss	5	(1,711,716)	(876,178)
Interest payable and expenses	8	(439,496)	(559,567)
Loss before tax		(2,151,212)	(1,435,745)
Tax on loss	9	(51,596)	(3,572)
Loss for the year		(2,202,808)	(1,439,317)
Loss for the year attributable to:			
Owners of the parent		(2,202,808)	(1,439,317)
		(2,202,808)	(1,439,317)

The notes on pages 14 to 37 form part of these financial statements.

Change Recruitment Group Limited
Registered number: SC308080

Consolidated Balance Sheet
As at 30 April 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	11	760,089	2,063,095
Tangible assets	12	227,055	56,923
		<u>987,144</u>	<u>2,120,018</u>
Current assets			
Debtors: amounts falling due after more than one year	14	-	48,758
Debtors: amounts falling due within one year	14	3,122,046	2,411,107
Cash at bank and in hand	15	3,699	708,508
		<u>3,125,745</u>	<u>3,168,373</u>
Creditors: amounts falling due within one year	16	(3,654,620)	(2,294,122)
Net current (liabilities)/assets		<u>(528,875)</u>	<u>874,251</u>
Total assets less current liabilities		<u>458,269</u>	<u>2,994,269</u>
Creditors: amounts falling due after more than one year	17	8,051,529	8,384,721
Capital and reserves			
Called up share capital	21	1,135,833	1,135,833
Capital redemption reserve	22	121,667	121,667
Profit and loss account	22	(8,850,760)	(6,647,952)
		<u>(7,593,260)</u>	<u>(5,390,452)</u>
		<u>458,269</u>	<u>2,994,269</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 October 2016.



M McFall
Director

The notes on pages 14 to 37 form part of these financial statements.

Change Recruitment Group Limited
Registered number: SC308080

Company Balance Sheet
As at 30 April 2016

	Note	2016 £	2015 £
Fixed assets			
Investments	13	10,840,955	14,790,092
		<u>10,840,955</u>	<u>14,790,092</u>
Current assets			
Debtors: amounts falling due within one year	14	-	222,067
Cash at bank and in hand	15	389	4,189
		<u>389</u>	<u>226,256</u>
Creditors: amounts falling due within one year	16	(995,115)	(425,780)
Net current liabilities		<u>(994,726)</u>	<u>(199,524)</u>
Total assets less current liabilities		<u>9,846,229</u>	<u>14,590,568</u>
Creditors: amounts falling due after more than one year	17	8,051,529	8,384,721
Capital and reserves			
Called up share capital	21	1,135,833	1,135,833
Capital redemption reserve	22	121,667	121,667
Profit and loss account	22	537,200	4,948,347
		<u>1,794,700</u>	<u>6,205,847</u>
		<u>9,846,229</u>	<u>14,590,568</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 October 2016.

M McFall
Director

The notes on pages 14 to 37 form part of these financial statements.

Change Recruitment Group Limited

Consolidated Statement of Changes in Equity For the Year Ended 30 April 2016

	Share capital £	Capital redemption reserve £	Retained earnings £	Equity attributable to owners of parent Company £	Total equity £
At 1 May 2015	1,135,833	121,667	(6,647,952)	(5,390,452)	(5,390,452)
Comprehensive income for the year					
Loss for the year	-	-	(2,202,808)	(2,202,808)	(2,202,808)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive loss for the year	-	-	(2,202,808)	(2,202,808)	(2,202,808)
Total transactions with owners	-	-	-	-	-
At 30 April 2016	1,135,833	121,667	(8,850,760)	(7,593,260)	(7,593,260)

Change Recruitment Group Limited

Consolidated Statement of Changes in Equity For the Year Ended 30 April 2015

	Share capital	Capital redemption reserve	Retained earnings	Equity attributable to owners of parent Company	Total equity
	£	£	£	£	£
At 1 May 2014	1,135,833	121,667	(10,722,541)	(9,465,041)	(9,465,041)
Comprehensive income for the year					
Loss for the year	-	-	(1,439,317)	(1,439,317)	(1,439,317)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive loss for the year	-	-	(1,439,317)	(1,439,317)	(1,439,317)
Contributions by and distributions to owners					
Capital contribution	-	-	5,513,906	5,513,906	5,513,906
At 30 April 2015	1,135,833	121,667	(6,647,952)	(5,390,452)	(5,390,452)

The notes on pages 14 to 37 form part of these financial statements.

Change Recruitment Group Limited

Company Statement of Changes in Equity For the Year Ended 30 April 2016

	Share capital £	Capital redemption reserve £	Retained earnings £	Total equity £
At 1 May 2015	1,135,833	121,667	4,948,347	6,205,847
Comprehensive income for the year				
Loss for the year	-	-	(4,411,147)	(4,411,147)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	-	(4,411,147)	(4,411,147)
At 30 April 2016	1,135,833	121,667	537,200	1,794,700

Change Recruitment Group Limited

Company Statement of Changes in Equity For the Year Ended 30 April 2015

	Share capital £	Capital redemption reserve £	Retained earnings £	Total equity £
At 1 May 2014	1,135,833	121,667	(44,363)	1,213,137
Comprehensive income for the year				
Loss for the year	-	-	(521,196)	(521,196)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	-	(521,196)	(521,196)
Contributions by and distributions to owners				
Capital contribution	-	-	5,513,906	5,513,906
At 30 April 2015	1,135,833	121,667	4,948,347	6,205,847

The notes on pages 14 to 37 form part of these financial statements.

Change Recruitment Group Limited

Consolidated Statement of Cash Flows For the Year Ended 30 April 2016

	2016 £	2015 £
Cash flows from operating activities		
Loss for the financial year	(2,202,808)	(1,439,317)
Adjustments for:		
Amortisation of intangible assets	1,303,006	1,303,006
Depreciation of tangible assets	93,948	64,419
Interest payable	439,496	559,567
Taxation charge	51,596	3,572
(Increase) / decrease in debtors	(662,181)	847,491
(Decrease) in creditors	(5,612)	(76,867)
Corporation tax paid	2,838	-
Net cash generated from operating activities	(979,717)	1,261,871
Cash flows from investing activities		
Purchase of tangible fixed assets	(264,080)	(45,198)
Net cash from investing activities	(264,080)	(45,198)
Cash flows from financing activities		
Repayment of loans	(317,646)	(635,292)
Interest paid	(144,267)	(147,068)
Net cash used in financing activities	(461,913)	(782,360)
Net (decrease) / increase in cash and cash equivalents	(1,705,710)	434,313
Cash and cash equivalents at beginning of year	708,508	274,195
Cash and cash equivalents at the end of year	(997,202)	708,508
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,699	708,508
Bank overdrafts	(1,000,901)	-
	(997,202)	708,508

The notes on pages 14 to 37 form part of these financial statements.

Change Recruitment Group Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

1. General information

Change Recruitment Group Limited is a company limited by shares incorporated in Scotland under the Companies Act. The address of the registered office is given on the company information page and the nature of the company's operations and principal activities are set out in the directors' report.

2. Accounting policies

2.1 Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the parent company;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole; and
- No disclosure has been given of the parent company's profit and loss account.

2.2 Basis of preparation of financial statements

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

Information on the impact of first-time adoption of FRS 102 is given in note 27.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Company's accounting policies (see note 3).

The financial statements have been prepared on a going concern basis which assumes the ongoing support of the company's principal shareholder and its bankers. The directors are confident that this support is in place. The financial statements do not include any adjustments that may be required should this support be withdrawn.

The following principal accounting policies have been applied:

2.3 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Profit and Loss Account from the date on which control is obtained. They are deconsolidated from the date control ceases.

Change Recruitment Group Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

2. Accounting policies (continued)

2.4 Revenue

Turnover, which excludes value added tax, constitutes the value of services undertaken by the company 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.

2.5 Intangible assets

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 10 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.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Change Recruitment Group Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

2. Accounting policies (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

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

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Profit and Loss Account.

2.7 Operating leases: Lessee

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

2.8 Valuation of investments

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

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.11 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term

Change Recruitment Group Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

2. Accounting policies (continued)

2.11 Financial instruments (continued)

instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 Finance costs

Finance costs are charged to the Profit and Loss Account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payments obligations.

The contributions are recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

Change Recruitment Group Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

2. Accounting policies (continued)

2.15 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

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 it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Leases entered into by the group either as a lessor or a lessee are classified as either operating leases or finance leases. The decision on how to classify a lease depends on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Assets are considered for indications of impairment. If required an impairment review will be carried out and a decision made on possible impairment. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- Bad debts are provided for where objective evidence of the need for a provision exists.

Change Recruitment Group Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

4. Analysis of turnover

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	16,644,363	15,175,982
Rest of Europe	658,866	978,504
Rest of the world	676,171	848,296
	<u>17,979,400</u>	<u>17,002,782</u>

5. Operating loss

The operating loss is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	93,948	64,419
Non-recurring costs	108,901	186,250
Amortisation of intangible assets, including goodwill	1,303,006	1,303,006
Fees payable to the Group's auditor and its associates for the audit of the company's annual financial statements	16,500	16,500
Fees payable to the Group's auditors and its associates for non-audit services - fees for tax compliance work	28,655	19,157
Exchange differences	2,841	11,943
Bad debt expense	6	(209,978)
Hire of property - operating leases	301,132	274,686
Hire of other assets - operating leases	17,014	15,905

Non-recurring costs include dilapidations, restructuring and payments to directors on loss of office.

Included in the group audit fee is an amount of £5,500 (2015 - £5,500) in respect of the company.

Change Recruitment Group Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2016 £	2015 £
Wages and salaries	3,231,445	3,100,328
Social security costs	335,790	349,924
Cost of defined contribution scheme	25,250	15,458
	<u>3,592,485</u>	<u>3,465,710</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2016 No.	2015 No.
Average number of employees including directors	<u>80</u>	<u>92</u>

7. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	164,407	393,308
	<u>164,407</u>	<u>393,308</u>

The highest paid director received remuneration of £137,000 (2015 - £236,308).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £366 (2015 - £728).

8. Interest payable and similar charges

	2016 £	2015 £
Bank loans and overdrafts	144,267	190,045
Other loan interest payable	295,229	369,522
	<u>439,496</u>	<u>559,567</u>

Change Recruitment Group Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

9. Taxation

	2016 £	2015 £
Foreign tax		
Foreign tax on income for the year	2,838	3,435
	<u>2,838</u>	<u>3,435</u>
Total current tax	<u>2,838</u>	<u>3,435</u>
Deferred tax		
Origination and reversal of timing differences	48,758	137
Total deferred tax	<u>48,758</u>	<u>137</u>
Taxation on profit on ordinary activities	<u>51,596</u>	<u>3,572</u>

Factors affecting tax charge for the year

The tax assessed for the year differs from (2015 - differs from) the standard rate of corporation tax in the UK of 20% (2015 - 20%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	(2,151,212)	(1,435,745)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	(430,242)	(287,149)
Effects of:		
Expenses not deductible for tax purposes	265,357	264,422
Other timing differences	-	904
Losses not utilised	163,312	25,245
Foreign tax credits	2,838	-
Fixed asset differences	1,573	13
Timing differences	48,758	137
Total tax charge for the year	<u>51,596</u>	<u>3,572</u>

Factors that may affect future tax charges

There are no factors affecting future tax charges.

Change Recruitment Group Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

10. Parent Company profit for the 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 loss after tax of the parent Company for the year was £4,411,147 (2015 - loss £521,196).

11. Intangible assets

Group

	Goodwill £
Cost	
At 1 May 2015	13,030,069
At 30 April 2016	13,030,069
Amortisation	
At 1 May 2015	10,966,974
Charge for the year	1,303,006
At 30 April 2016	12,269,980
Net book value	
At 30 April 2016	760,089
At 30 April 2015	2,063,095

Change Recruitment Group Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

12. Tangible fixed assets

Group

	Fixtures and fittings £	Office equipment £	Total £
Cost			
At 1 May 2015	625,689	604,596	1,230,285
Additions	155,990	108,090	264,080
At 30 April 2016	781,679	712,686	1,494,365
Depreciation			
At 1 May 2015	598,900	574,462	1,173,362
Charge owned for the period	48,091	45,857	93,948
At 30 April 2016	646,991	620,319	1,267,310
Net book value			
At 30 April 2016	134,688	92,367	227,055
At 30 April 2015	26,789	30,134	56,923

Change Recruitment Group Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

13. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Cairngorm Management Holdings Limited	Scotland	Ordinary	100 %	Intermediate parent company
Cairngorm Management Limited *	Scotland	Ordinary	100 %	Intermediate parent company and recruitment consultancy
Cairngorm Management (Glasgow) Limited**	Scotland	Ordinary	100 %	Non trading
Cairngorm Management (Edinburgh) Limited**	Scotland	Ordinary	100 %	Non trading
Cairngorm CBS Limited **	Scotland	Ordinary	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.

The aggregate of the share capital and reserves as at 30 April 2016 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves	Profit/(loss)
	£	£
Cairngorm Management Holdings Limited	10,256	-
Cairngorm Management Limited	682,849	(437,793)
Cairngorm Management (Glasgow) Limited	1,000	-
Cairngorm Management (Edinburgh) Limited	1,000	-
Cairngorm CBS Limited	100	-

Change Recruitment Group Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

13. Fixed asset investments (continued)

Company	Investments in subsidiary companies £
Cost or valuation	
At 1 May 2015	14,790,092
At 30 April 2016	14,790,092
Impairment	
Charge for the period	3,949,137
At 30 April 2016	3,949,137
Net book value	
At 30 April 2016	10,840,955
At 30 April 2015	14,790,092

Change Recruitment Group Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

14. Debtors

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Due after more than one year				
Deferred tax asset	-	48,758	-	-
	<u>-</u>	<u>48,758</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>48,758</u>	<u>-</u>	<u>-</u>
	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Due within one year				
Trade debtors	2,127,340	1,407,358	-	-
Amounts owed by group undertakings	-	-	-	220,817
Other debtors	719,082	726,299	-	1,250
Prepayments and accrued income	275,624	277,450	-	-
	<u>3,122,046</u>	<u>2,411,107</u>	<u>-</u>	<u>222,067</u>

Change Recruitment Group Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

15. Cash and cash equivalents

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Cash at bank and in hand	3,699	708,508	389	4,189
Less: bank overdrafts	(1,000,901)	-	-	-
	<u>(997,202)</u>	<u>708,508</u>	<u>389</u>	<u>4,189</u>

16. Creditors: Amounts falling due within one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Bank overdrafts	1,000,901	-	-	-
Bank loans	664,721	317,646	664,721	317,646
Other loans	59,010	-	59,010	-
Trade creditors	642,418	503,277	2,646	2,500
Amounts owed to group undertakings	-	-	250,859	-
Taxation and social security	613,442	621,261	417	-
Other creditors	-	20,122	-	105,634
Accruals and deferred income	674,128	831,816	17,462	-
	<u>3,654,620</u>	<u>2,294,122</u>	<u>995,115</u>	<u>425,780</u>

Change Recruitment Group Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

17. Creditors: Amounts falling due after more than one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Bank loans	2,000,000	2,664,721	2,000,000	2,664,721
Other loans	6,051,529	5,720,000	6,051,529	5,720,000
	<u>8,051,529</u>	<u>8,384,721</u>	<u>8,051,529</u>	<u>8,384,721</u>

As at 30 April 2016, the amounts outstanding on the two loans with the Clydesdale Bank PLC amounted to £0.42 million (2015 - £0.74 million) and £2 million (2015 - £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 2016, there is a further bank loan outstanding amounting to £241,179 (2015 - £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 loan was repaid post year end.

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 2016, there was an amount of £1,000,901 due by Cairngorm Management Limited, a subsidiary company, to the bank in respect of the invoice discounting facility.

Trade debtor balances totalling £2,262,787 (2015 - £1,562,540) have been assigned to the Clydesdale Bank PLC to secure the factored debt.

As at 30 April 2016, there are unsecured loan notes outstanding amounting to £20,000 (2015 - £20,000). The loan notes are due to be repaid on 30 June 2019.

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 in the company. Under a deed of waiver agreed with NBG Private Equity Fund LP on 6 March 2015 the total capital value to be redeemed over the period to 2019 amounts to £5,700,000. If redemptions are not made in accordance with the deed of waiver, the liability included in the financial statements will be re-measured. The maximum redemption amount which would then be payable would be £7,119,566. The company intends to redeem the debt as early as possible.

Change Recruitment Group Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

18. Loans

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Amounts falling due within one year				
Bank loans	664,721	317,646	664,721	317,646
Other loans	59,010	-	59,010	-
	<u>723,731</u>	<u>317,646</u>	<u>723,731</u>	<u>317,646</u>
 Bank loans	 750,000	 1,194,131	 750,000	 1,194,131
	<u>750,000</u>	<u>1,194,131</u>	<u>750,000</u>	<u>1,194,131</u>
 Bank loans	 1,250,000	 1,470,590	 1,250,000	 1,470,590
Other loans	6,051,529	5,720,000	6,051,529	5,720,000
	<u>7,301,529</u>	<u>7,190,590</u>	<u>7,301,529</u>	<u>7,190,590</u>

Change Recruitment Group Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

19. Financial instruments

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Financial assets				
Financial assets measured at fair value through profit or loss	3,699	708,508	389	4,189
Financial assets that are debt instruments measured at amortised cost	2,846,422	2,133,657	-	222,067
Fixed Asset Investments	-	-	10,840,955	14,790,092
	<u>2,850,121</u>	<u>2,842,165</u>	<u>10,841,344</u>	<u>15,016,348</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(11,092,707)	(10,057,582)	(9,046,227)	(8,810,501)
	<u>(11,092,707)</u>	<u>(10,057,582)</u>	<u>(9,046,227)</u>	<u>(8,810,501)</u>

Financial assets measured at fair value through profit or loss comprise cash.

Financial assets measured at amortised cost comprise trade and other debtors.

Financial liabilities measured at amortised cost comprise bank and other loans, trade creditors, other creditors and accruals.

20. Deferred taxation

Group

	2016 £	2015 £
At beginning of year	48,758	48,758
Charged to the profit or loss	(48,758)	-
At end of year	<u>-</u>	<u>48,758</u>

Change Recruitment Group Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

Deferred taxation (continued)

	Group 2016 £	Group 2015 £
Accelerated capital allowances	56,992	46,413
Other timing differences	2,571	2,345
Losses available	48,949	-
Asset not recognised	(108,512)	-
	<u>-</u>	<u>48,758</u>

21. Share capital

	2016 £	2015 £
Allotted, called up and fully paid		
47,500,000 A1 ordinary shares shares of £0.01 each	475,000	475,000
3,125,000 A2 ordinary shares shares of £0.01 each	31,250	31,250
23,945,800 B ordinary shares shares of £0.01 each	239,458	239,458
39,012,500 C ordinary shares shares of £0.01 each	390,125	390,125
	<u>1,135,833</u>	<u>1,135,833</u>

Change Recruitment Group Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

21. Share capital (continued)

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:-

- a) 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%;
- b) 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:-

- a) the holders of the A1 ordinary shares have two votes attaching to each A1 ordinary share held;
- b) 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:-

- a) 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;
- b) 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;
- c) 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.

22. Reserves

Capital redemption reserve

Includes amounts held to allow for the redemption of shares from capital.

Profit and loss account

Includes all current and prior period retained profits and losses.

Change Recruitment Group Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

23. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. Contributions totalling £28,571 (2015 - £20,122) for both employees and temporary workers were payable to the fund at the balance sheet date.

24. Commitments under operating leases

At 30 April 2016 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2016 £	Group 2015 £
Not later than 1 year	280,044	282,996
Later than 1 year and not later than 5 years	1,072,898	1,081,398
Later than 5 years	239,895	425,700

25. Related party transactions

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 in the company. Under a deed of waiver agreed with NBG Private Equity Fund LP on 6 March 2015 the total capital value to be redeemed over the period to 2019 amounts to £5,700,000. If redemptions are not made in accordance with the deed of waiver, the liability included in the financial statements will be re-measured. The maximum redemption amount which would then be payable would be £7,119,566. The company intends to redeem the debt as early as possible.

As at 30 April 2016, the amount due in respect of the bond certificates amounts to £6,090,262 (2015: £5,795,033) inclusive of accrued finance costs of £390,540 (2015: £95,033). Finance costs on the bonds for the year amounted to £295,229 (2015: £361,287).

As at 30 April 2016, there are unsecured loan notes outstanding amounting to £20,000 (2015 - £20,000). Interest payable on these loan notes for the year amounted to £2,857 (2015 - £50,449). Accrued interest at 30 April 2016 was £2,922 (2015: £65). The terms applying to these loan notes are as disclosed in note 16 to the financial statements. The loan notes are held by a director.

Remuneration paid to key management personnel in the year including employer's national insurance and pension contributions was £619,423 (2015 - £639,145).

26. Controlling party

The company is under the control of NBG Private Equity Fund LP.

Change Recruitment Group Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

27. First time adoption of FRS 102

Group

		As previously stated 1 May 2014 £	Effect of transition 1 May 2014 £	FRS 102 (as restated) 1 May 2014 £	As previously stated 30 April 2015 £	Effect of transition 30 April 2015 £	FRS 102 (as restated) 30 April 2015 £
Note							
Fixed assets		8,278,425	(4,836,180)	3,442,245	7,607,701	(5,487,683)	2,120,018
Current assets		3,581,551	-	3,581,551	3,168,373	-	3,168,373
Creditors: amounts falling due within one year		(4,675,873)	-	(4,675,873)	(2,294,122)	-	(2,294,122)
Net current (liabilities)/assets		(1,094,322)	-	(1,094,322)	874,251	-	874,251
Total assets less current liabilities		7,184,103	(4,836,180)	2,347,923	8,481,952	(5,487,683)	2,994,269
Total assets less current liabilities		7,184,103	(4,836,180)	2,347,923	8,481,952	(5,487,683)	2,994,269
Capital, reserves and creditors due out-with one year		(7,184,103)	4,836,180	(2,347,923)	(8,481,952)	5,487,683	(2,994,269)

Change Recruitment Group Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

27. First time adoption of FRS 102 (continued)

	Note	As previously stated 30 April 2015 £	Effect of transition 30 April 2015 £	FRS 102 (as restated) 30 April 2015 £
Turnover		17,002,782	-	17,002,782
Cost of sales		(11,602,340)	-	(11,602,340)
		<hr/>	<hr/>	<hr/>
		5,400,442	-	5,400,442
Administrative expenses		(5,625,191)	(651,429)	(6,276,620)
		<hr/>	<hr/>	<hr/>
Operating loss		(224,749)	(651,429)	(876,178)
Interest payable and similar charges		(559,567)	-	(559,567)
Taxation		(3,572)	-	(3,572)
		<hr/>	<hr/>	<hr/>
Loss on ordinary activities after taxation and for the financial year		<u>(787,888)</u>	<u>(651,429)</u>	<u>(1,439,317)</u>

Explanation of changes to previously reported profit and equity:

- 1 An adjustment was made to the amortisation period of goodwill on transition to FRS102.

Change Recruitment Group Limited

Notes to the Financial Statements
For the Year Ended 30 April 2016

27. First time adoption of FRS 102 (continued)

Company

		As previously stated 1 May 2014 £	Effect of transition 1 May 2014 £	FRS 102 (as restated) 1 May 2014 £	As previously stated 30 April 2015 £	Effect of transition 30 April 2015 £	FRS 102 (as restated) 30 April 2015 £
Note							
Fixed assets		14,790,092	-	14,790,092	14,790,092	-	14,790,092
Current assets		981,265	-	981,265	226,256	-	226,256
Creditors: amounts falling due within one year		(2,745,257)	-	(2,745,257)	(425,780)	-	(425,780)
Net current liabilities		(1,763,992)	-	(1,763,992)	(199,524)	-	(199,524)
Total assets less current liabilities		13,026,100	-	13,026,100	14,590,568	-	14,590,568
Total assets less current liabilities		13,026,100	-	13,026,100	14,590,568	-	14,590,568
Capital, reserves and creditors due out-with one year		(13,026,100)	-	(13,026,100)	(14,590,568)	-	(14,590,568)

Change Recruitment Group Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

27. First time adoption of FRS 102 (continued)

	Note	As previously stated 30 April 2015 £	Effect of transition 30 April 2015 £	FRS 102 (as restated) 30 April 2015 £
Administrative expenses		(62,447)	-	(62,447)
Operating loss		(62,447)	-	(62,447)
Interest payable and similar charges		(558,877)	-	(558,877)
Taxation		100,128	-	100,128
Loss on ordinary activities after taxation and for the financial year		<u>(521,196)</u>	<u>-</u>	<u>(521,196)</u>