

Company Registration Number 04632754 (England and Wales)

STAFFGROUP INTERNATIONAL LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

STAFFGROUP INTERNATIONAL LIMITED

COMPANY INFORMATION

Directors	Mr IJ Munro Twenty20 Midco 2 Limited
Company number	04632754
Registered office	33 Soho Square London England W1D 3QU
Auditors	Saffery Champness LLP Trinity 16 John Dalton Street Manchester M2 6HY
Bankers	Barclays Bank PLC 2 Churchill Place London E14 5RB

STAFFGROUP INTERNATIONAL LIMITED

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STAFFGROUP INTERNATIONAL LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present the strategic report for the year ended 31 March 2022.

Business Review

The principal activity of Staffgroup International Limited ("the Company") continues to be that of specialist recruitment consultants. The directors are not aware at the date of this report of any likely major changes in the Company's activity in the next year.

Whilst the recent Covid-19 outbreak did cause disruption to the business model, people quickly adapted working practices alongside its customers to ensure that the business could continue to support service delivery to all of the local markets in which it operates. No one can yet be certain how long the impacts of Covid-19 will be felt, but the company is now structured to operate in a more agile way and increasing its investment in people and technology such that based on the current operating models it is well placed to trade through these uncertain times.

The trading results for the year and the Company's financial position at the end of the year are shown in the attached financial statements.

Principal Business Risks and Uncertainties

The directors consider strategic, operational and financial risks and identify actions to mitigate those risks on a regular basis. The principal risks and uncertainties are detailed below:

Economic/Competitive risk

During the year the Company again experienced some margin pressure within the business. Competitors range from large multi-national organisations to small privately-owned businesses. All of the markets in which the Company operates are continually subject to competition from both existing and new competitors. The costs of entry to the market can be relatively low, however, in certain specialist sectors these costs can rise on the back of increased levels of compliance required by local regulators and clients. Refer to Business Review section above for commentary on impact and mitigation of risks relating to Covid-19.

Commercial risk

The company benefits from close commercial relationships with key clients in both the public and private sectors. Within the private sector, the company is not dependent on any single key client. The public sector markets in which we operate are directly dependent on funding from local and national government organisations and these clients remain the largest customers in the business.

Technology risk

The Company is reliant on a number of technology systems in providing its services to clients, systems which it is constantly enhancing to reduce manual interventions. To mitigate the loss of connectivity and data, systems are located both in-house and also in various external data centres. The business continues to review and enhance its ability to cope with the loss of a technology system as a result of a significant event.

Regulatory risk

The staffing industry is governed by an increasing level of compliance. Additionally, clients require more complex levels of compliance in their contractual arrangements. The company takes its responsibilities seriously, is committed to meeting all of its regulatory responsibilities, which includes changes to national minimum wage legislation, and continues to develop its internal controls and processes with respect to legal and contractual obligations.

Financial risk

The company utilises various financial instruments including cash and other items, such as trade debtors and trade creditors that arise directly from its operations. The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

The main risks arising from the company's financial instruments are market risk, interest rate risk, credit risk and liquidity risk. The directors regularly review and agree policies for managing each of these risks and they are summarised below.

STAFFGROUP INTERNATIONAL LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Market Risk

Market risk encompasses two types of risk, being interest rate and market price risk. Interest rate risk is considered further below under the heading of 'Interest rate risk'. Market price risks are constantly reviewed by management in each operation.

Interest Rate Risk

The company finances its operations through a mixture of cash, creditors, and an invoice discounting facility. The exposure to interest rate fluctuations are largely limited to the movement in base rate in the UK, which is currently 3%. The financing was also modelled on an assumed higher base rate.

Credit Risk

The company's principal financial assets are cash and trade debtors.

In order to manage credit risk the directors set credit limits for customers based on a combination of third party credit references and payment history. Credit limits are reviewed by the company's credit controllers on a regular basis in conjunction with debt ageing and collection history.

Liquidity risk

The company seeks to manage liquidity risk by ensuring sufficient liquidity is available to meet the foreseeable cash needs of the business. The facilities in place provide sufficient normal liquidity headroom. This is reviewed by the board on a bi-weekly basis to identify risks, mitigations, and opportunities. Liquidity risk is proactively managed using its 13 week forecasts, thus providing time for compensatory actions to be taken, should the facility or liquidity need changing.

Key performance indicators

The financial performance of the Company is measured using the following key performance indicators:

Cash collection is an important part of effective working capital management. Debtor days at the year end were 54 days (2021: 50 days). The business has now appointed dedicated credit control resource reporting into the Group Credit Manager, which it expects will deliver debtor day improvements in future years.

Operating loss before exceptional items was £202,061 (2021: Profit £184,483).

The Company is committed to working in partnership and building long-term relationships with its suppliers. Each year the Company reviews its creditor policies and creditor day terms. At the year end, creditor days were 43 days (2021: 21 days).

Future developments and events after the balance sheet date

Despite the economic challenges the directors expect the general level of activity to increase over the forthcoming year. This is as a result of ongoing investment into key target markets, a heightened focus on delivering what the customer wants and through investment in new IT platforms.

Going concern

The directors refer to the going concern accounting policy stated in the notes to the financial statements.

Promoting the success of the company

This report sets out how the Directors comply with the requirements of Section 172 of the Companies Act 2006 and how these requirements have impacted the Directors activities and decision making during the financial year ended 31 March 2022.

The Directors consider that they have acted in good faith to promote the success of the Group on behalf of the stakeholders, in relation to matters set out in s172 of the Act. This has been achieved by working with the stakeholders to formulate long term plans and strategic imperatives, which are monitored and updated regularly. The stakeholders of the Group include the employees, clients, suppliers and shareholders of the business.

STAFFGROUP INTERNATIONAL LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

On behalf of the board

Mr IJ Munro
Director

22 December 2022

STAFFGROUP INTERNATIONAL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present their annual report and financial statements for the year ended 31 March 2022.

Principal activities

The principal activity of the company continued to be that of specialist recruitment consultancy.

Results and dividends

The results for the year are set out on page 10.

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

Directors

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

Mr IJ Munro
Twenty20 Midco 2 Limited

Qualifying third party indemnity provisions

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Supplier payment policy

The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensuring that suppliers are made aware of the terms of payment and abide by the terms of payment.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee involvement

The Company places considerable value on the involvement of its employees in the business and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings and information bulletins. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Employee interests

The Directors recognise the vital importance of the company's employees and the key role they play in the on-going success of the business. Engagement with operational employees is high and is maintained through regular company briefings and discussions. Employees are supported with training and development including through professional qualifications where needed.

Business relationships

The Directors and Management Team regularly review how they maintain positive relationships with all its stakeholders including suppliers, customers and others. They have built a reputation on high levels of customer service and uphold this through accreditations such as ISO 9001.

Auditor

Under section 487(2) of the Companies Act 2006 Saffery Champness LLP, will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

STAFFGROUP INTERNATIONAL LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Corporate governance

During the past year, there has been a continued focus on corporate governance, with the board spending a large proportion of its time examining and strengthening our processes throughout the company. Ensuring that a solid governance framework is in place is key to maintaining trust and transparency and an important building block for future growth.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of the review of the business, key performance indicators, principal business risks and uncertainties and future developments for the company.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Decision making

The Directors monitor and review strategic objectives against business plans on a regular basis. The Management Team support the Directors with the planning and execution of long-term plans and are experienced in the successful implementation of strategic business decisions.

Energy and carbon report

Please refer to the financial statements of the ultimate parent company for this information.

STAFFGROUP INTERNATIONAL LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

On behalf of the board

Mr IJ Munro
Director

22 December 2022

STAFFGROUP INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF STAFFGROUP INTERNATIONAL LIMITED

Opinion

We have audited the financial statements of Staffgroup International Limited (the 'company') for the year ended 31 March 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its 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.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

STAFFGROUP INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF STAFFGROUP INTERNATIONAL LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

Auditor's responsibilities for the audit of the financial statements

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

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

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the company by discussions with directors and updating our understanding of the sector in which the company operates.

Laws and regulations of direct significance in the context of the company include The Companies Act 2006, and UK Tax legislation.

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

STAFFGROUP INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF STAFFGROUP INTERNATIONAL LIMITED

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of our report

This report is made solely to the company's member 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 member those matters we are required to state to the member 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 member, for our audit work, for this report, or for the opinions we have formed.

Simon Kite BSc FCA (Senior Statutory Auditor)
For and on behalf of Saffery Champness LLP

22 December 2022

Chartered Accountants
Statutory Auditor

Trinity
16 John Dalton Street
Manchester
M2 6HY

STAFFGROUP INTERNATIONAL LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Year ended 31 March 2022 £	Period ended 31 March 2021 £
Turnover	3	8,681,764	14,235,309
Cost of sales		(6,970,364)	(11,782,599)
Gross profit		1,711,400	2,452,710
Administrative expenses		(1,960,631)	(3,441,428)
Other operating income	3	47,170	1,173,200
Exceptional item	4	(78,645)	(246,611)
Operating loss	5	(280,706)	(62,129)
Interest receivable and similar income	8	-	120,953
Interest payable and similar expenses	9	(97,642)	-
(Loss)/profit before taxation		(378,348)	58,824
Tax on (loss)/profit	10	(53,239)	13,856
(Loss)/profit for the financial year		(431,587)	72,680

The profit and loss account has been prepared on the basis that all operations are continuing operations.

The notes on pages 13 to 25 form part of these financial statements.

STAFFGROUP INTERNATIONAL LIMITED

BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Intangible assets	11		4,288		3,938
Tangible assets	12		3,070		-
			<u>7,358</u>		<u>3,938</u>
Current assets					
Debtors	13	2,536,446		4,980,326	
Cash at bank and in hand		1,748,865		614,601	
		<u>4,285,311</u>		<u>5,594,927</u>	
Creditors: amounts falling due within one year	14	(4,985,107)		(5,859,716)	
Net current liabilities			<u>(699,796)</u>		<u>(264,789)</u>
Net liabilities			<u>(692,438)</u>		<u>(260,851)</u>
Capital and reserves					
Called up share capital	18		7,260		7,260
Profit and loss reserves			<u>(699,698)</u>		<u>(268,111)</u>
Total equity			<u>(692,438)</u>		<u>(260,851)</u>

The notes on pages 13 to 25 form part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 22 December 2022 and are signed on its behalf by:

Mr IJ Munro
Director

Company Registration No. 04632754

STAFFGROUP INTERNATIONAL LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2020	7,260	(340,791)	(333,531)
Period ended 31 March 2021:			
Profit and total comprehensive income for the period	-	72,680	72,680
Balance at 31 March 2021	7,260	(268,111)	(260,851)
Year ended 31 March 2022:			
Loss and total comprehensive income for the year	-	(431,587)	(431,587)
Balance at 31 March 2022	7,260	(699,698)	(692,438)

The notes on pages 13 to 25 form part of these financial statements.

STAFFGROUP INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Company information

Staffgroup International Limited is a private company limited by shares, and incorporated in England and Wales under registered number 04632754. The registered office is 33 Soho Square, London, W1D 3QU.

1.1 Basis of preparing the financial statements

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

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

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

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Staff Group Limited. These consolidated financial statements are available from its registered office, 33 Soho Square, London, W1D 3QU.

For the purpose of aligning with the group's financial year ends, the 2021 accounts were extended from 31 December 2020 to 31 March 2021 and therefore the period covered by the previous years financial statements were from 1 January 2020 to 31 March 2021.

1.2 Going concern

The Company, as part of the wider Twenty20 Capital Bidco1 Limited group, has access to a £25m Invoice Discounting facility with Close Brothers for a minimum period of 18 months from 1st October 2022. Based on current short term cash flow projections which take account of Covid-19 implications, the Company can operate within the facility structure provided.

The capital structure of the group will ensure that it is adequately funded with sufficient headroom in facilities to accommodate the growth plans of the business.

To enhance financial performance, management has taken, and will continue to take steps to maximise overhead efficiency and are confident that the Company has adequate resources to continue operating for the foreseeable future.

Although the current economic environment creates uncertainty, the Company's forecasts and projections, which take account of reasonably possible changes in performance and the risks and uncertainties, indicate that the Company will be able to operate within the level of its facilities for the foreseeable future, for a period of at least 12 months from the date these financial statements are signed.

Consequently, the going concern principle has been adopted in preparing the annual report and financial statements.

STAFFGROUP INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.3 Turnover

Revenue represents sales to outside customers at invoice amounts less, discounts and value added tax. Revenue arising from the contract business is charged on a time basis, and is recognised as services are rendered as validated by receipt of a client approved timesheet or equivalent. Permanent placement fees are recognised by reference to the date the candidate starts work.

1.4 Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Computer software is being amortised evenly on tangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

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

Software	25% straight-line
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1.5 Tangible fixed assets

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

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

Leasehold improvements	over the term of the lease
Fixtures and fittings	25% straight-line
Computer equipment	25% straight-line

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

1.6 Impairment of fixed assets

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

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

1.7 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

STAFFGROUP INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.8 Financial instruments

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

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

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

STAFFGROUP INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Basic financial liabilities

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

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

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

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.9 Taxation

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

Current tax

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

STAFFGROUP INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Deferred tax

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

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

1.10 Employee benefits

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

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

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

1.11 Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

1.12 Government grants

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

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.13 Foreign exchange

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

STAFFGROUP INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

2 Judgements and key sources of estimation uncertainty

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

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

The directors do not consider that there are any areas of key judgements or areas of estimation uncertainty within the Company financial statements.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2022 £	2021 £
Turnover analysed by class of business		
Recruitment	8,681,764	14,235,309
	<u>8,681,764</u>	<u>14,235,309</u>
	2022 £	2021 £
Turnover analysed by geographical market		
United Kingdom	1,549,262	1,005,652
Europe	7,132,502	13,229,657
	<u>8,681,764</u>	<u>14,235,309</u>
	2022 £	2021 £
Other revenue		
Grants received	-	2,734
Royalty income	47,170	1,170,467
	<u>47,170</u>	<u>1,170,467</u>

During the year, a review of royalty charges between Staffgroup entities was undertaken and, as a result, the royalty charge has been reduced from 4% to 1%. A service recharge will also now be charged separately in line with the updated transfer pricing agreement. The application of 1% has been applied from 1 January 2019. Consequently, other operating income for the year of £47,170 as reported in the income statement comprises income earned in the year of £363,680 less a refund in respect of the period 1 January 2019 to 31 March 2021 amounting to £316,510.

4 Exceptional items

	2022 £	2021 £
Expenditure		
Exceptional items	78,645	246,611
	<u>78,645</u>	<u>246,611</u>

STAFFGROUP INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

(Continued)

4 Exceptional items

During FY22, intercompany debts of £79k owed by Eurostaff Group AS (Norway) were written off as were deemed irrecoverable. These are not recurring expenses in the normal course of business and are therefore considered to be exceptional in nature.

During FY21, as part of the acquisition, the Company incurred a stamp duty charges of £7k which were deemed one-off in nature and therefore recorded as an exceptional item.

During FY21, intercompany debts of £232k owed by Eurostaff Group AB (Sweden) were written off as part of a conditional shareholder contribution. The directors considered this one-off in nature. This was therefore recorded as an exceptional item.

Further balances owed by Cordant Group Plc were written off in FY21 as part of the acquisition process. £8k was deemed irrecoverable and related to not recurring expenses in the normal course of business, therefore considered to be exceptional in nature.

5 Operating loss

	2022	2021
	£	£
Operating loss for the year is stated after charging/(crediting):		
Exchange losses/(gains)	279,811	(124,748)
Government grants	-	(2,734)
Fees payable to the company's auditor for the audit of the company's financial statements	18,500	16,100
Fees payable to the company's auditor for the audit of the company's tax compliance	7,000	4,100
Depreciation of owned tangible fixed assets	1,744	138,733
Amortisation of intangible assets	963	11,445
Operating lease charges	163,564	115,844

6 Employees

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

	2022	2021
	Number	Number
Sales	15	15
Support	12	9
Total	27	24

STAFFGROUP INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

6 Employees (Continued)

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	764,949	1,593,470
Social security costs	126,283	166,021
Pension costs	71,815	89,718
	<u>963,047</u>	<u>1,849,209</u>

7 Directors' remuneration

The remuneration of the directors was borne by another company within the Twenty20 Capital Holdings Limited group of which they were also directors. The portion of this remuneration which relates to the Company is considered to be £nil in the current year (2021: £nil).

8 Interest receivable and similar income

	2022	2021
	£	£
Interest income		
Interest on bank deposits	-	120,953
	<u>-</u>	<u>120,953</u>

9 Interest payable and similar expenses

	2022	2021
	£	£
Interest on bank overdrafts and loans	97,642	-
	<u>97,642</u>	<u>-</u>

10 Taxation

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	-	(13,856)
	<u>-</u>	<u>(13,856)</u>
Deferred tax		
Origination and reversal of timing differences	53,239	-
	<u>53,239</u>	<u>-</u>
Total tax charge/(credit)	<u>53,239</u>	<u>(13,856)</u>

STAFFGROUP INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

10 Taxation

(Continued)

The actual charge/(credit) for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
(Loss)/profit before taxation	(378,348)	58,824
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(71,886)	11,177
Tax effect of expenses that are not deductible in determining taxable profit	3,565	62,812
Adjustments in respect of prior years	-	(136,640)
Group relief	64,877	38,615
Depreciation in excess of capital allowances	(5,798)	19,082
Other timing differences (provisions)	(5,700)	4,955
Deferred tax movement	53,238	(8,687)
Effect of change in tax rate	-	(5,170)
Intercompany loan write off	14,943	-
Taxation charge/(credit) for the year	53,239	(13,856)

At Budget 2021 the government announced that from 1 April 2023 the rate of corporation tax will be 25% for companies with annual profits over £250,000. For companies with annual profits below £50,000 the rate will remain at 19%. Marginal relief provisions will be introduced so that, where a company's profits fall between the lower (£50,000) and upper (£250,000) limits, it will be able to claim an amount of marginal relief that bridges the gap between the lower and upper limits providing a gradual increase in the corporation tax rate.

11 Intangible fixed assets

	Website £
Cost	
At 1 April 2021	15,383
Additions - internally developed	1,313
At 31 March 2022	16,696
Amortisation	
At 1 April 2021	11,445
Amortisation charged for the year	963
At 31 March 2022	12,408
Carrying amount	
At 31 March 2022	4,288
At 31 March 2021	3,938

STAFFGROUP INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

12 Tangible fixed assets

	Computer equipment £
Cost	
At 1 April 2021	-
Additions	4,814
At 31 March 2022	4,814
Depreciation	
At 1 April 2021	-
Depreciation charged in the year	1,744
At 31 March 2022	1,744
Carrying amount	
At 31 March 2022	3,070
At 31 March 2021	-

13 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	1,443,469	1,599,706
Corporation tax recoverable	53,974	53,974
Amounts owed by group undertakings	896,199	2,376,332
Other debtors	556	109,031
Prepayments and accrued income	137,698	783,494
	2,531,896	4,922,537
Deferred tax asset (note 16)	4,550	57,789
	2,536,446	4,980,326

Amounts due from other group undertakings are unsecured, non-interest bearing, and repayable on demand.

STAFFGROUP INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

14 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	993,272	966,510
Amounts owed to group undertakings	3,444,986	4,296,493
Taxation and social security	42,964	5,384
Other creditors	123,902	122,920
Accruals and deferred income	379,983	468,409
	<u>4,985,107</u>	<u>5,859,716</u>

Amounts due to other group undertakings are unsecured, non-interest bearing, and repayable on demand.

15 Secured Debts

On the 2nd March 2020 Close Brothers Limited created a fixed charge and also a floating charge over all of the property and the undertakings of the company; this charge contains a negative pledge.

16 Deferred taxation

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

	Assets 2022 £	Assets 2021 £
Balances:		
Fixed asset timing differences	-	43,877
Short term timing differences	4,550	13,912
	<u>4,550</u>	<u>57,789</u>
		2022 £
Movements in the year:		
Asset at 1 April 2021		(57,789)
Charge to profit or loss		53,239
Asset at 31 March 2022		<u>(4,550)</u>

A deferred tax asset has been recognised because in the opinion of the directors, sufficient future taxable profits will be generated to allow utilisation of these amounts. Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2021 (on 24 May 2021). This means that the 25% main rate of corporation tax and marginal relief will be relevant for any asset sales or timing differences expected to reverse on or after 1 April 2023. Due to the asset expecting to be reversed before 1 April 2023, deferred taxes at the balance sheet date have therefore been measured at 19%.

STAFFGROUP INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

17 Retirement benefit schemes

	2022	2021
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	71,815	89,718

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

No amounts were outstanding at the period end (2021: £nil).

18 Share capital

	2022	2021	2022	2021
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary shares of 1p each	726,000	726,000	7,260	7,260

The Company has one class of ordinary shares which carry no right to fixed income.

19 Operating lease commitments

Lessee

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

	2022	2021
	£	£
Within one year	102,500	228,475
Between two and five years	-	343,125
In over five years	-	-
	102,500	571,600

20 Related party transactions

As a subsidiary undertaking of Twenty20 Midco2 Limited, as at the balance sheet date, the Company has taken advantage of the exemption in FRS 102 Section 33 "Related Party Disclosures" from disclosing transactions with other wholly-owned members of the group headed by Twenty20 Midco2 Limited. There were no transactions with other related parties.

STAFFGROUP INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

21 Ultimate controlling party

The immediate parent undertaking at the balance sheet date was Staffgroup Limited and the ultimate parent undertaking was Twenty20 Capital Investments Limited, both companies are registered in England and Wales and their registered office is 33 Soho Square, London, W1D 3QU.

The parent company of the smallest group that includes the company and for which consolidated financial statements are prepared is Twenty20 Capital Bidco1 Limited. The parent company of the largest group that includes the company and for which consolidated financial statements are prepared is Twenty20 Capital Investments Limited. Copies of these financial statements can be obtained from the registered office at 33 Soho Square, London, W1D 3QU.

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