

23 July 2021

## Prime People Plc

### Results for the year ended 31 March 2021

Prime People Plc ("Prime People" or the "Group"), the global specialist recruitment business for professional and technical staff working in the Real Estate & Built Environment, Digital & Data Analytics sectors, today announces its audited results for the year ended 31 March 2021.

The Group's Annual Report and Accounts and Notice of Annual General Meeting will be published shortly and are available to view on the Company's website at <http://prime-people.co.uk/>. The AGM will be held on 1 September 2021 at 11.00 am at 2 Harewood Place, London, W1S 1BX.

#### Highlights:

	Year ended 31 March 2021	Year ended 31 March 2020
<b>Revenue</b>	<b>£17.80m</b>	<b>£23.99m</b>
<b>Net Fee Income ("NFI")</b>	<b>£10.93m</b>	<b>£15.52m</b>
<b>Operating Profit/(Loss) before tax and Goodwill impairment</b>	Note 1 <b>£(0.12)m</b>	<b>£1.96m</b>
<b>Operating Profit/(Loss) before tax, Goodwill impairment and after non- controlling interest</b>	<b>£(0.036)m</b>	<b>£1.80m</b>
<b>Fully diluted earnings per share before Goodwill impairment</b>	Note 2 <b>(0.30)p</b>	<b>13.28p</b>
<b>Dividends for the year</b>	Note 3 <b>Nil</b>	<b>1.80p</b>

Note 1. Operating profit for the year ended 31 March 2020 is before goodwill impairment of £4.0m

Note 2. Fully diluted earnings per share for the year ended 31 March 2020 are based on operating profit before goodwill impairment of £4.0m

Note 3. In addition to the interim dividend, in the year ended 31 March 2020 a return of capital of 16.25p per share was paid to shareholders

#### Peter Moore, Managing Director of Prime People, said:

"Our financial year to March 2021 has been most extraordinarily challenging for the majority of businesses and we were no exception. I am very grateful to our teams around the world who have, despite all the hurdles, challenges and separation, worked incredibly hard to provide exceptional service to our customers. I am confident that our significant investment in modern globalised systems and well over twenty years of experience will see us make good progress this year. I want to thank all our stakeholders for their continuing support, loyalty and resilience."

#### For further information, please contact:

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Robert Macdonald	
<b>Cenkos Securities plc</b>	<b>020 7397 8900</b>
Katy Birkin/Nick Wells	

*Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.*

## Chairman's Statement

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### Performance

As previously reported, the Covid-19 pandemic started in the early part of 2020 and, while not having a material effect on outcomes for the year ended 31 March 2020, nonetheless, activity slowed in our final quarter with an increasing impact throughout the 12 months to 31 March 2021.

The scale of the economic slowdown in all the Group's geographical segments saw performance significantly deteriorate compared with the results of the previous year.

We closed the year with headline Revenue of £17.8m (2020: £24.0m) and Net Fee Income ("NFI") of £10.9m (2020 £15.5m), a 30% year-on-year decline. NFI comprises the total fees for permanent candidates and the margin earned in the placement of contract staff.

The Group's Operating Loss, was £0.12m compared to the prior year profit of £2.0m, before a goodwill impairment of £4.0m. The decline is attributable to lower NFI although there were materially reduced operating costs as consequence of the income received in respect of the UK Government Coronavirus Job Retention Scheme and support programs in overseas locations.

The Board has carefully considered the prospects of the Group's operations and markets and are confident that no impairment charge is required to be recognised against the overall carrying value of Goodwill. Further details of the Goodwill are disclosed in note 11.

### Cash Flow

Cash management was strengthened further during the period and, as previously announced, a Coronavirus Business Interruption Loan (CBILS) of £2m was secured, which continues to remain in place at the time of this report. The Group continues to maintain a good net cash position. At the start of the year the Group had cash of £2.1m which had increased to £4.0m at the end of March 2021, of which £2.0m is comprised of the CBILS.

### Dividend

The Board will not be recommending a final Dividend this year.

### Share Buy Back

During the year 190,000 shares were purchased through the Group's buyback programme at a cost of £103k. In the year no ordinary shares were transferred from Treasury to satisfy the exercise of options. At the year end the Group held 190,000 shares in Treasury.

### Board

The Board believes it has continued to operate corporate governance standards appropriate to an AIM quoted company of its size. The Directors retire by rotation every three years and seek re-appointment by shareholders at the next AGM. This year, Peter Moore will retire and seek re-election under these arrangements.

The Board members have a mix of skills, experience and backgrounds that are a considerable support to the business.

### People

The average number of staff (excluding Temporary Contractors) reduced from 137 last year to 117 this year.

The Group has a diverse cultural and ethnic profile within its businesses and at the year-end had a global 60:40 male to female gender ratio.

The success of the Group is dependent on having competent and committed people and the Board would like to thank all the members of our staff for their hard work, commitment and contribution over the last year.

## **Current trading and outlook**

All our markets have been impacted by Covid-19 and, although we have experienced reasonable progress as the various economies we operate in start to recover, noticeably in the UK. As an international Group, we may be impacted by ongoing restrictions on travel. Several of our geographic segments face geopolitical uncertainty and, whilst trading in our international offices is encouraging, we are closely monitoring the systemic risks posed over the longer term in all our regions of operation.

We believe that with our management focus on the key business drivers, and optimising interaction between our regions, the Group is well positioned to respond swiftly across all businesses to changes impacting our activity. We are confident about our ability to generate worthwhile, long-term returns and will continue to invest for the future.

Robert Macdonald  
**Executive Chairman**

PRIME PEOPLE PLC

## **Strategic Report**

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### **Overview**

The Group provides Permanent and Contract recruitment services to selected, niche industry sectors. Our business model is built around our people, all of whom are specialists in their industry verticals.

Our employees are vital to the continued success of the Group and we invest heavily in them. As such, we take time to find and train the best talent that shares our ambition - to be the best, not simply the biggest.

The built environment continues to be the Group's largest market, served through its main subsidiary, Macdonald & Company. In addition, the Group also serves the technology & digital transformation and infrastructure, construction, and design sectors through its Prime Insight and Command brands respectively.

The business is organised into teams of specialist consultants, each managed by a team leader who is responsible for performance within the operating framework approved by the Board. The Group operates a policy of open communication in the belief that its employees are best placed to suggest operational improvements and emergent strategies that will increase earnings.

The Group is committed to managing its talent on merit and provides equal opportunities for all current and future employees. It gives full and fair consideration to applications for employment from disabled persons, where a disabled person may adequately carry out the requirements of any position within the physical constraints of the Company's offices. The Board is concerned to provide a healthy corporate culture and in pursuit of its objectives and strategy seeks regular input through open meetings with its staff.

The Group has two locations in the UK, the London head office and Manchester, and international offices in Hong Kong (established in 2007), Dubai (established in 2008), Singapore (established in 2012), Frankfurt (established in 2019), and a franchise in South Africa (established in 2008). In the past 12 months, the Group has also opened offices in Riyadh, Houston, and Düsseldorf.

The Covid-19 pandemic had a large impact on all parts of our business during the period. As societies across the world locked down, the Group experienced a marked decrease in demand which extended through the year and has significantly affected results. Despite the strong headwinds facing all businesses, the Group's strategy of cultivating strong client relationships, investing in the best technology, and employing the best people helped mitigate the impact of the unprecedented restrictions placed upon global economies.

These are the foundations of the Group's success and, together with an experienced management team, focussed on tight control of cash resources, expenditure and productivity per head, they helped quickly

stabilise the Group and have positioned us to recover as markets began to normalise after the first round of lockdowns.

While short-term cost reduction measures were quickly put in place, the Group has continued to invest in our people and every effort was made to retain staff and ensure we were equipped to take advantage of an economic recovery. We were able to make use of government funded support schemes and, while some limited staff reductions were, unfortunately required, the Group was able to retain its most experienced, productive fee earners.

Over several years, the Group has positioned itself to be agile in serving our clients - wherever their demand may be. Consequently, we had made significant investments in our technology and were well positioned to support remote working. Business was able to continue throughout the various lockdown measures with little interruption and we believe that the accelerated adoption of flexible working will present opportunities for the Group.

Despite this, performance was materially impacted by the pandemic with NFI down by 30% overall. As a result of the reduction in NFI the group reports an operating loss of £0.12m, however, the fundamentals of the Group are strong and the investment we made in retaining fee earners during the period will position us to take advantage of opportunities in our markets over the long-term.

Due to a predominantly public sector client base, contract recruitment in the UK proved resilient. During the year the Group continued its targeted expansion into the U.S. and mainland European markets.

With growth now returning to economies around the world, the Group remains committed to organic growth and where individual NFI performance against costs justifies, it will hire new fee earners.

## Regional Performance

### United Kingdom

	<b>2021</b>	<b>2020</b>
	<b>£m</b>	<b>£m</b>
Revenue	<b>11.67</b>	15.70
Net Fee Income (NFI)	<b>4.89</b>	7.26
Adjusted Operating (Loss)/Profit (Note 1)	<b>(0.02)</b>	0.30
Adjusted Operating (Loss)/Profit as % of NFI	<b>(0.4%)</b>	4.55%
Average number of employees	<b>61</b>	71

Revenue reduced by 25.7% to £11.67m (2020: £15.7m) with NFI reducing by 32.6% to £4.89m (2020: £7.3m).

### Asia Pacific

	<b>2021</b>	<b>2020</b>
	<b>£m</b>	<b>£m</b>
Revenue	<b>5.11</b>	8.18
Net Fee Income (NFI)	<b>5.01</b>	8.12
Operating Profit	<b>0.05</b>	1.67
Operating Profit as % of NFI	<b>9.23%</b>	20.68%
Average number of employees	<b>50</b>	60

NFI declined by 38.3% to £5m (2020: £8.1m) . The region is covered by our offices in Hong Kong and Singapore and represents 45.8% of Group NFI (2020: 52.5%).

Command Operating Loss, unadjusted for Minority Interest, was part of the reported Operating Profit in the region.

## Rest of the World

	2021 £m	2020 £m
Revenue	1.03	0.14
Net Fee Income (NFI)	1.03	0.14
Operating (Loss)/Profit	(0.13)	0.00
Operating (Loss)/Profit as % of NFI	(12.73%)	0.00%
Average number of employees	3	2

The region now covers our offices in Frankfurt, Düsseldorf, Houston, Dubai and a franchise in South Africa.

Peter Moore  
**Managing Director**

22 July 2021

## Financial Review

### Revenue

The Group's Revenue was £17.8m, which represents a 25.5% decline compared to 2020 (£24.0m).

### Net Fee Income (NFI)

Overall Group NFI was £10.93m which is a decrease of 29.5% compared to the prior year.

The split of net fee income was 94% from Permanent Sales (2020: 94%) and 6.0% from Contract Sales (2020: 6.0%).

The Group generated 55.3% of its Net Fee Income from outside the UK (2020: 53.2%).

### Administration Costs

Administration costs for the year were £11.7m, a decrease of 13.4% on 2020 due to staff going on furlough and lower commission costs.

### Profit before Taxation

Loss before taxation and Goodwill impairment was £0.17m (2020: profit of £1.89m) and reported loss was £0.17m after Goodwill Impairment (2020: loss of £2.13m).

### Taxation

The taxation credit is £5k on loss before taxation of £173k which gives an effective tax rate of 2.8% (2020: 8.2%). The reasons for the difference from the standard UK corporation tax rate of 19% are detailed in note 7.

### Earnings per Share

Basic and diluted earnings per share improved to a loss per share of 0.30p (2020: loss per share of 19.36p).

### Balance Sheet

Net Assets at 31 March 2021 were £8.8m compared to the prior year net assets of £9.4m. Trade Receivables net of provisions for doubtful debts at the year-end were £2.2m (2020: £3.0m) and reflect the reduced average credit period taken by clients to 48 days (2020: 75 days). The decrease in debtor days is explained by stronger collection from certain Command clients in Saudi Arabia.

### Treasury Management and Currency Risk

Approximately 65.6% of the Group's revenue in 2021 (2020: 65.4%) was denominated in Sterling. Consequently, the Group has a currency exposure in accounting for overseas operations.

Currently the Group policy is not to hedge against this exposure, but it does seek to minimise the effect by converting into Sterling all cash balances in foreign currency that are not required for local short-term working capital needs.

### Cash Flow and Cash Position

At the start of the year the Group had Cash of £2.055m. After net taxation payments of £0.13m (2020: £0.16m) cash generated from operations was £1.0m (2020: £3.5m).

### Statement of Directors' Responsibilities

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The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs') as adopted by the EU 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 Company and the Group profit or loss for that period. In preparing these Financial Statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are enough 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.

They are further responsible for ensuring that the Strategic Report and the Report of the Directors and other information included in the Annual Report and Financial Statements is prepared in accordance with applicable law in the United Kingdom.

The maintenance and integrity of the Prime People Plc web site is the responsibility of the directors.

Legislation in the United Kingdom governing the preparation and dissemination of the accounts and the other information included in annual reports may differ from legislation in other jurisdictions.

### Consolidated Statement of Comprehensive Income

For the year ended 31 March 2021

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	Note	2021 £'000	2020 £'000
<b>Revenue</b>	2, 3	<b>17,802</b>	23,992
Cost of sales		<b>(6,870)</b>	(8,471)
<b>Net Fee Income</b>	2, 3	<b>10,932</b>	15,521
Administrative expenses	11	<b>(11,756)</b>	(13,560)
		-	(4,018)

Goodwill impairment		707	-
Other operating income (Covid related Governmental support)			
<b>Operating loss</b>	4	(117)	(2,057)
Net interest payable		(56)	(76)
<b>Loss before taxation</b>		(173)	(2,133)
Income tax credit/(expense)	7	5	(175)
<b>Loss for the year</b>		(168)	(2,308)
<b>Other comprehensive income</b>			
<b><u>Items that will or may be reclassified to profit or loss:</u></b>			
Exchange loss on translating foreign operations		(267)	(105)
<b>Other Comprehensive loss for the year, net of tax</b>		(267)	(105)
<b>Total comprehensive loss for the year</b>		(435)	(2,413)
<b>Loss attributable to:</b>			
Equity shareholders of the parent		(36)	(2,384)
Non-controlling interest		(132)	76
<b>Total comprehensive loss attributable to:</b>			
Equity shareholders of the parent		(303)	(2,489)
Non-controlling interest		(132)	76
<b>Loss per share</b>	9		
Basic loss per share		(0.30)p	(19.36)p
Diluted loss per share		(0.30)p	(19.36)p

The above results relate to continuing operations.

## Consolidated Statement of Changes in Equity

For the year ended 31 March 2020

	Called up share capital	Capital Redemption reserve	Treasury shares	Share premium account	Merger reserve	Share option reserve	Translation reserve	Retained Earnings	Total attributable to equity holders of the parent	Non- controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 31 March 2019</b>	<b>1,229</b>	<b>9</b>	<b>(161)</b>	<b>5,371</b>	<b>173</b>	<b>337</b>	<b>596</b>	<b>6,857</b>	<b>14,411</b>	<b>588</b>	<b>14,999</b>
Loss for the year	-	-	-	-	-	-	-	(2,384)	(2,384)	76	(2,308)
Other comprehensive loss	-	-	-	-	-	-	(105)	-	(105)	-	(105)
<b>Total Comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(105)</b>	<b>(2,384)</b>	<b>(2,489)</b>	<b>76</b>	<b>(2,413)</b>
IFRS16 adjustment for leases	-	-	-	-	-	-	-	(297)	(297)	-	(297)
<i>Transactions with owners of the company</i>											
Adjustment in respect of share options	-	-	-	5	-	(150)	-	236	91	-	91
Issue of ordinary shares	2	-	-	-	-	-	-	-	2	-	2
Capital repayment	-	-	-	(2,000)	-	-	-	-	(2,000)	-	(2,000)
Shares purchased for treasury	-	-	(23)	-	-	-	-	-	(23)	-	(23)
Shares issued from treasury	-	-	34	-	-	-	-	-	34	-	34
Adjustment on share disposal	-	-	150	-	-	-	-	(150)	-	-	-
Dividend	-	-	-	-	-	-	-	(948)	(948)	-	(948)
<b>At 31 March 2020</b>	<b>1,231</b>	<b>9</b>	<b>-</b>	<b>3,376</b>	<b>173</b>	<b>187</b>	<b>491</b>	<b>3,314</b>	<b>8,781</b>	<b>664</b>	<b>9,445</b>



## Consolidated Statement of Changes in Equity

For the year ended 31 March 2021

	Called up share capital	Capital Redemption reserve	Treasury shares	Share premium account	Merger reserve	Share option reserve	Translation reserve	Retained Earnings	Total attributable to equity holders of the parent	Non- controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 31 March 2020</b>	<b>1,231</b>	<b>9</b>	<b>-</b>	<b>3,376</b>	<b>173</b>	<b>187</b>	<b>491</b>	<b>3,314</b>	<b>8,781</b>	<b>664</b>	<b>9,445</b>
Loss for the year	-	-	-	-	-	-	-	(36)	(36)	(132)	(168)
Other comprehensive loss	-	-	-	-	-	-	(267)	-	(267)	-	(267)
<b>Total Comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(267)</b>	<b>(36)</b>	<b>(303)</b>	<b>(132)</b>	<b>(435)</b>
<i>Transactions with owners of the company</i>											
Adjustment in respect of minority dividend	-	-	-	-	-	-	-	(152)	(152)	-	(152)
Adjustment in respect of share schemes	-	-	-	-	-	76	-	-	76	-	76
Shares purchased for treasury	-	-	(103)	-	-	-	-	-	(103)	-	(103)
Adjustment in respect of share options	-	-	-	-	-	(24)	-	24	-	-	-
<b>At 31 March 2021</b>	<b>1,231</b>	<b>9</b>	<b>(103)</b>	<b>3,376</b>	<b>173</b>	<b>239</b>	<b>224</b>	<b>3,150</b>	<b>8,299</b>	<b>532</b>	<b>8,831</b>

## Consolidated Statement of Financial Position

As at 31 March 2021

	Note	2021 £'000	2020 £'000
<b>Assets</b>			
<b>Non – current assets</b>			
Goodwill	11	6,509	6,509
Property, plant and equipment	10	1,284	1,890
		7,793	8,399
<b>Current assets</b>			
Trade and other receivables	13	3,061	3,868
Deferred tax asset	17	40	40
Cash at bank and in hand	22	3,980	2,055
		7,081	5,963
<b>Total assets</b>		<b>14,874</b>	<b>14,362</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	15	3,140	3,205
Lease liabilities		533	497
Current tax liability		95	166
Deferred tax liability	17	22	22
		3,790	3,890
<b>Non-current liabilities</b>			
Borrowings	16	1,733	-
Lease liabilities		520	1,027
<b>Total liabilities</b>		<b>6,043</b>	<b>4,917</b>
<b>Net assets</b>		<b>8,831</b>	<b>9,445</b>

## Consolidated Statement of Financial Position

As at 31 March 2021

	Note	2021 £'000	2020 £'000
<b>Called up share capital</b>	18	<b>1,231</b>	<b>1,231</b>

Capital redemption reserve	19	9	9
Treasury shares	19	(103)	-
Share premium account	19	3,376	3,376
Merger reserve	19	173	173
Share option reserve	19	239	187
Translation reserve	19	224	491
Retained earnings	19	3,150	3,314
		<b>8,299</b>	<b>8,781</b>
Non-controlling interest		<b>532</b>	<b>664</b>
<b>Total equity</b>		<b>8,831</b>	<b>9,445</b>

The financial statements on pages 29 to 71 were approved by the Board of Directors and authorised for issue on 22 July 2021 and are signed on its behalf by:

R J G Macdonald

P H Moore

PRIME PEOPLE PLC

### Company Statement of Financial Position As at 31 March 2021

	Note	2021 £'000	2020 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investment in subsidiaries	12	7,189	7,137
		<b>7,189</b>	<b>7,137</b>
<b>Current assets</b>			
Trade and other receivables	13	4,054	3,145
Cash and cash equivalents	22	556	876
		<b>4,610</b>	<b>4,021</b>
<b>Total assets</b>		<b>11,799</b>	<b>11,158</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	15	2,580	3,912
Current tax liability		-	3
		<b>2,580</b>	<b>3,915</b>
<b>Non-current liabilities</b>			
Borrowings	16	1,733	-

		1,733	-
<b>Total liabilities</b>		<b>4,313</b>	3,915
<b>Net assets</b>		<b>7,486</b>	7,243
<b>Capital and reserves attributable to the Company's equity holders</b>			
Called up share capital	18	1,231	1,231
Capital redemption reserve fund	19	9	9
Treasury shares	19	(103)	-
Share premium account	19	3,376	3,376
Merger reserve	19	173	173
Share option reserve	19	239	187
Retained earnings	19	2,561	2,267
<b>Total equity</b>		<b>7,486</b>	7,243

PRIME PEOPLE PLC

## Company Statement of Financial Position

As at 31 March 2021

The Company's retained earnings includes profit/(loss) for the year of £294,034 (2020: (£524,296)).

The financial statements of Prime People Plc, Company Number 01729887 were approved by the Board and authorised for issue on 22 July 2021 and are signed on its behalf by:

R J G Macdonald  
PRIME PEOPLE PLC

D J G Macdonald

## Company Statement of Changes in Equity

For the year ended 31 March 2021

Company	Called up share capital	Capital Redemption reserve	Treasury shares	Share premium account	Merger reserve	Share option reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 31 March 2019</b>	1,229	9	(161)	5,371	173	337	3,576	10,534
Total comprehensive loss for the year	-	-	-	-	-	-	(524)	(524)
Issue of ordinary shares	2	-	-	-	-	-	-	2
Adjustment for share schemes	-	-	-	5	-	-	(5)	-

Capital repayment	-	-	-	(2,000)	-	-	-	(2,000)
Shares purchased for treasury	-	-	(23)	-	-	-	-	(23)
Shares issued from treasury	-	-	34	-	-	-	-	34
Adjustment on share disposal	-	-	150	-	-	(150)	(150)	(150)
Dividend	-	-	-	-	-	-	(630)	(630)
<b>At 31 March 2020</b>	<b>1,231</b>	<b>9</b>	<b>-</b>	<b>3,376</b>	<b>173</b>	<b>187</b>	<b>2,267</b>	<b>7,243</b>
Total comprehensive loss for the year	-	-	-	-	-	-	294	294
Shares purchased for treasury	-	-	(103)	-	-	-	-	(103)
Adjustment in respect of share options	-	-	-	-	-	52	-	52
<b>At 31 March 2021</b>	<b>1,231</b>	<b>9</b>	<b>(103)</b>	<b>3,376</b>	<b>173</b>	<b>239</b>	<b>2,561</b>	<b>7,486</b>

PRIME PEOPLE PLC

## Group and Company Cash Flow Statement

For the year ended 31 March 2021

	Note	Group 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
<b>Cash generated from (used in) underlying operations</b>	<b>21</b>	<b>2,016</b>	3,642	<b>10</b>	(276)
Corporation tax paid		(125)	(160)	(9)	(8)
<b>Net cash from/ (used in) operating</b>		<b>1,891</b>	3,482	<b>1</b>	(284)
<b>Cash flows (used in)/ from investing activities</b>					
Interest received		5		5	
Net purchase of property, plant and equipment, and software		(75)	(122)	-	-

Dividend received	-	-	300	3,450
<b>Net cash (used in)/from investing activities</b>	<b>(70)</b>	<b>(122)</b>	<b>305</b>	<b>3,450</b>
<b>Cash flows from financing activities</b>				
Interest paid	(13)	-	-	-
Issue of ordinary share	-	2	-	2
Shares issued from	-	-	-	34
Shares purchased for	(103)	(21)	(103)	(21)
Shares issued and	-	-	-	(2)
Return of capital from	-	(2,000)	-	(2,000)
Dividend paid to	-	(948)	-	(625)
Dividend paid to non-	(152)	-	-	-
Repayment of	-	-	(2,523)	-
Repayment of Invoice	(822)	-	-	-
Coronavirus Business	2,000	-	2,000	-
Lease payments	(519)	(566)	-	-
<b>Net cash from / (used in) financing activities</b>	<b>22</b>	<b>391</b>	<b>(626)</b>	<b>(2,612)</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>2,212</b>	<b>(173)</b>	<b>(320)</b>	<b>554</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>2,055</b>	<b>2,309</b>	<b>876</b>	<b>322</b>
Effect of foreign exchange rate changes	(287)	(81)	-	-
<b>Cash and cash equivalents at the end of the year</b>	<b>23</b>	<b>3,980</b>	<b>556</b>	<b>876</b>

PRIME PEOPLE PLC

## Notes to the Financial Statements

### For the year ended 31 March 2021

#### 1 Nature of Operations

Prime People Plc ('the Company') and its subsidiaries (together 'the Group') is an international recruitment services organisation with offices in the United Kingdom, the Middle East and the Asia Pacific region from which it serves an international client base. The Group offers both Permanent and Contract specialist recruitment consultancy for large and medium sized organisations.

The Company is a public limited company which is quoted as an AIM Company and is incorporated and domiciled in the UK. The address of the registered office and the principal place of business is 2 Harewood Place, London W1S 1BX. The registered number of the Company is 01729887.

#### 2 Summary of Significant Accounting Policies

##### Basis of Preparation

The financial statements of Prime People Plc consolidate the results of the Company and all its subsidiary undertakings. As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the Company has not been included as part of these financial statements. The financial statements have been prepared on a going concern basis.

The consolidated financial statements of the Group and Company have been prepared on going concern basis, and in accordance with International Financial Reporting Standards (“IFRS”) in conformity with the requirement of the Companies Act and comply with IFRIC interpretations and Company Law applicable to Companies reporting under IFRS, and in accordance with the Companies Act 2006. During the reporting year, the UK left the European Union and therefore the standards will be adopted by the UK. The consolidated financial statements have been prepared under the historical cost convention modified as necessary to include certain items at fair value, as required by accounting standards.

The Parent Company’s Financial Statements have also been prepared in accordance with IFRS and the Companies Act 2006. The consolidated financial statements for the year ended 31 March 2021 (including comparatives) are presented in GBP ’000.

The accounting policies applied by the Group in these consolidated financial statements are the same as those applied in its consolidated Financial Statements as at and for the year ended 31 March 2020.

### **International Accounting Standards (IAS/IFRS) and Interpretations in issue but not yet UK approved**

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective. These have not been adopted early by the Group and the initial assessment indicates that either they will not be relevant or will not have a material impact on the Group. The effective dates below are for reporting periods beginning on or after that point:

### **International Accounting Standards (IAS/IFRS) and Amendments adopted by the UK but not yet effective in the UK**

- Amendment to IFRS 16 *Leases Covid 19-Related Rent Concessions* (issued on 28 May 2020), effective 1 June 2020
- Amendments to IFRS 16 *Leases: Covid-19-Related Rent Concessions beyond 30 June 2021* (issued on 31 March 2021), effective 1 April 2021
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (issued on 23 January 2020) and Classification of Liabilities as Current or Non-current (issued on 15 July 2020), deferral of effective date to 1 January 2023
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021), effective 1 January 2023
- Amendments to: IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020 (all issued 14 May 2020), effective 1 January 2023
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021), effective 1 January 2023
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021), effective 1 January 2023

### **IAS 1 – Presentation of Financial Statements**

Amendments to IAS 1 clarify the criteria used to determine whether liabilities are classified as current or non-current. This will be based on the Group’s right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. ‘Settlements’ include the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

The Group does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities.

### **Consolidation**

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Business combinations are accounted for using the acquisition method of accounting. The cost of an acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange. Acquisition related costs are recognised in profit or loss as incurred. Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition date fair value. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Inter-company transactions and balances on transactions between Group companies are eliminated in preparing the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

### **Going Concern**

The directors have taken consideration of the impact of Covid-19 on the business and the withdrawal of the United Kingdom from the European Union.

The Group's activities are funded by a combination of its operating cashflows, a £2m CBILS loan and an invoice finance facility in the UK of £2m. The Board has reviewed the Group's profit and cash flow forecasts, and applied sensitivities to the underlying assumptions including impact of Covid-19 outbreak and the potential consequences for the Group. These projections indicate that the Group expects to meet its obligations as they fall due with the use of existing facilities and to continue to meet its covenant requirements for a period of not less than 12 months from the date of issue of the Annual Report and Accounts. The Directors note that the Group is trading adequately and has sufficient working capital and other finance available to continue trading for a period of not less than 12 months from the date of issue of the Annual Report and Accounts. As such, the Directors consider it appropriate to continue to prepare the financial statements on a Going Concern basis.

### **Revenue recognition**

#### **a) Revenue**

Revenue, which excludes value added tax ("VAT"), constitutes the value of services undertaken by the Group from its principal activities, which are recruitment consultancy and other ancillary services. These consist of:

- Revenue from Contract placements, which represents amounts billed for the services of contract staff, including the salary of these staff. This is recognised over the duration of the placement contract as the service is provided; and
- Revenue from Permanent placements, which is based on a percentage of the candidate's remuneration package and is derived from retained assignments (income is recognised after an offer is accepted and candidate commences employment). Revenue is recognised once value has been received by the customer and when the above performance obligation has been satisfied. A provision is made for certain circumstances where a client may be entitled to a refund based on variable consideration if a candidate that has been placed leaves the role within 3 months; and
- Revenue from franchise, is recognised on an accruals basis in line with the period to which it relates

#### **b) Cost of Sales**

Cost of sales consists of the salary cost of contract staff and costs incurred on behalf of clients, principally advertising costs.

#### **c) Net Fee Income**

Net Fee Income represents Revenue less Cost of Sales and consists of the total placement fees of Permanent candidates and the margin earned on the placement of Contract candidates.



## **d) Foreign Currency Translation**

### **(i) Functional and Presentation Currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Sterling, which is the Company's functional and presentation currency.

### **(ii) Transactions and Balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

### **(iii) Group Companies**

On consolidation the results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each year end presented are translated at the closing rate of that year end;
- income and expenses for each statement of comprehensive income are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

## **e) Government grants**

Grants are accounted for under the accruals model. Grants of a revenue nature are recognised in the statement of comprehensive income in the same period as the related expenditure and are shown within other operating income.

## **f) Intangible Assets**

### **(i) Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible' assets.

Separately recognised goodwill is reviewed annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value.

Intangible assets that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful life. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with any changes being accounted for on a prospective basis.

## **g) Property, Plant and Equipment**

All property, plant and equipment are stated at historical cost less accumulated depreciation less provisions for impairment. Depreciation is provided on all property, plant and equipment using the straight-line method at rates calculated to write off the cost less estimated residual values over their estimated useful lives, as follows:

- Furniture, fittings and computer equipment 25% – 33%

The gain or loss arising on disposal or retirement of an asset is determined by comparing the sales proceeds with the carrying amount of the asset and is recognised within profit and loss.

## **h) Impairment of Assets**

Assets that have an indefinite useful economic life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

## **i) Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense.

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

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

## **j) Leases**

The Group recognises within the balance sheet a right-of-use asset and a corresponding lease liability for all applicable leases except for short term leases (lease term of 12 months or less) and leases of low value assets (less than £5,000). For those leases the Group has opted to recognise a leases expense on a straight line basis.

New right-of-use assets are measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease.
- initial direct costs incurred; and
- the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).
- using hindsight in determining the lease term where the lease agreement contains options to extend or terminate the contract

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case applying a single discount rate to leases with reasonably similar characteristics. The Group does not have any leases with variable lease payments.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate of return on the balance outstanding and are reduced for lease payments made. Right of use assets are depreciated on a straight line basis over the remaining term of the lease.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. An equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being depreciated over the revised remaining lease term.

## **k) Pension Costs**

The Group operates a defined contribution pension scheme. The Group adopts both the minimum legally required employer contribution rate of 3% of qualifying earnings, and the maximum earning threshold for automatic enrolment for 2020-21, as set by the Pension Regulator.

The assets of the scheme are held separately from those of the Group in independently administered workplace pension - NEST. The pension costs charged to the income statement represent the contributions payable by the Group to NEST during the year.

The Pension liabilities at the Balance Sheet date represent employer and employee pension contributions, that are payable to the pension provider by the 22nd day of each month.

#### **l) Segmental Reporting**

IFRS 8 requires operating segments to be identified based on internal reports that are regularly reviewed by the Board of Directors to allocate resources to the segment and to assess their performance.

#### **m) Financial instruments**

Financial assets and liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provision of the instrument.

#### **n) Financial assets**

The Group's financial assets comprise cash and various other receivable balances that arise from its operations. This includes the Group's trade and other receivables. They are initially recorded at fair value and subsequently measured at amortised cost. For trade receivables amortised cost includes an allowance for expected credit losses. This is assessed applying a provision percentage of expected loss to each of these which is assessed by reference to past default experience. Trade receivables are only written off once the potential of collection is considered to be nil and any local requirements such as withholding sales taxes are met.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets except for trade receivables, where the carrying amount is reduced using an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the profit or loss account.

Cash and cash equivalents include cash in hand and bank deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts are classified with current liabilities in the statement of financial position.

#### **o) Financial liabilities and equity**

The Group's operating activities in the UK are part funded by Invoice Financing facilities. Movements in the Invoice Discounting balance are shown within financing activities in the Group's Cash flow Statement. Interest charges on invoice discounting are included in finance costs and service charges are included in administrative costs in the Group's Income Statement.

Financial liabilities and equity instruments are initially measured at fair value and are classified according to the substance of the contractual arrangements entered. Financial liabilities are subsequently measured at amortised cost. The Group's financial liabilities comprise trade payables, bank overdrafts and other payable balances that arise from its operations. They are classified as 'financial liabilities measured at amortised cost'.

#### **p) Share-Based Compensation**

The Group operates equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). At the balance sheet date, the number of outstanding options is adjusted to reflect those options that have been granted during the year or have lapsed in the year.

### q) Dividend Distribution

A final dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividend distributions are recognised in the period in which they are approved and paid.

### r) Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgements. It also requires management to exercise judgement in the process of applying the Company's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described below:

#### Critical judgements in applying the Group's policies

##### Revenue Recognition

Revenue from permanent placements is recognised when a candidate commences employment as management considers that to be when the performance obligation is satisfied.

#### Key sources of estimation uncertainty

##### Goodwill Impairment

The Group tests goodwill for impairment at least annually. The recoverable amount is determined based on value-in-use calculations. This method requires the estimation of future cash flows and the assessment of a suitable discount rate in order to calculate their present value. Details of the impairment review are disclosed in note 11.

##### Trade Receivables

There is uncertainty regarding customers who may not be able to pay as their debts fall due. In reviewing the appropriateness of the provisions in respect of recoverability of trade receivables, consideration has been given to the ageing of the debt and the potential likelihood of default, considering current economic conditions. Details of the total amount of receivables past due and the movement in allowance for doubtful debts are disclosed in note 13.

Included within receivables are amounts due of £328k against which a provision of £263k has been made. These amounts are due from one entity which has a history of taking extended credit terms, management has considered this when deciding upon the appropriate level of provision. In the event that the debt is not repaid a further provision of £65k will be required, in the event that it is paid the provision of £263k will be released.

## 3 Segment Reporting

### a) Revenue and Net Fee Income, by Geographical Region

Information provided to the Board is focused on regions and as a result, reportable segments are on a regional basis.

	Revenue		Net fee income	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
UK	11,668	15,677	4,894	7,262

Asia	<b>5,105</b>	8,176	<b>5,009</b>	8,120
Rest of World	<b>1,029</b>	139	<b>1,029</b>	139
	<b>17,802</b>	23,992	<b>10,932</b>	15,521

All revenues disclosed by the Group are derived from external clients and are for the provision of recruitment services. The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2. Segment profit before taxation shown below represents the profit earned by each segment after allocations of central administration costs.

**b) Revenue and Net Fee Income, by Classification**

	Revenue		Net fee income	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Permanent				
- UK	<b>4,257</b>	6,344	<b>4,257</b>	6,344
- Asia	<b>4,995</b>	8,110	<b>4,995</b>	8,110
- Rest of World	<b>1,029</b>	139	<b>1,029</b>	139
Contract				
- UK	<b>7,411</b>	9,333	<b>637</b>	918
- Asia	<b>110</b>	66	<b>14</b>	10
Total	<b>17,802</b>	23,992	<b>10,932</b>	15,521

**c) Profit before Taxation by Geographical Region**

	2021 £'000	2020 £'000
UK - operations	<b>(33)</b>	299
UK – impairment of investment asset	-	(4,018)
Asia	<b>47</b>	1,672
Rest of World	<b>(131)</b>	(10)
Operating loss	<b>(117)</b>	(2,057)
Net finance income	<b>(56)</b>	(76)
Loss before taxation	<b>(173)</b>	(2,133)

Operating profit is the measure of profitability regularly reviewed by the Board, which collectively acts as the Chief Operating Decision Maker. Consequently, no segmental analysis of interest or tax expenses is provided.

Segment operating profit is the profit earned by each operating unit and includes inter-segment revenues totalling £1.29m (2020: £0.80m) for the UK, and charges of £1.11m (2020: £0.80m) for Asia and £0.18m for the rest of the world (2020: £nil).

Intersegmental revenue and charges relate to transfer of services from one subsidiary of the Group to another. They are based on arm's length calculations and in proportion to segmental headcount as percentage of the total Group headcount.

#### d) Segment Assets and Liabilities by Geographical Region

	Total assets		Total liabilities	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
UK	9,288	9,418	3,768	386
Asia	5,363	4,867	1,910	4,522
Rest of World	223	77	365	9
<hr/>				
Total	14,874	14,362	6,043	4,917

The analysis above is of the carrying amount of reportable segment assets and liabilities. Segment assets and liabilities include items directly attributable to a segment and include income tax assets and liabilities.

#### 4 Loss on ordinary activities before taxation

	2021	2020
	£'000	£'000
Operating loss for the year is arrived at after charging:		
Depreciation - owned assets and leased assets	701	737
Loss/(profit) on disposal of fixed assets	-	374
Exchange rate loss	49	29

The analysis of auditor's remuneration is as follows:

Audit of Company	31	31
Audit of subsidiaries	53	53
Total audit fees	84	84

#### 5 Directors' emoluments

	2021	2020
	£'000	£'000
Emoluments for qualifying services	521	538
Loss of office	80	-
<hr/>		
	601	538

Highest paid Director: Emoluments for qualifying services	208	210
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Details of Directors' emoluments and interests, which form part of these financial statements, are provided in the Director's Remuneration report on pages 20 to 22.

#### 6 Employees

Group	2021	2020
	Number	Number

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

Consultants	87	107
Management and administration	30	30
Temporary staff	23	30
	<b>140</b>	<b>167</b>

<b>Company</b>	<b>2021</b>	<b>2020</b>
	<b>Number</b>	<b>Number</b>

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

Management	6	6
------------	---	---

Staff costs for all employees, including Directors, but excluding contract staff placed with clients are as follows and have been included in Administration expenses in the Consolidated statement of comprehensive income:

<b>Group</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	6,973	8,795
Social security costs	608	741
Pension contributions	43	65
Share option charge	76	49
	<b>7,700</b>	<b>9,650</b>

<b>Remuneration of key management</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Short-term employee benefits	1,283	1,568
Social security costs	119	151
Share-based payments	76	38
Pension contributions	9	11
	<b>1,487</b>	<b>1,768</b>

Key management includes executive Directors and senior divisional managers.

## 7 Taxation on Profits on Ordinary Activities

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>a) Analysis of tax charge in the year</b>		
<b>Current tax</b>		
UK Corporation tax	50	118
Over provision in prior year	(41)	-
Foreign tax	(14)	97
Foreign tax over-provision in prior years	-	(40)

Total current tax	(5)	175
<b>Deferred tax</b>		
Deferred tax on fair value share option charge	-	-
<b>Total (credit)/charge on (loss)/profit for the year</b>	<b>(5)</b>	<b>175</b>

UK corporation tax is calculated at 19% (2020: 19%) of the estimated assessable profits for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

**b) The charge for the year can be reconciled to the profit per the consolidated statement of comprehensive income as follows:**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>(Loss) / profit before taxation</b>	<b>(173)</b>	<b>(2,133)</b>
Tax at UK corporation tax rate of 19% (2020: 19%) on profit on ordinary activities	<b>(33)</b>	<b>(405)</b>
Effects of:		
Expenses not deductible for tax purposes	<b>4</b>	18
Decelerated / (accelerated) capital allowances	<b>19</b>	(22)
Depreciation on non-qualifying assets	-	116
Increase in general debt provision	-	26
Difference on Right of use asset	<b>22</b>	-
Tax rate differences	-	(250)
Exchange rate differences	-	(23)
Tax losses carried forward	<b>24</b>	-
Temporary differences recognised	-	(3)
Permanent timing differences	-	727
Share option charge/exercised	<b>14</b>	(9)
Total current tax	<b>50</b>	175
Over provision in prior year	<b>(55)</b>	-
<b>Tax (credit)/charge for the year</b>	<b>(5)</b>	<b>175</b>

**8 Dividends**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Final dividend for 2020: 0.00p per share (2019: 3.40p per share)	-	411
Interim dividend for 2021: 0.00p per share (2020: 1.80p per share)	-	220
Command Recruitment Group (HK) Limited dividend to non-controlling shareholders	-	317
	-	948

The Board did not and will not recommend any final dividend for the year to 31 March 2021.

**9 (Loss)/earnings per share**

Earnings per share are calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.



Fully diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares by existing share options assuming dilution through conversion of all potentially dilutive existing options.

Earnings and weighted average number of shares from continuing operations used in the calculations are shown below.

	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
Loss for the year and earnings used in basic and diluted earnings per share	<b>(36)</b>	(2,384)
<hr/>		
	<b>Number</b>	<b>Number</b>
Weighted average number of shares used for basic (loss) per share	<b>12,266,005</b>	12,307,273
Dilutive effect of share options	-	-
<hr/>		
Diluted weighted average number of shares used for diluted (loss) per share	<b>12,266,005</b>	12,307,273
<hr/>		
	<b>Pence</b>	<b>Pence</b>
Basic (loss) per share	<b>(0.30) p</b>	(19.36) p
Diluted (loss) per share	<b>(0.30) p</b>	(19.36) p

The following table shows earnings per share as they would be without the effect of goodwill impairment.

	<b>£'000</b>	<b>£'000</b>
(Loss)/profit for the year and earnings used in basic and diluted (loss)/earnings per share prior to goodwill impairment	<b>(36)</b>	1,635
<hr/>		
	<b>Number</b>	<b>Number</b>
Weighted average number of shares used for basic (loss)/earnings per share	<b>12,226,005</b>	12,307,273
Dilutive effect of share options	-	-
<hr/>		
Diluted weighted average number of shares used for diluted (loss)/earnings per share	<b>12,226,005</b>	12,307,273
<hr/>		
	<b>Pence</b>	<b>Pence</b>
Basic (loss)/earnings per share prior to goodwill impairment	<b>(0.30) p</b>	13.28p
Diluted (loss)/earnings per share prior to goodwill impairment	<b>(0.30) p</b>	13.28p

## 10 Property, Plant and Equipment

	<b>Fixtures, fittings, and equipment</b>	<b>Right-of-use assets - Land and buildings</b>	<b>Total</b>
<b>Group</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>			
At 1 April 2019	1,980	2,932	4,912
Additions	122	212	334

Disposals	(28)	-	(28)
Exchange difference	37	62	99
<hr/>			
At 1 April 2020	2,111	3,206	5,317
Additions	75	107	182
Disposals	-	(93)	(93)
Exchange difference	(64)	(104)	(168)
<hr/>			
<b>At 31 March 2021</b>	<b>2,122</b>	<b>3,116</b>	<b>5,238</b>
<hr/>			
<b>Depreciation</b>			
At 1 April 2019	1,228	1,469	2,697
Provision for the year	283	440	723
Disposals	(28)	-	(28)
Exchange difference	22	13	35
<hr/>			
At 1 April 2020	1,505	1,922	3,427
Provision for the year	258	443	701
Disposals	-	(93)	(93)
Exchange difference	(34)	(47)	(81)
<hr/>			
<b>At 31 March 2021</b>	<b>1,729</b>	<b>2,225</b>	<b>3,954</b>
<hr/>			
<b>Net book value</b>			
<b>At 31 March 2021</b>	<b>393</b>	<b>891</b>	<b>1,284</b>
<hr/>			
At 31 March 2020	<b>606</b>	<b>1,284</b>	<b>1,890</b>
<hr/>			
At 31 March 2019	752	-	752
<hr/>			

## 11 Goodwill

£'000

<b>Cost</b>	
At 1 April 2020	<b>6,509</b>
Goodwill impairment	-
<hr/>	
<b>At 31 March 2021</b>	<b>6,509</b>

The total carrying value of goodwill is £6.51m, which relates to the acquisition of the Macdonald & Company Group in January 2006 and Command Recruitment Group (H.K.) Limited in October 2017. Goodwill is reviewed and tested for impairment on an annual basis. Goodwill has been tested for impairment by comparing the carrying amount of the group of cash generating units (CGUs) the goodwill has been allocated to, with the recoverable amount of those CGUs. The recoverable amounts of the CGUs are their value in use.

The assessment for Macdonald & Company Group is based on UK projected operating profit. Whilst the assessment model has remained consistent in prior years, the impact of Covid- 19 has influenced the forecasting methodology that has been applied. The recoverable amount is determined on a value-in-use basis utilising the value of cash flow projections over four years with a terminal value based on a growth rate in perpetuity. This has changed from prior years' model, where an earnings multiple of six times year 5 earnings of the UK CGU was used with a forecast period of 5 years.

Goodwill recognised on the business combination in 2018 with Command recruitment Group (HK) limited was £758k. The assessment of Command CGU is based on projected results in Hong Kong. The approach is the same as that used above for Macdonald & Company Group. The recoverable amount is determined on a value-in-use basis utilising the value of cash flow projections over four years with a terminal value based on a growth rate in perpetuity. This has changed from prior years' model, where an earnings multiple of eight times year 5 earnings of the Command CGU was used with a forecast period of 5 years.

As the business has been impacted by Covid-19, the forecast results for the first year are significantly reduced from previous years in both the UK and Command CGUs. Between 2020-21 and 2021-22, management has applied a 13% NFI growth rate for the UK CGU and 49% for Command which reflects a return to more normal levels of activity as the impact of the pandemic recedes. Thereafter, in subsequent years, management expect the initial growth rate to stabilise and have projected NFI growth to return to its long term trend of 5% per annum through to 2025.

In the same respect, as NFI increases, management expects operating profit to return to pre-pandemic levels. Historic conversion rates of NFI to operating profit have been in the range of 11-16% and forecast operating profit for 2021-22 is 11% of NFI for the UK and 5% for the Command CGUs respectively. The conversion rate is projected to increase to 15% for the UK CGU over the period as senior management work with local management to realise ongoing efficiencies whereas it will remain the same for the Command CGU.

The value-in-use for the terminal value in the model has been determined based on a growth rate of 2.00% in perpetuity. This is deemed reasonable and represents the average rate of growth in the markets in which the Group operates. A pre-tax discount rate of 11.67% (2020: 6.49%) has been applied, representing the weighted average cost of capital for the Group. The rate has increased as it is more closely aligned to other listed recruitment companies.

The profit growth rate used for the UK & Command CGUs in the first year are -1941% and -137% respectively, which reflects a return to more normal levels of activity as the impact of the pandemic recedes. The first year growth rates are, therefore, augmented as we started with a loss of £0.03m and £0.33m in 2021 in UK and Command respectively. Thereafter, in subsequent years, management expect the initial growth rate to stabilise with projected profit growth rates.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the industry the Group operates in and have been based on historical data from internal sources.

<b>Assumptions</b>	<b>Macdonald &amp; Company Group</b>	<b>Command recruitment Group (HK)</b>
Terminal growth rate	2%	2%
Profit growth rate (Year 1 - 4)	-1941%, 34%, 11%, 6%	-137%, 5%, 5%, 5%
Growth rate (NFI) (Year 1 - 4)	13%, 5%, 5%, 5%	49%, 5%, 5%, 5%
Discount rate	11.67%	11.67%

As a result of the impairment reviews carried out at 31 March 2021, no impairment charge (2020: £4m) has been recognised for the UK CGU, since the 'recoverable amount' (being the greater of the net realisable value and the value in use) exceeds the carrying amount. A number of sensitivity scenarios have been considered. If the discount rate increased to 12.67% and the projected profit decreased by 15% then this would still leave headroom of £0.5m. Management are confident the assessment is reasonable as the NFI generated in the first three months post 31 March 2021 by the UK CGI is in line with the forecast applied.

The impairment reviews carried out at 31 March 21 for the Command CGU indicated a small impairment of £0.02m which is not deemed material to recognise. Several sensitivity scenarios have been considered. If the discount rate increased to 12.67% and the projected profit decreased by 1% then this would indicate an impairment of £0.1m. However, management is confident that performance will return to historic levels over the forecast period.

## 12 Investments

<b>Company shares in subsidiary undertakings</b>	<b>2021</b>	<b>2020</b>
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	£'000	£'000
<b>Cost</b>		
At 1 April 2020	7,137	11,213
Impairment of investment asset	-	(3,926)
Increase / (decrease) in shares from subsidiary from share option reserve	52	(150)
<b>At 31 March 21</b>	<b>7,189</b>	<b>7,137</b>

The investment value is linked to the Goodwill. The model and assumptions applied to assessing the Goodwill impairment have been applied to the carrying value of the investment and based on that no impairment has been recognised in the period.

### Non-Controlling Interest

The following table summarises the information relating to Command Recruitment Group (HK) Limited, that is a subsidiary with material non-controlling interest (“NCI”), before any intra-group eliminations.

	2021 £'000	2020 £'000
<b>NCI percentage</b>	<b>40%</b>	<b>40%</b>
Non-current assets	175	288
Current assets	1,749	1,892
Current liabilities	(753)	(440)
Non-current liabilities	(64)	(145)
<b>Net assets</b>	<b>1,107</b>	<b>1,596</b>
Net assets attributable to NCI	443	638
Revenue	1,700	3,596
Operating profit	(322)	1,412
Profit after interest and tax	(330)	1,407
Other comprehensive (loss)/ income	(158)	(35)
<b>Total comprehensive income</b>	<b>(448)</b>	<b>1,372</b>
Profit after interest and tax allocated to NCI	(132)	563
Other comprehensive (loss)/ income allocated to NCI	(63)	(14)
Cash flows from operating activities	(300)	4,831
Cash flows from financing activities	-	(318)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(300)</b>	<b>4,513</b>

The following are subsidiary undertakings at the end of the year and have all been included in the consolidated financial statements:

	<b>Country of incorporation</b>	<b>Principal activity</b>	<b>Registered address</b>
Macdonald & Company Group Limited	England and Wales	Holding Company	2 Harewood Place, Hanover Square, London, W1S 1BX
Macdonald & Company Property Limited	England and Wales	Recruitment	2 Harewood Place, Hanover Square, London, W1S 1BX
Macdonald and Company Freelance Limited	England and Wales	Recruitment	2 Harewood Place, Hanover Square, London, W1S 1BX

Macdonald & Company (Overseas) Limited	England and Wales	Dormant	2 Harewood Place, Hanover Square, London, W1S 1BX
Macdonald & Company Ltd	Hong Kong	Recruitment	29th Floor 3 Lockhart Road Wan Chai, Hong Kong
Ru Yi Consulting Limited	Hong Kong	Dormant	29th Floor 3 Lockhart Road Wan Chai, Hong Kong
Macdonald & Company (Shenzhen) Limited	P.R. China	Recruitment	1503M, 15/F, Tower 2, Kerry Plaza, No.1 Zhong Xin Si Road, Futian District, Shenzhen 518048, P.R. China
Macdonald and Company Pte Limited	Singapore	Recruitment	63 Market Street #05-02, Bank of Singapore Centre, Singapore 048942
Macdonald & Company Pty Ltd	Australia	Dormant	Storey Blackwood & Co, Level 4, 222 Clarence Street, Sydney NSW 2000 Australia
Macdonald & Company Recruitment Proprietary Ltd	South Africa	Dormant	1 Emfuleni, 79 Crassula Crescent, Woodmead, Johannesburg, 2052 South Africa
The Prime Organisation Ltd	England and Wales	Dormant	2 Harewood Place, Hanover Square, London, W1S 1BX
Command Recruitment Group (H.K.) Limited	Hong Kong	Recruitment	29th Floor 3 Lockhart Road Wan Chai, Hong Kong
Prime People Inc.	U.S.A.	Recruitment	1209 Orange Street, Wilmington, New Castle County, Delaware 19801
Macdonald Consulting GmbH	Germany	Dormant	District Court, Frankfurt am Main, HRB 121950

For all undertakings listed above, the country of operation is the same as its country of incorporation.

The Group holds 100% of all classes of issued share capital except in the case of Command Recruitment Group (H.K.) Limited, where it owns 60%. The percentage of the issued share capital held is equivalent to the percentage of voting rights for all companies.

### 13 Trade and other receivables

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
<b>Current</b>				
Trade receivables	2,582	3,312	-	-
Allowance for doubtful debts	(380)	(340)	-	-
Other receivables	453	284	159	133
Amounts owed by subsidiary company	-	-	3,868	3,000
Prepayments and accrued income	406	612	27	12
	<b>3,061</b>	3,868	<b>4,054</b>	3,145

At 31 March 2021 the average credit period taken on sales of recruitment services was 48 days (2020: 75 days) from the date of invoicing. An allowance of £380,000 (2020: £340,000) has been made for estimated irrecoverable amounts. Due to the short-term nature of trade and other receivables, the Directors consider that the carrying value approximates to their fair value.

A provision for impairment of trade receivables has been made. In reviewing the appropriateness of the provision, consideration has been given to the ageing of the debt and the potential likelihood of default, taking into account current economic conditions.

The ageing of group trade receivables at the reporting date was:

	Gross trade receivables	Provisions	Expected Loss rate	Gross trade receivables	Provisions	Expected Loss rate
	2021 £'000	2021 £'000	2021 %	2020 £'000	2020 £'000	2020 %
Not past due 0 -30 days	1,475	71	4.8%	1,548	50	3.2%
Past due 30-90 days	631	18	2.9%	792	80	10.1%
Past due more than 90 days	476	291	61.1%	972	210	21.6%
	<b>2,582</b>	<b>380</b>		<b>3,312</b>	<b>340</b>	

The expected loss rates for trade receivables are based on the payment profile and the shared credit risk characteristics arising in the different industries in which the Group operates. The Company has incorporated forward-looking information based on the clients' industries and financial position, including the assessment of any perceived impact of Covid-19.

Movement in allowance for doubtful debts:

	2021 £'000	2020 £'000
1 April 2020	340	621
Impairment losses recognised	164	340
Amounts written off as uncollectable	(63)	(38)
Amounts paid by the client	(22)	(452)
Impairment losses reversed	(39)	(131)
<b>31 March 2021</b>	<b>380</b>	<b>340</b>

#### 14 Financial Instruments

	Note	Group		Company	
		2021 £'000	2020 £'000	2021 £'000	2020 £'000
<b>Financial assets at amortised cost</b>					
Trade and other receivables	13	2,655	3,256	159	133
Amounts owed by subsidiary company	13	-	-	3,868	3,000
Cash and cash equivalents		3,980	2,055	556	876
		<b>6,646</b>	<b>5,311</b>	<b>4,583</b>	<b>4,009</b>

Cash is held either on current account or on short-term deposits at floating rates of interest determined by the relevant bank's prevailing base rate.

	Note	Group		Company	
		2021 £'000	2020 £'000	2021 £'000	2020 £'000

#### Financial liabilities at amortised cost

Trade and other payables	15	742	1,619	2,247	3,873
Accruals	15	1,335	901	65	35
Coronavirus Business Interruption Loan		2,000	-	2,000	-
		4,077	2,520	4,312	3,908

There is no material difference between the book values of the Group's financial assets and liabilities and their fair values.

The Group and the Company do not hold any derivative financial instruments.

## 15 Trade and other Payables

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
<b>Current</b>				
Trade payables	203	371	30	1
Other payables	539	1,248	-	-
Amount owed to subsidiary undertakings	-	-	2,217	3,872
Taxation and social security	796	685	1	4
Coronavirus Business Interruption Loan	267	-	267	-
Accruals	1,335	901	65	35
	3,140	3,205	2,580	3,912

Due to the short-term nature of the trade and other payables, the Directors consider that the carrying value approximates to their fair value. Trade payables are generally on 30–60-day terms. No payables are past their due date.

## 16 Borrowings due after more than one year

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
<b>Borrowings due after more than one year</b>				
Coronavirus Business Interruption Loan	1,733	-	1,733	-
	1,733	-	1,733	-

The loan is repaid in 60 equal instalments from August 2021 to July 2026.

## 17 Deferred Tax

Group (Liability)	Other temporary differences	Total
	£'000	£'000
At 1 April 2019	22	22
Credit to income	-	-

At 31 March 2020	22	22
Debit to income	-	-
<b>At 31 March 2021</b>	<b>22</b>	<b>22</b>

<b>Group (Asset)</b>	<b>Share Options £'000</b>	<b>Total £'000</b>
At 1 April 2019	40	45
Debit to income	-	(5)
At 31 March 2020	40	40
Debit to income	-	-
<b>At 31 March 2021</b>	<b>40</b>	<b>40</b>

## 18 Share Capital

	2021		2020	
	Number	£'000	Number	£'000
ALLOTTED CALLED UP				
Ordinary shares of 10p each				
As at 1 April	12,307,273	1,231	12,290,199	1,229
Shares (purchased for treasury)/issued during the year	(190,000)	(103)	17,074	2
At 31 March	12,117,273	1,128	12,307,273	1,231

Share capital includes unpaid shares of nil (2020: nil).

The Company has one class of ordinary shares which carries no right to fixed income and which represents 100% of the total issued nominal value of all share capital.

Each share carries the right to one vote at general meetings of the Company. No person has any special rights of control over the company's share capital and all its issued shares are fully paid.

Pursuant to shareholder resolutions at the AGM of the Company on 22 September 2020, the Company has the following authorities during the period up to the next AGM:

- to issue new/additional ordinary shares to existing shareholders through a rights issue up to a maximum nominal amount of £410,242 representing one-third of the Company's issued share capital;
- to issue new/additional ordinary shares to new shareholders up to a maximum nominal amount of £410,242 representing one third of the issued shares capital of the Company;
- to allot equity securities for cash, without the application of pre-emption rights, up to a maximum nominal amount of £184,609 representing 15% of the Company's issued share capital of the Company;
- to purchase through the market up to 15% of the Company's issued share capital, subject to certain restrictions on price; and



- to make off-market purchases of its ordinary shares for the purposes of or pursuant to an employee 'share scheme with the maximum aggregate number of ordinary shares authorised to be purchased is 4,102,424 representing approximately one-third of the Company's issued ordinary share capital.

### Capital Risk Management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising returns to shareholders through the optimisation of debt and equity balances. The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent comprising issued capital reserves and earnings.

The Group manages the capital structure and adjusts it in the light of changes to economic conditions and risks. In order to manage capital, the Group has continued to consider and adjust the level of dividends paid to shareholders and made purchases of its own shares which are held as Treasury Shares.

### Employee Share Schemes

The Company operates two share options schemes with one of them, the Save as You Earn scheme, being dormant.

### Enterprise Management Incentive Share Option Scheme

At 31 March 2021 the following options had been granted and remained outstanding in respect of the Company's ordinary shares:

Year of grant	Exercise Price Pence	Exercise Period	Number of options 31 March 2020	Granted	Exercised	Cancelled	Number of Options 31 March 2021
2011/12	68.00	2014- 2019	3,000	-	-	-	<b>3,000</b>
2013/14	10.00	2016-	9,000	-	-	-	<b>9,000</b>
	10.00	2021 2019- 2021	6,000	-	-	-	<b>6,000</b>
2014/15	10.00	2016-	10,000	-	-	-	<b>10,000</b>
	10.00	2021 2019- 2021	25,000	-	-	-	<b>25,000</b>
2015/16	10.00	2020-	30,000	-	-	-	<b>30,000</b>
	58.00	2022	15,000	-	-	-	<b>15,000</b>
	58.00	2017- 2022 2020- 2022	50,000	-	-	(10,000)	<b>40,000</b>
2016/17	50.00	2022-	10,000	-	-	-	<b>10,000</b>
	90.00	2027	15,000	-	-	-	<b>15,000</b>
	90.00	2019- 2024 2022- 2027	20,000	-	-	-	<b>20,000</b>
2018/19	10.00	2020- 2028	80,000	-	-	(30,000)	<b>50,000</b>
2019/20	50.00	2022-	15,000	-	-	-	<b>15,000</b>
	50.00	2029	50,000	-	-	-	<b>50,000</b>
	42.50	2024- 2029 2022- 2029	30,000	-	-	-	<b>30,000</b>
2020/21	50.00	2022-	-	20,000	-	-	<b>20,000</b>
	10.00	2029	-	725,000	-	-	<b>725,000</b>

2023-  
2033

<b>Total 2021</b>	<b>368,000</b>	<b>745,000</b>	<b>-</b>	<b>(40,000)</b>	<b>1,073,000</b>
<b>Weighted average exercise price 2021</b>	<b>35.73p</b>	<b>11.07p</b>	<b>-</b>	<b>22.00p</b>	<b>19.68p</b>
Total 2020	604,750	95,000	(231,750)	(100,000)	368,000
Weighted average exercise price 2020	26.96p	47.63p	17.25p	36.80p	35.73p

There were 1,073,000 options outstanding at 31 March 2021 (2020: 368,000) which had a weighted average price per share of 19.68p (2020: 35.73p) and a weighted average contractual life of 2.4 years. The options vest over a period of two to four years conditional upon the option holders continued employment with the Company.

The conditions applying to those options which are fully vested have been achieved. The number of outstanding options that will vest is dependent on the achievement of several key performance measures of the group, measured at a regional and consolidated level for the financial years 2020 and 2021. The fair value of the employee services received in exchange for the grant of the share options is charged to the profit and loss account over the vesting period of the share option, based on the number of options which are expected to become exercisable.

	<b>2021</b>	2020
Option pricing model used	<b>Black-Scholes</b>	Black-Scholes
Weighted average share price at grant date (in pence)	<b>57.50 &amp; 61.00</b>	91.00 & 81.50
Exercise price (in pence)	<b>50.00 &amp; 10.00</b>	50.00 & 42.50
Fair value of options granted during the year	<b>25.53 &amp; 51.29</b>	46.44
Expected volatility (%)	<b>67 &amp; 40</b>	20
Risk-free interest rate (%)	<b>1</b>	4
Vesting period of options (years)	<b>2 &amp; 2.7</b>	2 & 5

Expected volatility was determined by reference to historical volatility of the Company's share price.

The share-based payment expense recognised within the income statement during the period was £75,974 (2020: expense £48,836).

## 19 Reserves

### Capital Redemption Reserve Fund

The capital redemption reserve relates to the cancellation of the Company's own shares.

### Treasury Shares

At 31 March 2021, the total number of ordinary shares of 10p held in Treasury and their values were as follows:

	<b>2021</b>		<b>2020</b>	
	<b>Number</b>	<b>£'000</b>	<b>Number</b>	<b>£'000</b>
As at 1 April	-	-	195,676	161
Shares purchased for treasury	<b>190,000</b>	<b>103</b>	36,074	23
Shares issued from treasury	-	-	(231,750)	(34)
Loss on treasury shares disposal	-	-	-	(150)

<b>As at 31 March</b>	<b>190,000</b>	<b>103</b>	-	-
Nominal value		-		-
Market value		-		-

The maximum number of shares held in treasury during the year was 190,000 shares representing 1.6% of the called-up ordinary share capital of the Company (2020: 195,676 representing 1.6% of the called-up ordinary share capital of the Company).

### Merger Reserve

The merger reserve represents the fair value of the consideration given in excess of the nominal value of ordinary shares issued to acquire subsidiaries.

### Share Option Reserve

The reserve represents the cumulative amounts charged to profit in respect of employee share option arrangements where the scheme has not yet been settled by means of an award of shares to an individual.

### Share Premium Account

The balance on the share premium account represents the amounts received in excess of the nominal value of the ordinary shares.

### Translation Reserve

The foreign currency translation reserve comprises all presentation foreign exchange differences arising from translation of the financial statements of foreign operations into the presentation currency of the Group accounts.

### Retained Earnings

The balance held on this reserve is the accumulated retained profits of the Group/Company.

## 20 Leases

The Group adopted IFRS 16 Leases for the first time in the prior-year financial statements.

The Group's leases are property leases. These include leases for the offices from which the businesses across the Group operate and these have terms of typically 1 to 10 years. The movements in the carrying value of right-of-use assets is provided below.

<b>Right-of-use asset - Property</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>		
At 1 April 2020	3,206	2,994
Exchange differences	(104)	-
Additions	107	212
Disposals	(93)	-
<b>At 31 March 2021</b>	<b>3,116</b>	<b>3,206</b>
<b>Accumulated depreciation</b>		
At 1 April 2020	1,922	1,482
Exchange differences	(47)	-
Depreciation	443	440
Disposals	(93)	-
<b>At 31 March 2021</b>	<b>2,225</b>	<b>1,922</b>
<b>Net Book Value as at 31 March 2021</b>	<b>891</b>	<b>1,284</b>

Additional disclosures as required under IFRS 16 Leases are provided in the table below:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Depreciation of right-of-use assets	443	440
Interest on lease obligations	48	71
Cash outflow for leases	562	566
Additions to right-of-use-assets	107	212
Disposals of right-of-use assets	(93)	-

## 21 Reconciliation of Profit before Tax to Net Cash Inflow from Operating Activities

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Loss before taxation</b>	<b>(173)</b>	<b>(2,133)</b>	<b>(5)</b>	<b>(3,965)</b>
Adjust for:				
Depreciation of property, plant and equipment and software amortisation	<b>258</b>	737	-	-
Depreciation of right-of-use assets	<b>443</b>	-	-	-
Impairment of goodwill	-	4,018	-	3,926
Share-based payment expense	<b>76</b>	49	-	-
Loss on sale of tangible asset	-	1	-	-
Interest receivable	<b>(5)</b>	-	-	-
Interest payable	<b>61</b>	76	-	-
<b>Operating cash flow before changes in working capital</b>	<b>660</b>	2,748	<b>(5)</b>	<b>(39)</b>
Decrease/(increase) in receivables	<b>866</b>	778	<b>(41)</b>	<b>(3,021)</b>
(Decrease)/increase in payables	<b>(332)</b>	116	<b>56</b>	<b>2,784</b>
<b>Cash generated from / (used by) underlying operations</b>	<b>1,194</b>	3,642	<b>10</b>	<b>(276)</b>

## 22 Reconciliation of movements of liabilities to cash flows arising from financing activities

<b>Group</b>	<b>At 1 April</b>	<b>New loan</b>	<b>Net Repayments</b>	<b>At 31 March</b>
	<b>2020</b>			<b>2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Borrowings	-	2,000	-	<b>2,000</b>
Invoice finance	806	-	(822)	<b>(16)</b>
Lease liabilities	1,524	-	(471)	<b>1,053</b>
<b>Total financing liabilities</b>	<b>2,330</b>	<b>2,000</b>	<b>(1,293)</b>	<b>3,037</b>

Company	At 1 April 2020	New loan	Net Repayments	At 31 March 2021
	£'000	£'000	£'000	£'000
Borrowings	-	2,000	-	2,000
<b>Total financing liabilities</b>	-	2,000	-	2,000

### 23 Analysis of Cash less overdrafts

Group	At 1 April 2020	Cash flow	Exchange	At 31 March 2021
	£'000	£'000	£'000	£'000
Cash at bank and in hand	2,055	2,212	(287)	3,980
<b>Total cash</b>	2,055	2,212	(287)	3,980

Company	At 1 April 2020	Cash flow	At 31 March 2021
	£'000	£'000	£'000
Cash at bank and in hand	876	(320)	556
<b>Total cash</b>	876	(320)	556

### 24 Financial Risk Management

The Board of Directors has overall responsibility for the risk management policies that are applied by the business to identify and control the risks faced by the Group. The Group has exposure from its use of financial instruments to foreign currency risk, credit risk and liquidity risk.

#### Foreign Currency

The Group publishes its consolidated financial statements in Sterling. The functional currencies of the Group's main operating subsidiaries are Sterling, the Singapore Dollar, the Hong Kong Dollar and the UAE Dirham.

The Group's international operations account for approximately 34.46% (2020: 34.66% of revenue and approximately 29.12% (2020: 24.27%) of the Group's assets and consequently the Group has a degree of translation exposure in accounting for overseas operations.

The Group exposure to foreign currency risk is as follows:

As at 31 March 2021	Euro £'000	AUD £'000	USD £'000	HK\$ £'000	S\$ £'000	AED £'000	CNY £'000	SAR £'000
Cash at bank	410	26	634	313	877	6	378	104
Trade and other receivables	46	-	28	952	293	28	-	-
Trade and other payables	(165)	-	(146)	(735)	(236)	(32)	-	-
<b>Net exposure</b>	<b>291</b>	<b>26</b>	<b>516</b>	<b>530</b>	<b>934</b>	<b>2</b>	<b>378</b>	<b>104</b>

As at 31 March 2020	<b>Euro</b> <b>£'000</b>	<b>AUD</b> <b>£'000</b>	<b>USD</b> <b>£'000</b>	<b>HKS</b> <b>£'000</b>	<b>S\$</b> <b>£'000</b>	<b>AED</b> <b>£'000</b>	<b>CNY</b> <b>£'000</b>	<b>SAR</b> <b>£'000</b>
Cash at bank	66	7	1	259	211	410	-	-
Trade and other receivables	-	-	-	1,350	299	336	-	-
Trade and other payables	-	-	-	(1,101)	(117)	(115)	-	-
<b>Net exposure</b>	<b>66</b>	<b>7</b>	<b>1</b>	<b>508</b>	<b>393</b>	<b>631</b>	<b>-</b>	<b>-</b>

### Sensitivity analysis – currency risk

A 10% weakening or strengthening of Sterling against the above currencies at 31 March 2021 would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis is applied currency by currency in isolation, i.e. ignoring the impact of currency correlation, and assumes that all other variables, interest rates, remain constant. The amounts generated from the sensitivity analysis are forward-looking estimates of market risk assuming certain adverse market conditions occur. Actual results in the future may differ materially from those projected, due to developments in the global financial markets which may cause fluctuations in interest and exchange rates to vary from the hypothetical amounts disclosed in the table below, which therefore should not be considered a projection of likely future events and losses.

### Foreign Currency

	<b>Weakening</b>		<b>Strengthening</b>	
	<b>2021 equity</b> <b>£'000</b>	<b>2021 PBT</b> <b>£'000</b>	<b>2021 equity</b> <b>£'000</b>	<b>2021 PBT</b> <b>£'000</b>
Euro	(26)	(26)	25	25
US dollar	(47)	(47)	37	37
Hong Kong dollar	(48)	(48)	5	5
Singapore dollar	(85)	(85)	50	50
UAE dirham	-	-	-	-
Australian dollar	(2)	(2)	1	1
Chinese yuan renminbi	(34)	(34)	4	4
Saudi riyal	(9)	(9)	2	2

Currently the Group's policy is not to hedge against this exposure, but it does seek to minimise this exposure by converting into sterling all cash balances in foreign currency that are not required for capital monetary needs. The settlement of intercompany balances held with foreign operations is neither planned nor likely to occur in the foreseeable future. Therefore, exchange differences arising from the translation of the net investments are recognised in Other Comprehensive income.

### Credit Risk

The Group's principal financial assets are bank balances, trade and other receivables. The Group's credit risk is primarily in respect of trade receivables. Credit risk refers to the risk that a client will default on its contractual obligations resulting in financial loss to the Group. The Group's largest credit risk exposure to a single client is in the UK and represents 10.05% of the Group trade receivables balance. Although there is no indication that the debt is uncollectable, the Directors are of the opinion that adequate provision is in place to cover any potential default by this client. A public investment funds in Saudi Arabia accounted for 4.13% of Group trade receivables respectively. Apart from this exposure, at the year-end no other customer represented more than 4.01% (2020: 5.73%) of the total balance of trade receivables.

In reviewing the appropriateness of the provisions in respect of recoverability of trade receivables, consideration has been given to the ageing of the debt and the potential likelihood of default, considering current economic conditions.

It is the Directors' opinion that no further provision for doubtful debts is required.

## Liquidity Risk

The Group manages its liquidity risk by maintaining adequate cash and or credit facilities to meet forecast cash requirements of the Group. Management monitors its forecasted cash flow requirements at a Group level based on monthly returns made by the Group's operating units.

The Group has short-term trade and other payables and accruals as disclosed in note 15, all due within one year of the year end. In addition it has lease liabilities and a loan under the Coronavirus Business Interruption Loan Scheme as set out below.

The Group has net funds of £3.98m (2020: £2.06m), which the Board considers are more than adequate to meet future working capital requirements and to take advantage of business opportunities.

As at 31 March 2021, the Group's financial liabilities have contractual maturities as follows:

	<b>Less than 6 months</b>	<b>6 – 12 months</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>
<b>At 31 March 21</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade payables and other payables	2,676	197	-	-	-
Lease liabilities	281	281	437	99	-
CBILS	81	239	466	1,298	135
<b>Total contractual cash flows</b>	<b>3,038</b>	<b>717</b>	<b>903</b>	<b>1,397</b>	<b>135</b>

	<b>Less than 6 months</b>	<b>6 – 12 months</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>
<b>At 31 March 20</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade payables and other payables	1,619	-	-	-	-
Taxation and social security	440	245	-	-	-
Accruals	901	-	-	-	-
Lease liabilities	254	243	500	508	20
<b>Total contractual cash flows</b>	<b>3,214</b>	<b>488</b>	<b>500</b>	<b>508</b>	<b>20</b>

## 25 Related Party Transactions

The Company provides corporate guarantees on the subsidiary bank accounts. At 31 March 2021 amounts overdrawn by subsidiary bank accounts were £nil (2020: £nil).

The Group owes a director £40,330 (2020: £nil). There is no interest charged on this loan and no fixed date for repayment.

The Directors receive remuneration from the Group, which is disclosed in the Directors' Remuneration Report. As shareholders, the Directors also eligible to receive dividends from the Company. In the year these amounted to £nil (2020: £318,213).