

Company Registration No. 04632754

Staffgroup International Limited

Annual Report and Financial Statements

For the period ended 31 March 2021

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Staffgroup International Ltd

Report and financial statements for the period ended 31 March 2021

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Staffgroup International Limited

Report and financial statements for period ended 31 March 2021

Officers and professional advisers

Directors

I Munro
Twenty20 Midco 2 Limited

Registered Office

33 Soho Square
London
England
W1D 3QU

Bankers

Barclays Bank Plc
1 Churchill Place
London
E14 5HP

Solicitors

Hemingways Solicitors Limited
11 Westbourne Road
Sheffield
S10 2QQ

Auditor

Saffery Champness LLP
Trinity
16 John Dalton Street
Manchester
M2 6HY

Staffgroup International Limited

Strategic report

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

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 period.

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 Period and the Company’s financial position at the end of the period are shown in the attached financial statements.

Key performance indicators

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

- 1) Cash collection is an important part of effective working capital management. The average debtor days at the 31 March 2021 were 44 days (31 December 2019: 45 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 periods.
- 2) Operating profit before exceptional items in the period to 31 March 2021 was £184,483 (31 December 2019 £410,859 loss restated).
- 3) The Company is committed to working in partnership and building long-term relationships with its suppliers. Each period the Company reviews its creditor policies and creditor day terms. Creditor days for the Company at 31 March 2021 are 23 days (31 December 2019: 22 days).

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 period 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.

Technology systems

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.

Staffgroup International Limited

Strategic report (continued)

Principal business risks and uncertainties (continued)

Regulatory environment

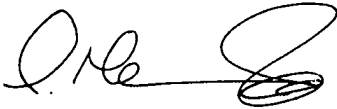
The staffing industry is governed by an increasing level of compliance. Additionally, clients require more complex levels of compliance in their contractual arrangements. The Company takes its responsibilities seriously, is committed to meeting all of its regulatory responsibilities, which include changes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

Future developments and events after the balance sheet date

On 31st March 2021, the company, previously known as Eurostaff Group Ltd, changed its name to Staffgroup International Ltd and completed a full rebranding along with its sister companies situated within Europe. This enabled the creation of one recognisable brand for all companies within Staffgroup Ltd; of which Staffgroup International Ltd is a subsidiary.

The impact and mitigation of risks in relation to recent Covid-19 outbreak has been discussed above in Business Review section within the strategic report.

Approved by the Board of Directors and signed on behalf of the Board



I Munro
Director
19 November 2021

Staffgroup International Limited

Directors' report

The directors present their report on the affairs of the Company and the audited financial statements for the period ended 31 March 2021.

Future developments and events after the balance sheet date

Details of any future developments and events that have occurred after the balance sheet date can be found in the Strategic Report on page 3 and form part of the report by cross reference.

Going concern

As part of the recent sale to Twenty20 Capital, outstanding invoice discounting debts owed to ABN Amro were repaid and there are currently no banking debts or invoice discounting facilities in place as the company is able to trade without such facilities. The position has improved since the period end, and based on current Short Term Cashflow Projections which take account of Covid-19 implications, Staffgroup International Limited can operate within the cash resources it has within the business.

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

In light of recent Covid-19 outbreak, the Company has revised its base case forecasts to incorporate the expected impacts on key metrics including, reviews over sales (temp and perm), margin, overheads, cash and debt. Whilst no one can be certain how long the impacts will be felt, given the diverse nature of its customer base and focus on cost management, based on current models, it is well placed to trade through these difficult times. The directors have assessed the ability of that company to provide such support and has concurred and concluded that the funds made available are in excess of any needed in any reasonably possible outcome.

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

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

Financial risk management objectives and policies

The Company utilises various financial instruments including cash and various 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.

Market risk

Market risk encompasses two types of risk, being interest rate and market price risk. Interest rates remained low in the period and look to remain low for the foreseeable future, thus interest rate movements are not currently a significant risk to trading. Market price risks are constantly reviewed by management in each operation.

With the Brexit direction now known, some of the previous uncertainties within the labour markets should gradually fall away. Clearly, the picture remains fluid and the company must be alive to the risks around labour supply where currently it utilises a large proportion of workers from overseas. The business is actively engaging with customers on Brexit strategies to ensure customers secure the best resources.

Staffgroup International Limited

Directors' report (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

Refer to Business Review section in the strategic report for commentary on impact and mitigation of risks relating to Covid-19.

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. The Company expects that Covid-19 will negatively impact credit limits on certain types of customers with whom it trades, thus requiring a greater degree of focus to stay on top of cash collections to avoid a build-up of trade debtors and possible bad debt.

Liquidity risk

The company seeks to manage liquidity risk by ensuring sufficient liquidity is available to meet the foreseeable cash need of the business. The facilities in place provide sufficient normal liquidity headroom, further substantial modelling has taken place to determine the impact on cash availability from Covid-19 scenarios. This is reviewed by the board on a bi-weekly basis to identify risks, mitigations, and opportunities. Liquidity risk is proactively managed using 13-week forecasts, thus providing time for compensatory actions to be taken, should the forecast need updating.

Dividends

The directors did not pay or propose any dividend in the period to 31 March 2021 (2019: £nil).

Directors

The directors who served during the period and to the date of this report were as follows:

P Ullmann (resigned 2 March 2020)
J Ullmann (resigned 2 March 2020)
C Kenneally (resigned 5 March 2020)
I Munro (appointed 2 March 2020)
Twenty20 Midco 2 Limited (appointed 2 March 2020)

Directors' indemnities

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

Disabled employees

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 consultation

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.

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 them. Creditor days for the Company at 31 March 2021 are 23 days (2019: 22 days).

Staffgroup International Limited

Directors' report (continued)

SECTION 172 STATEMENT

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 period ended 31 March 2021.

The Directors consider that they have acted in good faith to promote the success of the company on behalf of the stakeholders, in relation to matters set out in s172 of the Act. The stakeholders of the business include the employees, clients, suppliers and shareholders of the business.

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.

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.

Governance

During the prior period, 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.

Auditor

Saffery Champness LLP was appointed auditor of the Company and have expressed their willingness to continue in office

Staffgroup International Limited

Directors' report (continued)

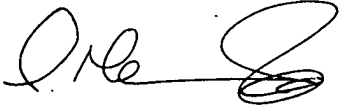
Statement of disclosure to auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board



I Munro
Director
19 November 2021

Staffgroup International Limited

Directors' responsibilities statement

The directors are responsible for preparing the 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) including FRS 102, "The financial reporting standard applicable in the UK and Republic of Ireland". Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. 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.

Staffgroup International Limited

Independent auditor's report to the members of Staffgroup International Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Staffgroup International Limited for the period ended 31 March 2021 which comprise the profit and loss account, balance sheet, statement of changes in equity and statement of cash flow and notes to the financial statements, including a summary of 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 2021 and its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date 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 section of this report.

Staffgroup International Limited

Independent auditor's report to the members of Staffgroup International Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 the audit:

- the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report have been prepared in accordance with applicable legal requirements.

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 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.; or
- the directors were not entitled to prepare the financial statements in accordance with the Small Companies Regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report and in preparing the Directors' Report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, 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.

Staffgroup International Limited

Independent auditor's report to the members of Staffgroup International Limited (continued)

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 by 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Staffgroup International Limited

Independent auditor's report to the members of Staffgroup International Limited (continued)

Use of our report

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

Saffery Champness LLP

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

**Chartered Accountants
Statutory Auditors**

Trinity
16 John Dalton Street
Manchester
M2 6HY

19 November 2021

Staffgroup International Limited

Profit and loss account for the period ended 31 March 2021

	Notes	Period ended 31 March 2021 £	As restated Year ended 31 December 2019 £
Turnover	3	14,235,309	17,118,917
Cost of sales		(11,782,599)	(14,045,694)
Gross profit		2,452,710	3,073,223
Administration expenses		(3,441,428)	(4,181,973)
Operating loss before exceptional items	4	(988,718)	(1,108,750)
Other operating income	5	1,173,200	697,890
Exceptional items	8	(246,611)	1,494,998
Operating profit/(loss) after exceptional items		(62,129)	1,084,138
Interest receivable and similar income	9	120,953	(271,912)
Profit/(Loss) before tax		58,824	812,226
Tax on profit/(loss)	10	13,856	(116,429)
Profit/(Loss) after tax		72,680	695,797

All results derive from continuing operations.

There have been no gains or losses in either the current period or prior year other than the loss for the financial year, and consequently a separate statement of other comprehensive income has not been presented.

The accompanying notes on pages 16 to 27 are an integral part of these financial statements.

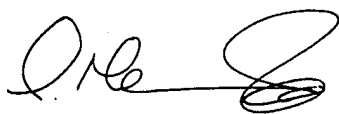
Staffgroup International Limited

Balance sheet as at 31 March 2021

	Notes	As at 31 March 2021 £	As restated As at 31 December 2019 £
Non-current assets			
Tangible assets	11	-	138,733
Intangible assets	12	3,938	-
		<u>3,938</u>	<u>138,733</u>
Current assets			
Debtors	13	4,980,326	5,670,735
Cash at bank and in hand		614,601	44,924
		<u>5,594,927</u>	<u>5,715,659</u>
Creditors: amounts falling due within one year	14	<u>(5,859,716)</u>	<u>(6,137,423)</u>
Net current assets/(liabilities)		<u>(264,789)</u>	<u>(421,764)</u>
Total assets less current liabilities		<u>(260,851)</u>	<u>(283,301)</u>
Creditors: amounts falling due after more than one year	15	<u>-</u>	<u>(50,500)</u>
Net assets/ (liabilities)		<u>(260,851)</u>	<u>(333,531)</u>
Capital and reserves			
Called-up share capital	16	7,260	7,260
Profit and loss account		(268,111)	(340,791)
		<u>(260,851)</u>	<u>(333,531)</u>
Shareholders' deficit		<u>(260,851)</u>	<u>(333,531)</u>

The accompanying notes on pages 16 to 27 are an integral part of these financial statements.

The financial statements of Staffgroup International Limited, a company registered in England and Wales (company number 04632754) were approved and authorised for issue by the Board of Directors on 19 November 2021 and signed on its behalf by:



I Munro
Director

Staffgroup International Limited

Statement of Changes in Equity Period ended 31 March 2021

	Called-up share capital £	Profit and loss account £	Total £
At 1 January 2019	7,260	(1,036,588)	(1,029,328)
Profit and total comprehensive income for the year	-	695,797	695,797
At 31 December 2019	7,260	(340,791)	(333,531)
Loss and total comprehensive expense for the period	-	72,680	72,680
At 31 March 2021	7,260	(268,111)	(260,851)

The accompanying notes on pages 16 to 27 are an integral part of these financial statements.

Staffgroup International Limited

Notes to the financial statements Period ended 31 March 2021

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the period and the preceding period.

a. General information and basis of accounting

Staffgroup International Limited, previously named Eurostaff Group Ltd (“the Company”) is a company incorporated in the United Kingdom under the Companies Act 2006. The Company is a private company limited by shares and is registered in England and Wales. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 2 to 3.

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102), the financial reporting standard applicable in the United Kingdom and Republic of Ireland, issued by the Financial Reporting Council.

b. Going concern

As part of the recent sale, outstanding invoice discounting debts owed to ABN Amro were repaid and there are currently no banking debts or invoice discounting facilities in place as the company is able to trade without such facilities. These financial statements present net liabilities and a profit for the period which was driven by the exceptional impairment of intercompany debt owed by the previous owner (see note 8). The position has improved since the period end and based on current Short Term Cashflow Projections which take account of Covid-19 implications, Staffgroup International Limited can operate within the cash resources it has within the business.

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

In light of the recent Covid-19 outbreak, the Company has revised its base case forecasts to incorporate the expected impacts on key metrics including, reviews over sales (temp and perm), margin, overheads, cash and debt. Whilst no one can be certain how long the impacts will be felt, given the diverse nature of its customer base and focus on cost management, based on current models it is well placed to trade through these difficult times. The directors have assessed the ability of that company to provide such support and has concurred and concluded that the funds made available are in excess of any needed in any reasonably possible outcome.

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

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

c. Taxation

Current tax, including UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Staffgroup International Limited

Notes to the financial statements (continued) Period ended 31 March 2021

1. Accounting policies (continued)

c. Taxation (continued)

Deferred tax is measured at the rate applying of the financial statements on the basis that expected future changes in tax rates will not have a material effect. Deferred tax is measured on a non-discounted basis.

d. 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.

e. Pension costs

The Company operates a defined contribution scheme, for which the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

f. Leases

Assets held under hire purchase and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

g. Intangible assets other than goodwill

Intangible 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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h. Tangible assets

Tangible assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on tangible assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

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

Staffgroup International Limited

Notes to the financial statements (continued) Period ended 31 March 2021

1. Accounting policies (continued)

i. Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets suffered an impairment loss. An impairment loss is recognised immediately in profit or loss.

j. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

k. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

l. Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities are recorded at the exchange prevailing rate at the balance sheet date.

All translation differences are taken to profit or loss.

m. Working capital finance facilities

As at the period end, the Company, has access to working capital finance facilities provided by its bankers in the form of a confidential trade receivables finance facility which is secured by a fixed and floating charge over the Company's assets. The borrowings under this are included within 'Creditors: amounts falling due within one year' (see note 14) on the balance sheet and the facility is secured specifically against the Company's trade receivables. Trade receivables which have been discounted are included within 'Trade debtors: amounts falling due within one year' (see note 13) in the balance sheet. Refer to directors' report for further details on post balance sheet events.

Staffgroup International Limited

Notes to the financial statements (continued) Period ended 31 March 2021

n. Government grants

Government grants are recognised on the accrual model and are measured at fair value of the asset receivable. Grants are classified as relating either to other income or to assets. Grants related to other income are recognised in profit or loss over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

3. Turnover

The total turnover of the Company for the period has been derived from its principal activity.

Turnover analysed by geographical market:

	15 month period to 31 March 2021 £	Year ended 31 December 2019 £
United Kingdom	1,005,652	1,380,770
Rest of Europe	13,229,657	15,738,147
	<u>14,235,309</u>	<u>17,118,917</u>

4. Operating profit/(loss) before exceptional items

Operating profit/(loss) before exceptional items is stated is after charging/(crediting):

	15 month period to 31 March 2021 £	Year ended 31 December 2019 £
Exchange losses/(gain)	(124,748)	208,001
Depreciation of tangible assets	138,733	98,478
Amortisation of intangible assets	11,445	-
Operating lease charges	115,844	417,764
Auditor's remuneration:		
- fees payable to the Company's auditor for the audit of the accounts	12,000	11,200
- Taxation compliance	4100	-
	<u>4100</u>	<u>-</u>

Staffgroup International Limited

Notes to the financial statements (continued) Period ended 31 March 2021

5. Other operating income

	15 month period to 31 March 2021 £	As restated Year ended 31 December 2019 £
Income from intellectual property licencing	1,170,467	697,891
Government grants receivable	2,734	-
	<u>1,173,200</u>	<u>687,891</u>

6. Information regarding directors and staff costs

The average monthly number of employees (including directors) during the period was:

	15 month period to 31 March 2021 £	Year ended 31 December 2019 £
Service personnel	15	29
Administration	9	11
	<u>24</u>	<u>40</u>

Their aggregate remuneration comprised:

	15 month period to 31 March 2021 £	Year ended 31 December 2019 £
Wages and salaries	1,593,470	1,905,785
Social security costs	166,021	216,551
Pension costs	89,718	83,098
	<u>1,849,209</u>	<u>2,205,434</u>

7. Directors' emoluments

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 period (2019: £nil).

Staffgroup International Limited

Notes to the financial statements (continued) Period ended 31 March 2021

8. Exceptional items

On 2 March 2020, the company was acquired by Twenty20 Midco2 Ltd who are an experienced investment team, looking to build on existing business processes to deliver efficiencies and new technology solutions, and taking this large manpower Company to the next level.

Any balances that were owed to/by the previous owners were written off in FY19, as part of the acquisition process given these balances were deemed irrecoverable. These were not recurring expenses in the normal course of business and were therefore considered to be exceptional in nature. These amounted to £140K (owed to Cordant Group Plc).

During FY19, intercompany debts of £1,355K owed to Cordant Staffgroup Limited and its subsidiaries were written off as part of a restructuring of intercompany loans. The directors considered this one-off in nature. This was therefore recorded as an exceptional item.

As part of the sale, Staffgroup International incurred a stamp duty expense in FY21 of £7K.

Further balances that were owed to/by the previous owners have been written off in FY21, as part of the acquisition process given these balances were deemed irrecoverable. These are not recurring expenses in the normal course of business and are therefore considered to be exceptional in nature. These amounted to £8K (owed to Cordant Group Plc and its subsidiaries).

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.

9. Interest payable and similar expenses

	15 month period to 31 March 2021 £	Year ended 31 December 2019 £
Interest on invoice finance arrangements	-	271,912
	<hr/>	<hr/>
	-	271,912
	<hr/> <hr/>	<hr/> <hr/>

Staffgroup International Limited

Notes to the financial statements (continued) Period ended 31 March 2021

10. Taxation on profit/(loss)

	15 month period to 31 March 2021	Year ended 31 December 2019
	£	£
The taxation credit comprises:		
Current taxation		
United Kingdom corporation taxation	-	-
Adjustments in respect of previous periods	-	118,859
	<u> </u>	<u> </u>
Deferred taxation		
Origination and reversal of timing differences	(13,856)	(5,197)
Adjustments in respect of previous periods	-	2,767
Change in tax rate	-	-
	<u> </u>	<u> </u>
Total taxation on profit/(loss)	<u> </u> (13,856)	<u> </u> 116,429

The directors are currently carrying out a review of the group's transfer pricing policy, including royalty charges and management charges between group companies. The outcome of this review is currently uncertain but may result in adjustments to management charges and royalty charges between group companies in future periods

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These included reductions to the main rate to reduce the rate to 17% from 1 April 2020. In the budget in March 2020, the Chancellor announced that the future reduction in the corporate tax rate from 19% to 17% would not be going ahead.

The changes to keep the main rate of corporation tax at 19% was enacted on 17 March 2020, therefore deferred tax rates at the period end date have been measured using these enacted tax rates and reflected in the financial statements

The differences between the total current taxation shown above and the amount calculated by applying the standard rate of UK corporation taxation to the loss before tax is as follows:

	15 month period to 31 March 2021	Year ended 31 December 2019
	£	£
Profit or (Loss) before taxation	58,824	1,531,387
	<u> </u>	<u> </u>
Tax on profit/(loss) at standard UK corporation tax rate of 19% (2019: 19%)	11,177	290,964
Effects of:		
Expenses not deductible for tax purposes	62,812	2,280
Depreciation in excess/(deficit) of capital allowances	19,082	11,476
Other timing differences (provisions)	4,955	350
Non-taxable loan relationships	-	(284,050)
Group relief charge	38,615	(21,020)
Adjustments in respect of prior periods	(136,640)	121,626
Deferred tax charge at 17%	(8,687)	(5,197)
Effect of change in tax rate	(5,169)	-
	<u> </u>	<u> </u>
Total tax charge/(credit) for the period	<u> </u> -	<u> </u> 116,429

Staffgroup International Limited

Notes to the financial statements (continued) Period ended 31 March 2021

11. Tangible assets

	Leasehold improvements £	Fixtures and fitting £	Computers £	Total £
Cost				
At 1 January 2020	461,771	14,769	208,055	684,595
Additions	-	-	-	-
Disposals	(461,771)	(14,769)	(208,055)	(684,595)
At 31 March 2021	-	-	-	-
Depreciation				
At 1 January 2020	383,420	12,815	149,627	545,862
Charge for the period	78,351	1,954	58,428	138,733
Disposals	(461,771)	(14,769)	(208,055)	(684,595)
At 31 March 2021	-	-	-	-
Net book value				
At 31 March 2021	-	-	-	-
At 31 December 2019	78,351	1,954	58,428	138,733

12. Intangible Assets

	Website £
Cost	
As at 1 January 2020	-
Additions	15,383
Disposals for the period	-
At 31 March 2021	15,383
Amortisation	
at 1 January 2020	-
Charge for the period	11,445
Disposals for the period	-
At 31 March 2021	11,445
Carrying amount	
As at 31 March 2021	3,938
As at 31 December 2019	-

Staffgroup International Limited

Notes to the financial statements (continued) Period ended 31 March 2021

13. Debtors

	As at 31 March 2021 £	As restated As at 31 December 2019 £
Amounts falling due within one period:		
Trade debtors	1,599,709	2,235,251
Prepayments and accrued income	783,494	332,922
Amount owed by other group undertakings	2,376,332	3,043,486
Deferred tax asset	57,789	43,933
Corporation tax asset	53,974	-
Other debtors	109,031	15,143
	<u>4,980,326</u>	<u>5,670,735</u>

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

The deferred tax asset is as follows:

	£
At 1 January 2020	43,933
Adjustment in respect of prior years	-
Deferred tax charge in P&L for the period	13,856
	<u>57,789</u>
At 31 March 2021	<u>57,789</u>

The deferred tax asset is analysed as follows:

	As at 31 March 2021 £	As at 31 December 2019 £
Fixed assets timing difference	43,877	35,235
Short term timing differences	13,912	8,698
	<u>57,789</u>	<u>43,933</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. Finance Bill 2020 enacted provisions to reverse the previously enacted reduction in the main rate of UK corporation tax to 17% from 1 April 2020. Deferred tax balances as at 31 March 2021 will therefore be measured at 19%.

Staffgroup International Limited

Notes to the financial statements (continued) Period ended 31 March 2021

14. Creditors: amounts falling due within one year

	As at 31 March 2021	As at 31 December 2019
	£	£
Factored debts drawn down	-	740,077
Trade creditors	966,509	1,096,761
Other taxation and social security	5,384	8,121
Amounts owed to parent undertaking	37,714	-
Amounts owed to other group undertakings	4,258,779	3,442,897
Other creditors	122,921	1,087
Accruals and deferred income	468,409	733,595
Corporation tax payable	-	114,885
	<u>5,859,716</u>	<u>6,137,423</u>

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

As at the prior period end, the Company had an invoice discounting facility with ABN Amro Bank Plc. Interest on this facility is charged at base rate + 2.75%. As part of the recent sale, outstanding invoice discounting debts owed to ABN Amro were repaid and there are currently no banking debts or invoice discounting facilities in place as the company is able to trade without such facilities.

15. Creditors: amounts falling due after more than one year

	As at 31 March 2021	As at 31 December 2019
	£	£
Other creditors	-	50,500
	<u>-</u>	<u>50,500</u>

16. Called-up share capital

	As at 31 March 2021	As at 31 December 2019
	£	£
Ordinary share capital <i>Issued and fully paid</i> 726,000 ordinary shares of 1p each	7,260	7,260
	<u>7,260</u>	<u>7,260</u>

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

The Profit and Loss account represents cumulative profit and losses, net of dividends paid and other adjustments.

Staffgroup International Limited

Notes to the financial statements (continued) Period ended 31 March 2021

17. Analysis of changes in debt

	1 st January 2020	Cashflows	31 st March 2021
Cash at bank and in hand	44,924	569,677	614,601
Factored debts drawn down	(740,077)	740,077	-
	<u>(695,153)</u>	<u>1,309,754</u>	<u>614,601</u>

18. Financial commitments

Operating lease payments represent rentals payable by the company for certain of its properties, plant and machinery. At the reporting period end date the company had outstanding total commitments for lease payments under non-cancellable operating leases, which fall due as follows:

	As at 31 March 21		As at 31 December 19	
	Land and buildings £	Other £	Land and buildings £	Other £
Within one year	228,475	-	328,861	17,247
Between one and five years	343,125	-	-	-
After five years	-	-	-	-
	<u>571,600</u>	<u>-</u>	<u>328,861</u>	<u>17,247</u>

A restatement of the above was required for 2018 to reflect a break clause in the lease. The break was exercised in 2020.

20. Retirement benefit schemes

Defined contribution schemes

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 (2019: £nil).

The charge to profit or loss in respect of defined contribution schemes for the period to 31 March 2021 was £89,718 (2019: £83,098).

21. 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.

On the 2nd March 2020 a shareholder 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.

On the 2 March 2020 a related party 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; this charge was satisfied post period on the 22nd April 2020.

Staffgroup International Limited

Notes to the financial statements (continued) Period ended 31 March 2021

22. 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.

23. Controlling party

The immediate parent is Staffgroup Limited. On 2 March 2020, the immediate parent was acquired by Twenty20 Midco 2 Limited. The ultimate parent company is Twenty20 Capital Bidco 1 Limited, the registered office for both companies is 33 Soho Square, London, W1D 3QU.

The parent company of the largest group that includes the company and for which group financial statements are prepared is Twenty20 Midco 2 Limited. Copies of Twenty20 Midco 2 Limited financial statements can be obtained from the registered office at 33 Soho Square, London, England W1D 3QU. The parent company of the smallest group that includes the company and for which group financial statements are prepared is Staffgroup Limited. Copies of Staffgroup Limited financial statements can be obtained from the registered office at 33 Soho Square, London, England W1D 3QU.

24. Prior year adjustment

A correction to the prior year figures have been made to recognise a reduction of £719,160 of income from an intellectual property license agreement with a related party within other operating income. This is due to a change in accounting judgement arising after the 2019 accounts were signed.