

GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021
FOR
ELEMENTS TALENT CONSULTANCY LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2021

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ELEMENTS TALENT CONSULTANCY LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2021

DIRECTORS: D J Goldstein
R Satsangi
R McCombe

REGISTERED OFFICE: 4th Floor
32 Jamestown Road
London
NW1 7BY

REGISTERED NUMBER: 06981002 (England and Wales)

AUDITORS: Numera Partners LLP
Statutory Auditors
4th Floor
Charles House
108-110 Finchley Road
London
NW3 5JJ

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present their strategic report of the company and the group for the year ended 31 December 2021.

REVIEW OF BUSINESS

The principal activity of the group for the year under review was operating a talent acquisition consultancy. The group supplies embedded talent acquisition consulting services to high-growth technology firms in the UK, Europe, the USA, and Asia.

The Group performed very strongly in the year to December 2021 and returned to growth as the impact of the Covid-19 pandemic subsided and both our Client Partners and other businesses accelerated their hiring activity. Our overall revenue increased by £5,142,237 (42%) compared to the prior year.

As a result of revenue growth and improved operational efficiency, group profit before tax increased to £1,919,082 (2020: £466,885)

FINANCIAL KEY PERFORMANCE INDICATORS

They key metrics that we use to manage the performance of the business all performed strongly; Gross Margin 45% (2020: 37%) Net Profit 11% (2020: 4%) and EBITDA £2,355,569 (2020: £898,843).

OTHER KEY PERFORMANCE INDICATORS

Other key performance indicators are customer satisfaction and human resource development. These are considered excellent.

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors and senior executives review the inherent risks in the business on a regular basis and take appropriate action.

MARKET AND TALENT ACQUISITION INDUSTRY RISKS

The group's operations and its results are subject to a number of factors which could affect the business, many of which are common to the Talent Acquisition industry and beyond the group's control, such as a potential global economic downturn, future Covid-19 disruption and changes in the structure of the tech industry. In particular valuation of the tech business have in many cases decreased during 2022 which has, in some cases, affected businesses hiring plans. The impact of any of these factors (or a combination of them) may adversely affect sustained levels of demand for talent acquisition consultancy.

Although management seeks to identify risks at the earliest opportunity, many of these risks are beyond the control of the group. The group has in place recovery plans to enable it to respond to major incidents or crises and take steps to minimise these exposures to the greatest extent possible.

COMPETITIVE RISK

The group operates in an extremely competitive marketplace and therefore ensures that there is a close working relationship with customers both large and small. This is underpinned by regular reviews of trading performance with customers and taking a proactive approach to issues as they arise.

Internally, senior management regularly review industry trends to ensure that the group maintains its position as a market leader in embedded talent acquisition.

CREDIT RISK

The company implements policies that require appropriate credit checks on potential customers before credit is afforded to those customers. The amount of exposure is subject to specific limits set by the board.

FOREX RISK

The group's policy is to invoice in the currency of the entity thereby ensuring any exposure is not material.

KEY SENIOR PERSONNEL AND MANAGEMENT

The success of the group's business is partially attributable to the efforts and abilities of its senior managers. Failure to retain its senior management team or other key personnel may threaten the success of the group's operations.

The group has appropriate systems in place for recruitment, reward and compensation and performance management.

Development and maintenance of the group's culture also plays a leading role in minimising risk.

The group's key asset is its people. Elements has demonstrated for several years now, its ability to consistently attract and retain exceptional people and this remains a key strategic priority of the business.

In addition to our internal talent acquisition operation, Elements has invested heavily in the systems, structure, and processes required to support, develop and retain this talent. Elements also invests heavily to protect and develop its culture, and the group believes that strong company culture continues to be critical to the continued success of the business and its people.

A key (and increasing) aspect of this investment is the group's continuing development and growth of the senior management structure, which has evolved and responded to the growth and increasing complexity of the group.

ON BEHALF OF THE BOARD:

D J Goldstein - Director

28 September 2022

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2021.

DIVIDENDS

The total distribution of dividends for the year ended 31 December 2021 will be £ 338,630 .

FUTURE DEVELOPMENTS

The group's long-term strategic plan remains unchanged; margin management, headcount growth, geographical reach, and operational effectiveness. We continue to believe that the business is uniquely positioned to take advantage of the longer term trends of technology talent shortages and digital transformation, coupled with the traditional recruitment sector model being obsolete. The Board is satisfied with the company's revised targets and achievements to date.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2021 to the date of this report.

D J Goldstein
R Satsangi
R McCombc

ENGAGEMENT WITH EMPLOYEES

Employee engagement is a huge priority for the business. Our people are our biggest asset and therefore, we are relentlessly focussed on their personal well-being, professional development, and ensuring that they are all comfortable within the Elements community. We regularly seek feedback across all parts of the group and scrupulously work to try to ensure that at an individual level our staff are happy in their work. Employee engagement surveys are conducted twice a year, and just as importantly, the management structure in the company ensures that all employees are individually monitored regularly throughout the year.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

AUDITORS

The auditors, Numera Partners LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

D J Goldstein - Director

28 September 2022

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
ELEMENTS TALENT CONSULTANCY LIMITED**

Opinion

We have audited the financial statements of Elements Talent Consultancy Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, 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 group's and of the parent company affairs as at 31 December 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
ELEMENTS TALENT CONSULTANCY LIMITED**

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 a Report of the Auditors 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 extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Our approach has two key aspects to it; firstly we have considered the risk that actions by the group were contrary to applicable laws and regulations including fraud, and secondly whether those actions might have a material effect on the financial statements. The engagement team collectively have the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations. Areas of focus include, but are not limited to, compliance with FRS 102, the Companies Act 2006, group accounting policies, laws related to the payment of employees, and laws related to the payment of taxes.

During the planning of the audit, discussions were held with key entity staff to ensure;

- an understanding of the legal and regulatory framework,
- the entity's policies and procedures on compliance with laws and regulations,
- the entity's policies and procedures on fraud risk including knowledge of any actual, suspected or alleged fraud.

Audit procedures to detect material misstatements in respect of irregularities are outlined below:

- Enquiry of management, those charged with governance and the entity's solicitors around actual and potential litigation and claims.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.
- Review of minutes of Board meetings throughout the year.
- Revenue cut-off procedures.
- Reviewing legal fees incurred.

Due to the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring as a result of fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission, or misrepresentation.

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 Report of the Auditors.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
ELEMENTS TALENT CONSULTANCY LIMITED

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 a Report of the Auditors 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.

Giles Cohen (Senior Statutory Auditor)
for and on behalf of Numera Partners LLP
Statutory Auditors
4th Floor
Charles House
108-110 Finchley Road
London
NW3 5JJ

28 September 2022

Note:
Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**CONSOLIDATED
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	31.12.21 £	31.12.20 £
TURNOVER	3	17,491,151	12,348,914
Cost of sales		<u>9,676,486</u>	<u>7,794,624</u>
GROSS PROFIT		7,814,665	4,554,290
Administrative expenses		<u>6,013,861</u>	<u>4,707,156</u>
		1,800,804	(152,866)
Other operating income	4	<u>245,000</u>	<u>756,903</u>
OPERATING PROFIT	6	2,045,804	604,037
Interest receivable and similar income		<u>5</u>	<u>205</u>
		2,045,809	604,242
Interest payable and similar expenses	7	<u>126,727</u>	<u>137,357</u>
PROFIT BEFORE TAXATION		1,919,082	466,885
Tax on profit	8	<u>311,329</u>	<u>(14,082)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>1,607,753</u>	<u>480,967</u>
Profit attributable to: Owners of the parent		<u>1,607,753</u>	<u>480,967</u>

**CONSOLIDATED
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	31.12.21	31.12.20
Notes	£	£
PROFIT FOR THE YEAR	1,607,753	480,967
OTHER COMPREHENSIVE INCOME		
Purchase of own shares	(99,948)	214
Share options	45,455	29,217
Reduction of capital	2,000,000	-
Income tax relating to components of other comprehensive income	-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	<u>1,945,507</u>	<u>29,431</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>3,553,260</u>	<u>510,398</u>
Total comprehensive income attributable to: Owners of the parent	<u>3,553,260</u>	<u>510,398</u>

CONSOLIDATED BALANCE SHEET
31 DECEMBER 2021

	Notes	31.12.21 £	£	31.12.20 £	£
FIXED ASSETS					
Intangible assets	11		-		-
Tangible assets	12		464,026		728,772
Investments	13		<u>-</u>		<u>-</u>
			464,026		728,772
CURRENT ASSETS					
Debtors	14	2,992,872		2,044,171	
Cash at bank		<u>2,429,004</u>		<u>3,116,339</u>	
		5,421,876		5,160,510	
CREDITORS					
Amounts falling due within one year	15	<u>3,016,943</u>		<u>3,693,809</u>	
NET CURRENT ASSETS			<u>2,404,933</u>		<u>1,466,701</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,868,959		2,195,473
CREDITORS					
Amounts falling due after more than one year	16		(586,194)		(1,123,785)
PROVISIONS FOR LIABILITIES	18		<u>(12,960)</u>		<u>(16,592)</u>
NET ASSETS			<u><u>2,269,805</u></u>		<u><u>1,055,096</u></u>
CAPITAL AND RESERVES					
Called up share capital	19		5,003		4,924
Share premium	20		496,246		2,496,246
Capital redemption reserve	20		866		814
Other reserves	20		74,672		29,217
Retained earnings	20		<u>1,693,018</u>		<u>(1,476,105)</u>
SHAREHOLDERS' FUNDS			<u><u>2,269,805</u></u>		<u><u>1,055,096</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 28 September 2022 and were signed on its behalf by:

D J Goldstein - Director

COMPANY BALANCE SHEET
31 DECEMBER 2021

	Notes	31.12.21 £	£	31.12.20 £	£
FIXED ASSETS					
Intangible assets	11		-		-
Tangible assets	12		464,025		727,690
Investments	13		<u>29,858</u>		<u>25,637</u>
			493,883		753,327
CURRENT ASSETS					
Debtors	14	3,216,925		2,459,245	
Cash at bank		<u>2,230,383</u>		<u>2,596,333</u>	
		5,447,308		5,055,578	
CREDITORS					
Amounts falling due within one year	15	<u>2,906,632</u>		<u>3,528,413</u>	
NET CURRENT ASSETS			<u>2,540,676</u>		<u>1,527,165</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,034,559		2,280,492
CREDITORS					
Amounts falling due after more than one year	16		(586,194)		(1,123,785)
PROVISIONS FOR LIABILITIES	18		<u>(12,960)</u>		<u>(16,592)</u>
NET ASSETS			<u>2,435,405</u>		<u>1,140,115</u>
CAPITAL AND RESERVES					
Called up share capital	19		5,003		4,924
Share premium	20		496,246		2,496,246
Capital redemption reserve	20		866		814
Other reserves	20		74,672		29,217
Retained earnings	20		<u>1,858,618</u>		<u>(1,391,086)</u>
SHAREHOLDERS' FUNDS			<u>2,435,405</u>		<u>1,140,115</u>
Company's profit for the financial year			<u>1,688,334</u>		<u>620,466</u>

The financial statements were approved by the Board of Directors and authorised for issue on 28 September 2022 and were signed on its behalf by:

D J Goldstein - Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital £	Retained earnings £	Share premium £
Balance at 1 January 2020	5,061	(1,957,072)	2,396,298
Changes in equity			
Profit for the year	-	480,967	-
Other comprehensive income	-	-	-
Total comprehensive income	-	480,967	-
Issue of share capital	(137)	-	99,948
Total transactions with owners, recognised directly in equity	(137)	-	99,948
Balance at 31 December 2020	4,924	(1,476,105)	2,496,246
Changes in equity			
Profit for the year	-	1,607,753	-
Other comprehensive income	-	1,900,000	-
Total comprehensive income	-	3,507,753	-
Dividends	-	(338,630)	-
Issue of share capital	131	-	-
Purchase of own shares	(52)	-	-
Reduction of capital	-	-	(2,000,000)
Total transactions with owners, recognised directly in equity	79	(338,630)	(2,000,000)
Balance at 31 December 2021	5,003	1,693,018	496,246

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

	Capital redemption reserve £	Other reserves £	Total equity £
Balance at 1 January 2020	600	-	444,887
Changes in equity			
Profit for the year	-	-	480,967
Other comprehensive income	214	29,217	29,431
Total comprehensive income	214	29,217	510,398
Issue of share capital	-	-	99,811
Total transactions with owners, recognised directly in equity	-	-	99,811
Balance at 31 December 2020	814	29,217	1,055,096
Changes in equity			
Profit for the year	-	-	1,607,753
Other comprehensive income	52	45,455	1,945,507
Total comprehensive income	52	45,455	3,553,260
Dividends	-	-	(338,630)
Issue of share capital	-	-	131
Purchase of own shares	-	-	(52)
Reduction of capital	-	-	(2,000,000)
Total transactions with owners, recognised directly in equity	-	-	(2,338,551)
Balance at 31 December 2021	866	74,672	2,269,805

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital £	Retained earnings £	Share premium £
Balance at 1 January 2020	5,061	(2,011,552)	2,396,298
Changes in equity			
Profit for the year	-	620,466	-
Other comprehensive income	-	-	-
Total comprehensive income	-	620,466	-
Issue of share capital	(137)	-	99,948
Total transactions with owners, recognised directly in equity	(137)	-	99,948
Balance at 31 December 2020	4,924	(1,391,086)	2,496,246
Changes in equity			
Profit for the year	-	1,688,334	-
Other comprehensive income	-	1,900,000	-
Total comprehensive income	-	3,588,334	-
Dividends	-	(338,630)	-
Issue of share capital	131	-	-
Purchase of own shares	(52)	-	-
Reduction of capital	-	-	(2,000,000)
Total transactions with owners, recognised directly in equity	79	(338,630)	(2,000,000)
Balance at 31 December 2021	5,003	1,858,618	496,246

COMPANY STATEMENT OF CHANGES IN EQUITY - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

	Capital redemption reserve £	Other reserves £	Total equity £
Balance at 1 January 2020	600	-	390,407
Changes in equity			
Profit for the year	-	-	620,466
Other comprehensive income	214	29,217	29,431
Total comprehensive income	214	29,217	649,897
Issue of share capital	-	-	99,811
Total transactions with owners, recognised directly in equity	-	-	99,811
Balance at 31 December 2020	814	29,217	1,140,115
Changes in equity			
Profit for the year	-	-	1,688,334
Other comprehensive income	52	45,455	1,945,507
Total comprehensive income	52	45,455	3,633,841
Dividends	-	-	(338,630)
Issue of share capital	-	-	131
Purchase of own shares	-	-	(52)
Reduction of capital	-	-	(2,000,000)
Total transactions with owners, recognised directly in equity	-	-	(2,338,551)
Balance at 31 December 2021	866	74,672	2,435,405

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	31.12.21 £	31.12.20 £
Cash flows from operating activities			
Cash generated from operations	1	159,930	1,885,233
Interest paid		(81,272)	(108,140)
Tax paid		144	-
Net cash from operating activities		<u>78,802</u>	<u>1,777,093</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(4,220)	-
Purchase of tangible fixed assets		(29,681)	(8,955)
Interest received		5	205
Net cash from investing activities		<u>(33,896)</u>	<u>(8,750)</u>
Cash flows from financing activities			
Loan repayments in year		(67,936)	(96,157)
Capital repayments in year		(205,464)	(185,348)
Amount withdrawn by directors		(20,342)	3,858
Share issue		131	99,778
Share buyback		(100,000)	-
Equity dividends paid		(338,630)	-
Net cash from financing activities		<u>(732,241)</u>	<u>(177,869)</u>
(Decrease)/increase in cash and cash equivalents		<u>(687,335)</u>	<u>1,590,474</u>
Cash and cash equivalents at beginning of year	2	3,116,339	1,525,865
Cash and cash equivalents at end of year	2	<u>2,429,004</u>	<u>3,116,339</u>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	31.12.21	31.12.20
	£	£
Profit before taxation	1,919,082	466,885
Depreciation charges	298,647	288,170
Foreign exchange losses	50,336	(23,970)
Finance costs	126,727	137,357
Finance income	<u>(5)</u>	<u>(205)</u>
	2,394,787	868,237
Decrease in stocks	17,599	18,632
Increase in trade and other debtors	(928,359)	(23,377)
(Decrease)/increase in trade and other creditors	<u>(1,324,097)</u>	<u>1,021,741</u>
Cash generated from operations	<u><u>159,930</u></u>	<u><u>1,885,233</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2021

	31.12.21	1.1.21
	£	£
Cash and cash equivalents	<u>2,429,004</u>	<u>3,116,339</u>

Year ended 31 December 2020

	31.12.20	1.1.20
	£	£
Cash and cash equivalents	<u>3,116,339</u>	<u>1,525,865</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.21	Cash flow	At 31.12.21
	£	£	£
Net cash			
Cash at bank	<u>3,116,339</u>	<u>(687,335)</u>	<u>2,429,004</u>
	<u>3,116,339</u>	<u>(687,335)</u>	<u>2,429,004</u>
Debt			
Finance leases	(535,288)	205,464	(329,824)
Debts falling due within 1 year	<u>(67,936)</u>	<u>67,936</u>	<u>-</u>
	<u>(603,224)</u>	<u>273,400</u>	<u>(329,824)</u>
Total	<u><u>2,513,115</u></u>	<u><u>(413,935)</u></u>	<u><u>2,099,180</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. **STATUTORY INFORMATION**

Elements Talent Consultancy Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates.

The following principal accounting policies have been applied:

Basis of consolidation

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

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

The functional currency of the subsidiaries is different to the presentation currency of these financial statements. The functional currencies of the subsidiaries include; Swedish Krona, US Dollar, Malaysian Ringgit, and Singapore Dollar.

Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on the acquisition of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Any impairment is recognised immediately in the statement of comprehensive income and is not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

2. **ACCOUNTING POLICIES - continued**

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Fixtures and fittings	- 20% on cost
Computer equipment	- 50% on cost

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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Impairment of fixed assets

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

Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

2. **ACCOUNTING POLICIES - continued**

Financial instruments

The Group has elected to apply the provisions of section 11 'basic financial instruments' and section 12 'other financial instruments issues' of FRS 102 to all of its financial instruments.

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

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

Basic Financial instruments

Basic financial instruments, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

Derecognition of financial liabilities

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

2. **ACCOUNTING POLICIES - continued**

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

Hire purchase and leasing commitments

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

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful economic life.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Pension costs and other post-retirement benefits

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in other creditors as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

Share based payments

Where share options are awarded to employees, the fair value at the date of grant is charged to the Consolidated Statement of Comprehensive Income over the vesting period.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open of the employee maintaining any contributions required by the scheme).

Government grants

Government grants are accounted for based on the performance model. A grant that does not impose specific future performance-related conditions on the recipient is recognised in income when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the recipient is recognised in income only when the performance-related conditions are met.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

2. ACCOUNTING POLICIES - continued

Going concern

The uncertainty as to the future impact on the Group of the ongoing Covid-19 pandemic in particular has been considered as part of the Group's adoption of the going concern basis. We have not observed any ongoing material impact on the Group's activities. Additionally the Group has significant cash at bank.

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group, therefore continues to adopt the going concern policy in preparing its financial statements.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below:

	31.12.21	31.12.20
	£	£
United Kingdom	7,102,293	3,196,246
Europe	8,513,627	8,334,877
United States of America	102,983	-
Asia	1,772,248	817,791
	<u>17,491,151</u>	<u>12,348,914</u>

4. OTHER OPERATING INCOME

	31.12.21	31.12.20
	£	£
Government Grants	-	756,903
Rental income	245,000	-
	<u>245,000</u>	<u>756,903</u>

5. EMPLOYEES AND DIRECTORS

	31.12.21	31.12.20
	£	£
Wages and salaries	11,430,893	9,244,494
Other pension costs	225,842	197,325
	<u>11,656,735</u>	<u>9,441,819</u>

The average number of employees during the year was as follows:

	31.12.21	31.12.20
Administrative	23	30
Operational	152	141
	<u>175</u>	<u>171</u>

	31.12.21	31.12.20
	£	£
Directors' remuneration	366,103	324,887
Directors' long term incentive schemes	-	3,344
	<u>-</u>	<u>3,344</u>

Information regarding the highest paid director is as follows:

	31.12.21	31.12.20
	£	£
Emoluments etc	<u>366,103</u>	<u>328,231</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

6. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	31.12.21	31.12.20
	£	£
Hire of plant and machinery	40,580	14,393
Other operating leases	823,532	862,888
Depreciation - owned assets	294,427	282,584
Auditors' remuneration	24,000	20,000
Foreign exchange differences	<u>50,333</u>	<u>(23,970)</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.12.21	31.12.20
	£	£
Bank loan interest	81,272	105,446
Int. on PAYE, VAT, Corp Tax	-	2,694
Share option expense	<u>45,455</u>	<u>29,217</u>
	<u>126,727</u>	<u>137,357</u>

8. TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit for the year was as follows:

	31.12.21	31.12.20
	£	£
Current tax:		
UK corporation tax	314,960	-
Deferred tax	<u>(3,631)</u>	<u>(14,082)</u>
Tax on profit	<u>311,329</u>	<u>(14,082)</u>

UK corporation tax has been charged at 19 % (2020 - 19 %).

Reconciliation of total tax charge/(credit) included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.21	31.12.20
	£	£
Profit before tax	<u>1,919,082</u>	<u>466,885</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19 % (2020 - 19 %)	364,626	88,708
Effects of:		
Expenses not deductible for tax purposes	10,388	6,796
Depreciation in excess of capital allowances	11,286	10,835
Utilisation of tax losses	(47,092)	(152,785)
Utilisation of non-trade deficits	(39,558)	19,941
Overseas losses	15,310	26,505
Deferred tax movement	<u>(3,631)</u>	<u>(14,082)</u>
Total tax charge/(credit)	<u>311,329</u>	<u>(14,082)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

8. **TAXATION - continued**

Tax effects relating to effects of other comprehensive income

	31.12.21		
	Gross	Tax	Net
	£	£	£
Purchase of own shares	(99,948)	-	(99,948)
Share options	45,455	-	45,455
Reduction of capital	<u>2,000,000</u>	-	<u>2,000,000</u>
	<u>1,945,507</u>	-	<u>1,945,507</u>
	31.12.20		
	Gross	Tax	Net
	£	£	£
Purchase of own shares	214	-	214
Share options	<u>29,217</u>	-	<u>29,217</u>
	<u>29,431</u>	-	<u>29,431</u>

Capitalised fixed assets costs have created timing differences in respect of tax. The company has an estimated deferred tax liability, at 19%, of £12,960.

9. **INDIVIDUAL INCOME STATEMENT**

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

10. **DIVIDENDS**

	31.12.21	31.12.20
	£	£
Ordinary shares of 0.004p each		
Interim	<u>338,630</u>	<u>-</u>

11. **INTANGIBLE FIXED ASSETS**

Group

	Goodwill
	£
COST	
Additions	4,220
Impairments	<u>(4,220)</u>
At 31 December 2021	<u>-</u>
NET BOOK VALUE	
At 31 December 2021	<u>-</u>

Goodwill arose in the year on the incorporation of a subsidiary. Following a review by the directors goodwill has been fully impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

12. **TANGIBLE FIXED ASSETS**

Group

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 January 2021	1,184,636	122,514	1,307,150
Additions	<u>8,015</u>	<u>21,666</u>	<u>29,681</u>
At 31 December 2021	<u>1,192,651</u>	<u>144,180</u>	<u>1,336,831</u>
DEPRECIATION			
At 1 January 2021	465,607	112,771	578,378
Charge for year	<u>281,940</u>	<u>12,487</u>	<u>294,427</u>
At 31 December 2021	<u>747,547</u>	<u>125,258</u>	<u>872,805</u>
NET BOOK VALUE			
At 31 December 2021	<u>445,104</u>	<u>18,922</u>	<u>464,026</u>
At 31 December 2020	<u>719,029</u>	<u>9,743</u>	<u>728,772</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2021	2020
£		
£		
Fixtures & fittings	298,950	557,828

Company

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 January 2021	1,184,635	116,923	1,301,558
Additions	<u>8,015</u>	<u>21,666</u>	<u>29,681</u>
At 31 December 2021	<u>1,192,650</u>	<u>138,589</u>	<u>1,331,239</u>
DEPRECIATION			
At 1 January 2021	465,608	108,260	573,868
Charge for year	<u>281,939</u>	<u>11,407</u>	<u>293,346</u>
At 31 December 2021	<u>747,547</u>	<u>119,667</u>	<u>867,214</u>
NET BOOK VALUE			
At 31 December 2021	<u>445,103</u>	<u>18,922</u>	<u>464,025</u>
At 31 December 2020	<u>719,027</u>	<u>8,663</u>	<u>727,690</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

13. **FIXED ASSET INVESTMENTS**

Company

	Shares in group undertakings £
COST	
At 1 January 2021	25,637
Additions	<u>4,221</u>
At 31 December 2021	<u>29,858</u>
NET BOOK VALUE	
At 31 December 2021	<u>29,858</u>
At 31 December 2020	<u>25,637</u>

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

Elements Talent Solutions Pty Ltd

Registered office: PO BOX 3068, Mornington, VIC 3931, Australia
 Nature of business: Consultancy services

Class of shares:	%
Ordinary	holding 100.00

Elements Talent Solutions PTE. Limited

Registered office: 138 Cecil Street, #12-01A Cecil Court Singapore 069538
 Nature of business: Consultancy services

Class of shares:	%
Ordinary	holding 100.00

Elements Talent Consultancy Sweden AB

Registered office: Box 1317, Att Fredrik Nordström, 11183 Stockholm, Sweden
 Nature of business: Consultancy services

Class of shares:	%
Ordinary	holding 100.00

Elements Talent Solutions SDN. BHD.

Registered office: Austin 18, 19-10 Jalan Austin Perdana 3, Taman Austin Perdana, 81100 Johor Bahru, Johor, Malaysia
 Nature of business: Consultancy services

Class of shares:	%
Ordinary	holding 100.00

Elements Talent Consultancy Inc.

Registered office: 108 West 13th Street, Wilmington, Delaware, 19801, United States of America
 Nature of business: Consultancy services

Class of shares:	%
Ordinary	holding 100.00

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.12.21	31.12.20	31.12.21	31.12.20
	£	£	£	£
Trade debtors	1,849,471	1,025,397	1,760,809	878,280
Amounts owed by group undertakings	-	-	382,079	564,016
Other debtors	740,922	661,136	678,668	660,922
Directors' current accounts	20,342	-	20,342	-
Prepayments	382,137	357,638	375,027	356,027
	<u>2,992,872</u>	<u>2,044,171</u>	<u>3,216,925</u>	<u>2,459,245</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.12.21	31.12.20	31.12.21	31.12.20
	£	£	£	£
Finance leases (see note 17)	193,630	205,463	193,630	205,463
Trade creditors	215,250	714,384	201,389	706,492
Amounts owed to group undertakings	-	-	18,400	11,555
Tax	314,960	(144)	314,960	(144)
Social security and other taxes	766,223	918,803	775,597	925,259
VAT	266,285	248,124	254,552	174,499
Other creditors	155,857	98,195	151,913	94,308
Net wages	-	(508)	-	(508)
Deferred income	338,910	251,956	338,910	245,086
Accrued expenses	765,828	1,257,536	657,281	1,166,403
	<u>3,016,943</u>	<u>3,693,809</u>	<u>2,906,632</u>	<u>3,528,413</u>

Included within other creditors is £Nil (2020: £67,936) of loans. The loan was repaid in August 2021 and had a fixed interest rate of 7%.

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	31.12.21	31.12.20	31.12.21	31.12.20
	£	£	£	£
Finance leases (see note 17)	136,194	329,825	136,194	329,825
Other creditors	450,000	450,000	450,000	450,000
Accrued expenses	-	343,960	-	343,960
	<u>586,194</u>	<u>1,123,785</u>	<u>586,194</u>	<u>1,123,785</u>

17. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Finance leases	
	31.12.21	31.12.20
	£	£
Net obligations repayable:		
Within one year	193,630	205,463
Between one and five years	136,194	329,825
	<u>329,824</u>	<u>535,288</u>

In 2019 the group entered into leasing arrangements in relation to the UK office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

17. LEASING AGREEMENTS - continued

Company

	Finance leases	
	31.12.21	31.12.20
	£	£
Net obligations repayable:		
Within one year	193,630	205,463
Between one and five years	<u>136,194</u>	<u>329,825</u>
	<u>329,824</u>	<u>535,288</u>

18. PROVISIONS FOR LIABILITIES

	Group		Company	
	31.12.21	31.12.20	31.12.21	31.12.20
	£	£	£	£
Deferred tax	<u>12,960</u>	<u>16,592</u>	<u>12,960</u>	<u>16,592</u>
Group				Deferred tax
				£
Balance at 1 January 2021				16,592
Provided during year				<u>(3,632)</u>
Balance at 31 December 2021				<u>12,960</u>
Company				Deferred tax
				£
Balance at 1 January 2021				16,592
Provided during year				<u>(3,632)</u>
Balance at 31 December 2021				<u>12,960</u>

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.12.21	31.12.20
			£	£
395,000	A - Ordinary	0.004p	1,580	1,580
28,600	B - Ordinary	0.004p	114	166
3,341	C - Ordinary	0.004p	13	13
40,250	D - Ordinary	0.004p	161	161
40,250	E - Ordinary	0.004p	161	161
63,386	F - Ordinary	0.004p	254	123
679,876	Ordinary	0.004p	<u>2,720</u>	<u>2,720</u>
			<u>5,003</u>	<u>4,924</u>

The following shares were issued during the year for cash at par :

32,668 F - Ordinary shares of 0.004p

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

20. **RESERVES**

Group

	Retained earnings £	Share premium £	Capital redemption reserve £	Other reserves £	Totals £
At 1 January 2021	(1,476,105)	2,496,246	814	29,217	1,050,172
Profit for the year	1,607,753				1,607,753
Dividends	(338,630)				(338,630)
Purchase of own shares	(100,000)	-	52	-	(99,948)
Capital reduction	2,000,000	-	-	-	2,000,000
Share option reserve	-	-	-	45,455	45,455
SoCIE line item with acc967/33	-	(2,000,000)	-	-	(2,000,000)
At 31 December 2021	<u>1,693,018</u>	<u>496,246</u>	<u>866</u>	<u>74,672</u>	<u>2,264,802</u>

Company

	Retained earnings £	Share premium £	Capital redemption reserve £	Other reserves £	Totals £
At 1 January 2021	(1,391,086)	2,496,246	814	29,217	1,135,191
Profit for the year	1,688,334				1,688,334
Dividends	(338,630)				(338,630)
Purchase of own shares	(100,000)	-	52	-	(99,948)
Capital reduction	2,000,000	-	-	-	2,000,000
Share option reserve	-	-	-	45,455	45,455
SoCIE line item with acc967/33	-	(2,000,000)	-	-	(2,000,000)
At 31 December 2021	<u>1,858,618</u>	<u>496,246</u>	<u>866</u>	<u>74,672</u>	<u>2,430,402</u>

Retained earnings account

The retained earnings account represents cumulative profits and losses net of dividends and other adjustments.

Share premium account

The share premium account represents the premium arising on the issue of shares net of issue costs.

Capital redemption reserve

The capital redemption reserve represents the amount share capital has been diminished where the company has purchased (and cancelled) its own shares wholly out of the company's profits.

Other reserves

The other reserves represent the best estimate of the fair value of the share options granted.

21. **PENSION COMMITMENTS**

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £225,842 (2020: £197,325).

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FOR THE YEAR ENDED 31 DECEMBER 2021

22. SHARE-BASED PAYMENT TRANSACTIONS

Equity settled share based payment arrangements, in terms of share options, existed at the year end. The share options relate to ordinary shares under the Enterprise Management Incentive scheme (EMI). Share options were also issued outside of the EMI. All options are subject to the employee being employed at the vesting qualification date.

The exercise price on all options granted up to 31 December 2019 is £1.90 per share. The exercise price on all options granted after 31 December 2019 and up to 31 December 2020 is £2.79 per share. The exercise price on all options granted after 31 December 2020 and up to 31 December 2021 is £2.82 per share.

The total expense recognised during the year in respect of share based payments was £45,455 (2020: £29,217).

The total vesting period for all options granted is either three or four years. However in the period 200 options (2020: 1,386) that were granted vested immediately.

In determining the value of share options granted the Group has adopted the three tier measurement hierarchy set out in FRS102 s26.11. The EMI share options granted by the Group are not traded and so do not have an observable market price. The fair value of the options at grant date has been measured by a 3rd party professional valuer using the Black-Scholes model, a model internationally recognised as an appropriate method to value employee share schemes. This has been adjusted for staff that are known to have left before the vesting date of their options and a further adjustment as an estimate of staff that will leave before their options vest.

The assumptions used in the calculation are detailed below:

	Weighted average exercise price (pence) 2021	Number 2021	Weighted average exercise price (pence) 2020	Number 2020
Outstanding at the beginning of the year	232	54,180	190	32,500
Granted during the year	282	54,023	279	32,888
Exercised during the year	-	-	-	-
Lapsed during the year	<u>(229)</u>	<u>(24,793)</u>	<u>(250)</u>	<u>(11,208)</u>
	<u>265</u>	<u>83,410</u>	<u>232</u>	<u>54,180</u>

23. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the year-end, the global economy has seen high levels of market volatility in connection with the COVID-19 pandemic. The business is closely monitoring the latest market developments relating to COVID-19 and its potential impact on the entity. The pandemic is considered a non-adjusting post balance sheet event. The ultimate impact of the COVID-19 pandemic on the global economy is uncertain and the full extent of the economic impacts on the financial performance of the companies are as yet unknown. The Directors continue to review any developments in the COVID-19 pandemic in the context of the risks presented to the company's business.

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