

Company Registration No. 02073305

Alexander Mann Solutions Limited

Annual Report and Financial Statements

For the year ended 31 December 2018



Alexander Mann Solutions Limited

Annual report and financial statements 2018

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Alexander Mann Solutions Limited

Officers and professional advisers

Directors

R Blair
R Timmins (Resigned 12 March 2019)
V Byrnes (Resigned 12 March 2019)
M Rodger
E Whittaker (Appointed 12 March 2019)
S Leach (Appointed 30 April 2019)
J Roberts (Appointed 30 April 2019)

Registered Office

7 Bishopsgate
London
EC2N 3AQ

Bankers

HSBC Bank Limited
8 Canada Square
London
E14 5HP

Lloyds Bank plc
25 Gresham Street
London
EC2V 7HN
United Kingdom

Solicitors

Weil, Gotshal & Manges (London) LLP
110 Fetter Lane
London
EC4A 1AY
United Kingdom

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

Alexander Mann Solutions Limited

Strategic report

Review of trading results for the period ended 31 December 2018

This Strategic report has been prepared for Alexander Mann Solutions Limited ("the Company").

Acquisition of the Alexander Mann Solutions Group

In June 2018, OMERS Private Equity and AMS management completed the acquisition of AMS Topco Limited and its subsidiaries of which Alexander Mann Solutions Limited is one (the 'AMS Group'), through a wholly owned subsidiary of a new company, Auxey Holdco Limited. The acquisition was completed for a enterprise value of £820m and was funded in part through a £325m senior loan syndicated through HSBC. Goodwill arising on this acquisition is £558.5m.

Review of Alexander Mann Solutions Limited trading results for the year ended 31 December 2018

In 2018, Alexander Mann Solutions Limited generated earnings before exceptional items, interest, taxation, depreciation and amortisation (EBITDA) of £35.3m (2017: £32.4m) and an operating profit before exceptional items of £31.7m (2017: £29.9m).

The key financial metrics used by the Company to monitor trading performance are NFI (net fee income), operating profit and EBITDA. Operating profit and EBITDA are measured before exceptional items and amortisation of goodwill.

The strong progression in the Company's trading metrics is detailed below.

	2018 £'000	Increase %	2017 £'000	Increase %	2016 £'000
Billing	1,263,831	29.4%	977,022	18.4%	825,497
Turnover	146,975	8.5%	135,519	9.6%	123,632
Net fee income (gross profit)	124,116	6.8%	116,263	8.7%	106,998
Operating profit (before exceptional items)	30,879	5.8%	28,975	9.9%	26,358
Profit before tax	24,268	4.7%	23,396	(9.6%)	24,799
EBITDA	35,252	8.7%	32,419	12.4%	28,855

The Company continues to record total billings to customers as this is a driver of working capital and reflects overall transactional activity. Total billings equates to the turnover that the Company reported prior to implementing IFRS 15.

2018 was an year of growth for the Company with turnover rising by 8.5% and NFI rising by 6.8%. The growth in both turnover and NFI reflects the on-going success of Company's strategy in an attractive market. Sector diversification has continued with a notable increase in the share of NFI attributed to Pharmacology and life sciences sector and entry into the Public sector.

The Company generated EBITDA of £35.3m in 2018 which is an increase of 8.7% on 2017. This performance, with EBITDA as a % of NFI increasing from 27.9% in 2017 to 28.4% in 2018, reflects both the benefits of the investment in the Shared Service model, the investment in internal technology, the benefits of staff re-organisation and restructuring as well as economies of scale in management and back office functions.

The Company is primarily funded through external debt provided by third party banks and funds managed by Omers Private Equity.

As at April 2019, the Company has a median gender pay gap in hourly pay of 7.9%: this compares favourably to the national average (Office for National Statistics) of 17.9%.

Alexander Mann Solutions Limited

Strategic report (continued)

Strategic developments during the year

During the year, in response to client demand, the Company continued to invest and expand its front end professional services capability in technology and operations consultancy, resource communications, talent and selection and assessment thereby further differentiating the comprehensive solutions provided to clients.

As part of a review of the Company's operating model, the Company has continued to focus on realigning its cost base and operating structure to lower the cost of delivery, improve the quality of delivery and leverage the shared service centre capability provided by its onshore and near shore centres.

Principal risks and uncertainties

The Company's activities expose it to a number of financial risks including cash flow risk, credit risk, liquidity risk and interest rate risk. With the exception of the Polish zloty forward extra purchases detailed below, the Company does not use derivative financial instruments.

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Company aims wherever possible to match income and costs by currency, and maintains foreign currency denominated bank accounts so as to minimise the exposure to converting currencies into sterling. The Company also draws funding in foreign currencies so as to minimise the foreign exchange exposure of funding the working capital requirements of its overseas subsidiaries. In addition, in view of the increasing cost base denominated in Polish zloty which is typically funded by the Company, the Company has entered into participating forward contracts which commit the Company to purchasing Polish zloty at a pre-determined rate each month. This provides certainty about the Polish zloty exchange rate for approximately 50% of the Company's forecast Polish zloty funding requirements.

Credit risk

The Company is exposed to credit-related losses in the event of non-performance by counterparties to financial instruments. The Company mitigates this risk by ensuring that its counterparties do not represent excessive credit risk prior to the agreement of any transaction.

The Company's principal financial assets are bank balances and cash, trade and other receivables, and investments.

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers, who tend to be global, blue chip corporations with high credit ratings. Exposure to counterparties is reviewed on a regular basis to avoid any excessive reliance on a single counterparty.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company is a party to a £36.0 million invoice discounting facility with HSBC bank and Lloyds bank. Under the terms of the facility any funds advanced to the Group by the discounting house are secured against a specific basket of pre-agreed trade debtors.

The directors monitor compliance with financial covenants related to this facility agreement on an ongoing basis.

Interest rate risk

The Receivables Financing Agreement bears interest at HSBC Bank plc's bank base rate plus margin and is therefore exposed to interest rate risk. The Company has not put in place any hedging arrangements in relation to movements in base rate.

Alexander Mann Solutions Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

Brexit risk

The group is well positioned to deal with Brexit risks. Due to the continued geographical diversification approaching 50% of the NFI is now delivered from outside the UK and a large proportion of the NFI delivered in the UK is with clients where the relationships are pan-European or global so if those clients decide to move activities from the UK to another European destination AMS would continue to supply them in that location. There is a potential risk from Brexit impacting economic growth. For example if a 'no deal Brexit' were to occur that triggered a recession in the UK that could well impact our clients hiring plans. Although this would have a negative impact on the group the business is well positioned to deal with recession due to the nature of the contracts with clients and the flexibility of the cost base globally.

As well as the economic risks outlined above the group has also considered a number of other risks including:

- Client service and supply chain: Alexander Mann Solutions already has in place flexible operational capacity
- in both the UK and Continental Europe, nevertheless we will continue to work with our clients and supply chain partners over the coming months, in order to operate effectively through the Brexit period and beyond.
- Employees and mobility: We will continue to ensure our employees are employed legally, and that their rights are fully understood after Brexit further to detailed analysis and management of relevant rules based on the diverse nationalities employed by Alexander Mann Solutions. It is still our intention, insofar as it is possible, to recruit and retain individuals from a global talent pool.
- Regulatory frameworks and compliance: Where necessary we will audit any international contracts and review current processes to ensure that we stay compliant with any changes in the legal order.
- Data transfer: We have reviewed our data transfer agreements to include the standard data protection clauses, ensuring that any data transfer within the organisation between the EU and non-EU locations continues to be lawful after the UK leaves the EU.

Key performance indicators

The Company monitors a number of operational, financial and strategic indicators to ensure it is progressing against plan and adequately addressing any risks. As well as the financial metrics mentioned previously these include, but are not limited to, cash flow, hiring source mix and working capital.

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



M Rodger
Director
19 June 2019

Alexander Mann Solutions Limited

Directors' report

The Directors of Alexander Mann Solutions Limited ('the Company') present their annual report with the financial statements and independent auditor's report for year ended 31 December 2018.

Principal activities

The principal activity of the Company is the provision of Talent Acquisition and Talent Management Services usually under long-term contractual arrangements.

Business review

Profit for the year after tax was £19,015,000 (2017: £18,939,000).

Future developments

The Company will continue to expand by developing present client relationships with further geographical growth and breadth of service offering, as well as by working with new clients.

Financial risk management objectives and policies

The financial risk management objectives and policies are discussed in detail in the Strategic Report.

Directors

The current directors are listed on page 1. There have been no changes during the year. Subsequent to the year end, R Timmins and V Byrnes have resigned as directors, and E Whittaker, S Leach and J Roberts have been appointed.

Directors' indemnity arrangements

The Group has purchased directors' and officers' liability insurance in respect of itself and its directors.

Dividends

During the year, the Company paid dividends of £259,000 to shareholders (2017: £19,859,000).

Going concern

In accordance with their responsibilities as directors, the Directors have considered the appropriateness of the going concern basis for the preparation of the financial statements and they continue to adopt the going concern basis in preparing the financial statements.

Refer to note 3 to the financial statements for detailed considerations made by the directors.

Subsequent events

There are no material subsequent events.

Employee consultation

The Company places considerable value on the involvement of its employees 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, the Company intranet and the annual appraisal process. In addition employees are eligible for an annual bonus related to the overall profitability of the company and their individual performance.

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 to that of other employees.

Alexander Mann Solutions Limited

Directors' report (continued)

Charitable and political contributions

During the year the Company made charitable donations of £1,756 (2017: £6,635). The Company made no political donations in the year (2017: nil).

Disclosure of information to auditor

Each of the persons who is a director at the date 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 steps that he/she ought to have 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 with Section 418 of the Companies Act 2006.

Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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



M Rodger
Director
19 June 2019

Alexander Mann Solutions Limited

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the Company financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

Each of the directors, whose names are listed on page 1, confirms that:

- to the best of their knowledge, the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- to the best of their knowledge, the Annual Report and financial statements includes a fair review of the development and performance of the business and the position of the Company on a consolidated and individual basis, together with a description of the principal risks and uncertainties that it faces; and
- they consider, having taken advice from the Audit Committee, that the Annual Report and Financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy.

Independent auditor's report to the members of Alexander Mann Solutions Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Alexander Mann Solutions Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of profit and loss and other comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

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 Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

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.

Independent auditor's report to the members of Alexander Mann Solutions Limited (continued)

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 respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

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

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 any material misstatements in the strategic report or the directors' report.

Independent auditor's report to the members of Alexander Mann Solutions Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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.



Peter Saunders (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

19 June 2019

Alexander Mann Solutions Limited

Statement of profit and loss and other comprehensive income For the year ended 31 December 2018

		2018			2017		
	Note	Before exceptional items £'000	Exceptional items £'000	Statutory result £'000	Before exceptional items £'000	Exceptional items £'000	Statutory result £'000
Turnover	4	146,975	-	146,975	135,519	-	135,519
Cost of sales		(22,859)	-	(22,859)	(19,256)	-	(19,256)
Gross profit		124,116	-	124,116	116,263	-	116,263
Administrative expenses	7	(93,237)	(5,276)	(98,513)	(87,288)	(4,930)	(92,218)
Operating profit		30,879	(5,276)	25,603	28,975	(4,930)	24,045
Finance charges (net)				(2,133)			(1,622)
Dividend received				798			973
Profit before tax	6			24,268			23,396
Tax on profit	8			(5,253)			(4,457)
Profit for the year				19,015			18,939
Other comprehensive income							
Exchange (loss)/gain				(116)			95
Total comprehensive income for the year				18,899			19,034

All of the results presented above derive from continuing operations.

Alexander Mann Solutions Limited

Statement of financial position As at 31 December 2018

	Notes	2018 £'000	2017 £'000
Non-current assets			
Tangible assets	9	4,037	3,678
Investments	10	1,777	1,777
Deferred tax	14	525	966
		<u>6,339</u>	<u>6,421</u>
Current assets			
Debtors: Amounts falling due within one year	11	204,919	153,409
Cash at bank and in hand		<u>26,433</u>	<u>20,507</u>
		<u>231,352</u>	<u>173,916</u>
Creditors: Amounts falling due within one year	12	<u>(162,634)</u>	<u>(123,950)</u>
Net current assets		<u>68,718</u>	<u>49,966</u>
Total assets less current liabilities		<u>75,057</u>	<u>56,387</u>
Provision for liabilities	13	<u>(417)</u>	<u>(417)</u>
Net assets		<u>74,640</u>	<u>55,970</u>
Capital and reserves			
Called up share capital	16	90	90
Profit and loss account		<u>74,550</u>	<u>55,880</u>
Total shareholder's funds		<u>74,640</u>	<u>55,970</u>

The financial statements of Alexander Mann Solutions Limited, registered number 02073305, were approved by the board of directors and authorised for issue on 19 June 2019.

Signed on behalf of the board of directors

M Rodger
Director



Alexander Mann Solutions Limited

Statement of cash flows For the year ended 31 December 2018

	Notes	2018 £'000	2017 £'000
Net cash flow from operating activities	17	8,204	9,016
Payments to acquire tangible fixed assets	9	(3,076)	(2,922)
Dividend received	20	798	973
Net cash flow used in investing activities		(2,278)	(1,949)
Dividend paid		-	(19,859)
Net cash flow from/(used in) financing activities		-	(19,859)
Net increase/(decrease) in cash and cash equivalent		5,926	(12,792)
Cash and cash equivalents in the beginning of the financial year		20,507	33,299
Cash and cash equivalents in the end of the financial year		26,433	20,507

Cash and cash equivalents comprise cash and bank balances.

Alexander Mann Solutions Limited

Statement of changes in equity For the year ended 31 December 2018

	Share capital £'000	Profit and loss £'000	Total £'000
Balance as at 01 January 2017	90	56,705	56,795
Total comprehensive income for the year	-	19,034	18,939
Dividends paid	-	(19,859)	(19,859)
Balance as at 31 December 2017	90	55,880	55,970
Total comprehensive income for the year	-	18,899	19,015
Dividend paid	-	(229)	(229)
Balance as at 31 December 2018	90	74,550	74,640

Alexander Mann Solutions Limited

Notes to the financial statements For the year ended 31 December 2018

1. General Information

Alexander Mann Solutions Limited (the "Company") is a company incorporated in the United Kingdom under the Companies Act. The address of the Company's registered office is 7 Bishopsgate, London EC2N 3AQ.

The principal activity of the Company is the provision of Talent Acquisition and Talent Management Services usually under long-term contracts.

2. Adoption of new and revised standards

At the date of authorisation of these financial statements, The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective and in some cases had not yet been adopted by the EU:

- IFRS 16 Leases
- IFRS 2 (amendments) Classification and Measurement of Share-based Payment Transactions
- IAS 7 (amendments) Disclosure Initiative
- IAS 12 (amendments) Recognition of Deferred Tax Assets for Unrealised Losses
- IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

With the exception of IFRS 16, the Directors of the Company (the "Directors") expect that the adoption of the standards listed above will not have a material impact. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

(i) New and amended standards adopted by the Group

The Group has adopted IFRS 9 during the year which has not had a material impact on the financial statements of the Group.

(ii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and will be effective from 1 January 2019. It will result in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The Group has reviewed all of the Group's leasing arrangements in light of the new lease accounting rules in IFRS 16. The standard will affect primarily the accounting for the Group's operating leases. Of the Group's non-cancellable operating lease commitments relating to short-term leases and low value leases, which will both be recognised on a straight-line basis as expense in profit or loss. For the remaining lease commitments the Group expects to recognise right of use assets and liabilities of approximately £3.0m on 1 January 2019.

The Group expects that profit before tax will not change as a result of adopting the rules. Trading Profit used to measure segment results is expected to increase by approximately £0.2m, as the operating lease payments were included in Trading Profit, but the interest on the lease liability is excluded from this measure.

Alexander Mann Solutions Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

2. Adoption of new and revised standards (continued)

Operating cash flows will increase and financing cash flows decrease by approximately £0.2m as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

The Group's activities as a lessor are not material and hence the Group does not expect any significant impact on the financial statements. However, some additional disclosures may be required from next year.

The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

3. Accounting policies

Compliance with International Financial Reporting Standards

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and therefore the Company financial statements comply with Article 4 of the EU IAS Regulation. IFRS includes the standards and interpretations approved by the International Accounting Standards Board ("IASB") including International Accounting Standards ("IAS") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of preparation

These financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, having considered the company forecasts and projections, taking account of reasonably possible changes in trading performance and the current economic uncertainty. Accordingly, they have adopted the going concern basis in preparing the financial statements.

The Board has reviewed the Company's forecasts for the financial year ending 31 December 2019 and its forecast for the six months ending 30 June 2020. These forecasts, which take into account the Board's future expectations of the Company's performance indicate that there is sufficient headroom within the bank facilities for the Company to continue to operate within those facilities and to comply with the financial covenants. The directors considered factors likely to affect future development, performance and financial position, including cash flows, liquidity position and borrowing facilities and the risks and uncertainties relating to business activities in coming to this conclusion.

The directors believe that the Company is adequately placed to manage its business risks successfully. On the basis of the Company's forecasts and after making due enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors believe it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree. Acquisition-related costs are recognised in the consolidated statement of comprehensive income as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date.

Alexander Mann Solutions Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

3. Accounting policies (continued)

Other intangible assets

Intangible assets other than goodwill that are acquired by the Company are stated at cost less accumulated amortisation and impairment losses. Amortisation is carried out on a systematic basis as below:

- The amortisation method reflects the pattern of benefits;
- If a pattern cannot be determined reliably, the straight-line method is adopted;
- The amortisation charge is recognised in profit or loss; and
- The amortisation period is reviewed at least annually.

The Company has no other intangible assets with an indefinite life.

Financial assets and liabilities

Financial assets

Financial assets are recognised on the balance sheet when the Company becomes a party to the contractual provisions of the instrument and are measured at fair value on initial recognition. Transaction costs are included in the fair value on initial recognition except for financial assets designated at fair value through profit or loss where transaction costs are expensed in profit or loss.

Financial assets are derecognised when the rights to receive cash flows have expired or the Company has transferred substantially all risks and rewards. Transfers of financial assets with retention of all or substantially all risks and rewards include for example repurchase transactions and securities lending transactions.

The Company classifies its financial assets in the following categories: financial instruments at fair value through profit or loss; loans and receivables; held-to-maturity investments and available-for-sale financial assets.

Trade date accounting is applied to financial assets classified in the categories financial assets at fair value through profit or loss and available-for-sale financial assets. Settlement date accounting is applied to the other categories of financial assets.

Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss consist of financial assets classified as held for trading and financial assets which, upon initial recognition, have been designated at fair value through profit or loss (fair value option).

Financial assets are classified as held for trading if they are held with the intention to be sold in the short term and for the purpose of generating profits. Derivatives are classified as held for trading unless designated as hedging instruments.

The fair value option can be applied to contracts including one or more embedded derivatives, investments that are managed and evaluated on a fair value basis and situations in which such designation reduces measurement inconsistencies.

The nature of the financial assets and financial liabilities which have been designated at fair value through profit or loss and the criteria for such designation are described in the relevant notes to the financial statements.

Gains and losses arising from changes in fair value are reported in the income statement on an ongoing basis under the item net financial income.

Financial liabilities

Financial liabilities are measured at fair value on initial recognition. In the case of financial liabilities measured at fair value through profit or loss, transaction costs directly attributable to the acquisition or the issuance of the financial liability are recognised in profit or loss. For other financial liabilities direct transaction cost are recognised as a deduction from the fair value.

Alexander Mann Solutions Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

3. Accounting policies (continued)

Financial assets and liabilities (continued)

Financial liabilities (continued)

Financial liabilities are derecognised when extinguished, that is, when the obligation is discharged, cancelled or expired.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are either classified as held for trading or designated as fair value through profit or loss on initial recognition (fair value option). The criteria for classification of financial liabilities under the fair value option are the same as for financial assets. Liabilities to policyholders and Debt securities are included in this category. Financial liabilities held for trading are primarily short positions in interest-bearing securities, equities and derivatives not designated as hedging instruments.

Gains and losses arising from changes in fair value are reported in the income statement on an ongoing basis under the item net financial income.

Other financial liabilities

The category other financial liabilities primarily include the Company's short-term and long-term borrowings. After initial recognition other financial liabilities are measured at amortised cost, using the effective interest method. The balance sheet items Deposits from credit institutions, Deposits and borrowings from the public and debt securities are included in this category.

Fair value measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly market between market participants at the measurement date.

The fair value of financial instruments quoted in an active market, for example derivatives, financial assets and financial liabilities held for trading, and available-for-sale financial assets, is based on quoted market prices. If the asset or liability measured at fair value has a bid price and an ask price, the price within the bid-ask spread that is most representative of fair value in the circumstances are used.

The fair value of financial instruments that are not quoted in an active market is determined by applying various valuation techniques with maximum use of observable inputs. The valuation techniques used are for example discounted cash flows, option pricing models, valuations with reference to recent transactions in the same instrument and valuations with reference to other financial instruments that are substantially the same. When valuing financial liabilities at fair value own credit standing is reflected.

Any differences between the transaction price and the fair value calculated using a valuation technique with unobservable inputs, the Day 1 profit, is amortised over the life of the transaction. Day 1 profit is then recognised in profit or loss either when realised through settlement or when inputs used to calculate fair value are based on observable prices or rates.

Fair value is generally measured for individual financial instruments. In addition portfolio adjustments are made to cover market risks and the credit risk of each of the counterparties on groups of financial assets and liabilities on the basis of the net exposure to these risks. When assets and liabilities have offsetting market risks mid-market prices are used for establishing fair value of the risk positions that offset each other. To reflect counterparty risk and own credit risk in over-the-counter derivatives, adjustments are made based on the net exposure towards each counterpart.

Alexander Mann Solutions Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

3. Accounting policies (continued)

Revenue recognition

The Company follows IFRS 15 "Revenue from Contracts with Customers", in determining appropriate revenue recognition policies. In principle, therefore, the Company follows the five step process when applying the revenue recognition policy:

- Identify the contracts with the customers;
- Identify the performance obligations in the contracts;
- Determine the transaction price;
- Allocation of the transaction price; and
- Recognised revenue when or as a performance obligations is satisfied.

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a service to a customer. Revenue is shown net of value-added tax.

The Company operates in one class of business, that of Talent Acquisition and Talent Management services.

Performance Obligations Satisfied at a Point in Time

Talent Acquisition performance obligations are satisfied at a point in time. AMS typically transfers control over the service to the customer upon the candidate commencing work for the customer. The promised consideration is dependent on the number of hires that are successfully placed with the customer. The main area of judgement in revenue recognition relates to timing in regards to determining the point when AMS have satisfied their performance obligation to the customer. This is determined in accordance with the contractual arrangement with each customer with revenue recognised when a located candidate commences work for the customer.

Performance Obligations Satisfied Over Time

Talent Acquisition Management Service performance obligations are satisfied over time as the customer typically enjoys and consumes the benefits of our service over the contract term as we perform and transfer control of our management activities. AMS utilises an input method (based on the project status) using time as a measure of progress to recognise revenue as our management activities are performed evenly throughout the period.

Payment terms

Payment terms are negotiated on a contract by contract basis and typically averaged around 20 days after the services are completed. There is no significant financing component in the contracts.

Contract costs

No costs are recognised as an asset unless it is virtually certain that a contract will be obtained and the contract is expected to result in future net cash inflows with a present value not less than the amounts recognised as an asset. Costs to obtain a contract when not covered by implementation fees are carried forward and written off on a straight-line basis starting from the year commencing with service delivery to the client and ending at the earlier of contract end date or point of earliest possible termination at will by the client. Costs carried forward are disclosed as "capitalised contract implementation costs" within debtors due within one year.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed 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:

Fixtures and fittings	four years
Plant and machinery	four years
Computer equipment	three years

Alexander Mann Solutions Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

3. Accounting policies (continued)

Tangible fixed assets (continued)

Residual value is calculated on prices prevailing at the date of acquisition.

Taxation

Current 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 provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, using rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Leases

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.

Invoice discounting

Finance and transaction costs related to invoice discounting are recognised in the profit and loss account as incurred.

3a. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying 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.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Revenue recognition

The main area of judgement in revenue recognition relates to timing in regards to determining the point when the Company has satisfied their performance obligation to the customer. This is determined in accordance with the contractual arrangement with each customer with revenue recognised when a located candidate commences work for the customer. In making its judgement, management considered the detailed criteria for the recognition of revenue set out in IFRS 15 *Revenue from contracts with customers* and, in particular,

Key sources of estimation uncertainty

The Directors of the Company do not consider there to be any key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Alexander Mann Solutions Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

4. Turnover

a. Segment information and disaggregation of turnover

The Company operates in only one class of business, that of Talent Acquisition and Talent Management Services and all its turnover, profit before tax and net assets are generated from this class of business. Geographical analysis of business by turnover, profit before tax and net assets is set out below.

	2018				2017			
	Turnover £'000	Net Fee Income £'000	Profit before tax	Net assets £'000	Turnover £'000	Net Fee Income £'000	Profit before tax	Net assets £'000
United Kingdom	146,798	124,064	24,138	76,835	135,346	116,171	23,167	57,380
Rest of Europe & Middle East	177	52	(668)	(2,195)	173	92	(744)	(1,410)
	<u>146,975</u>	<u>124,116</u>	<u>23,470</u>	<u>74,640</u>	<u>135,519</u>	<u>116,263</u>	<u>22,423</u>	<u>55,970</u>

b. Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	2018 £'000	2017 £'000
Trade debtors	51,215	39,246
Contract costs capitalised	9,474	4,251
Amortisation of contract cost during the year	1,659	1,030
Contract assets (Accrued income)	41,905	28,284
Contract liabilities (Deferred income)	<u>(2,854)</u>	<u>(3,765)</u>

The contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date on contracts with its customers. The contract assets are transferred to trade debtors when amounts are billed. Contract liabilities primarily relate to the advance consideration received from customers for which revenue is recognised on satisfaction performance obligations (represents the obligation to transfer services to a customer). During the year £28,284,000 was transferred to trade debtors upon billing (2017: £19,241,000). £3,765,000 of deferred income was recognised in the year (2017: £4,374,000).

Alexander Mann Solutions Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

5. Directors' emoluments and staff costs

	2018 £'000	2017 £'000
Directors' remuneration		
Emoluments	4,731	1,020
Pension contributions	20	31
	<u>4,751</u>	<u>1,051</u>

The number of directors who were members of pension schemes was 2 (2017: 3).

Highest paid director

The above amounts for remuneration include the following in respect of the highest paid director:

	2018 £'000	2017 £'000
Emoluments	2,591	378
Contributions to personal pension scheme	-	10
	<u>2,591</u>	<u>388</u>

Staff costs

	2018 No.	2017 No.
Average number of persons employed (including directors)		
Sales	1,112	1,052
Administration	134	119
	<u>1,246</u>	<u>1,171</u>

Staff costs during the year (including directors)

	£'000	£'000
Wages and salaries	60,183	55,818
Social security costs	6,376	5,620
Pension costs	1,951	1,788
	<u>68,510</u>	<u>63,226</u>

Alexander Mann Solutions Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

6. Profit before taxation

Profit before taxation is stated after charging:

	2018 £'000	2017 £'000
Depreciation	2,714	2,414
Amortisation of capitalised contract implementation costs	1,659	1,030
Rentals under operating leases	525	1,025
Net foreign exchange loss	864	633
	<u>5,752</u>	<u>5,092</u>

Analysis of auditors' remuneration is as under:

	2018 £'000	2017 £'000
Fees payable to company's auditors for audit of company's annual accounts	105	105

7. Exceptional items within administrative expenses

	2018 £'000	2017 £'000
Restructuring costs	308	1,377
Costs arising from the sale of the group	4,090	-
Management bonus	-	3,553
Provision for intercompany receivable	878	-
	<u>5,276</u>	<u>4,930</u>

During the course of 2018, the Company incurred costs and expenses that are disclosed as 'exceptional items' in the statutory accounts. These items are exceptional by virtue of their size or infrequency and require separate disclosure as they would otherwise distort the 'normal' results of the business.

The exceptional items in 2018 are in respect of redundancy and restructuring costs, provision for intercompany doubtful debts, as well as costs associated with the sale of the AMS Topco Limited group. These costs related primarily to professional advisors fees, employment costs of staff dedicated to the sale and bonuses paid to staff who worked on the transaction.

Alexander Mann Solutions Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

8. Tax on profit

	2018 £'000	2017 £'000
Current Tax:		
Current tax on profits for the year	4,558	5,159
Adjustment in respect of prior years	254	10
Total current tax	4,812	5,169
Deferred tax:		
Current year	730	(712)
Adjustment in respect of previous periods	(212)	-
Effect of changes in tax rates	(77)	-
	441	(712)
Tax per income statement	5,253	4,457

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

	2018 £'000	2017 £'000
Profit before tax	24,268	23,396
Tax on profit on ordinary activities at standard UK corporation tax rate of 19% (2017: 19.25%)	4,611	4,504
Adjustments in respect of prior periods	42	10
Expenses not deductible	686	33
Tax rate changes	(77)	97
Income not taxable	(160)	(187)
Amounts not recognised relating to disallowable interest	251	-
	5,253	4,457

Alexander Mann Solutions Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

9. Tangible fixed assets

	Computer equipment £'000	Fixtures and fittings £'000	Plant & equipment £'000	Total £'000
Cost				
At 1 January 2018	10,334	2,496	6	12,836
Additions	3,063	13	-	3,076
Disposals	(6)	(20)	-	(26)
At 31 December 2018	13,391	2,489	6	15,886
Accumulated depreciation				
At 1 January 2018	7,125	2,027	6	9,158
Charge for the year	2,434	280	-	2,714
Disposals	(3)	(20)	-	(23)
At 31 December 2018	9,556	2,287	6	11,849
Net book value				
At 31 December 2018	3,835	202	-	4,037
At 31 December 2017	3,209	469	-	3,678

Included in fixtures and fittings is £375,000 (2017: £395,000) in respect of future rectification costs associated with leasehold premises. The net book value of these assets at 31 December 2018 was £81,000 (2017: £153,000).

10. Fixed asset investments

	Subsidiaries £'000
Cost	
At 1 January 2018 and 31 December 2018	4,215
Impairment	
At 1 January and 31 December 2018	(2,438)
Net book value	
At 31 December 2017 and 31 December 2018	1,777

Alexander Mann Solutions Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

10. Fixed asset investments (continued)

The company has investments in the following subsidiaries:

Subsidiary undertakings	Country of Incorporation	Status	Proportion of ordinary shares held
AMG Asia Pacific Pty Ltd	Australia	Trading	14%
Alexander Mann Solutions GmbH	Germany	Trading	100%
Alexander Mann Solutions APS	Denmark	Trading	100%
Alexander Mann Solutions AB	Sweden	Trading	100%
Alexander Mann Solutions GmbH	Switzerland	Trading	100%
Alexander Mann Solutions S.r.l	Italy	Trading	100%
Alexander Mann Solutions SARL	France	Trading	100%
Alexander Mann Solutions Poland Sp. z o.o.	Poland	Trading	100%
Alexander Mann Solutions BVBA	Belgium	Trading	100%
Alexander Mann Solutions s.r.o.	Czech Republic	Trading	100%
Alexander Mann Solutions B.V.	Holland	Trading	100%
AMS Recruitment Process Outsourcing, S.L	Spain	Trading	100%
Alexander Mann Solutions KFT	Hungary	Trading	100%
Alexander Mann Solutions Corporation	USA	Trading	100%
Alexander Mann BPO Solutions (Singapore) Pte. Ltd	Singapore	Trading	100%
Alexander Mann Solutions K. K.	Japan	Trading	100%
Alexander Mann Solutions (HK) Limited	Hong Kong	Trading	100%
Alexander Mann Solutions Private Limited	India	Trading	100%
Alexander Mann Solutions (Shanghai) Enterprise Management Consulting Ltd	China	Trading	100%
Alexander Mann Solutions Inc	Canada	Trading	100%
Capital Resource Consulting Company Limited	United Kingdom	Dormant	100%
Capital Resource Consulting Limited	United Kingdom	Dormant	100%
Interim Capital Limited	United Kingdom	Dormant	100%
Alexander Mann Outsourcing Solutions Limited	Ireland	Trading	100%
Alexander Mann BPO (HK) Limited	Hong Kong	Trading	100%
Shearwater s.r.o.	Czech Republic	Dormant	50%
AMS Processo De Recrutamento E Terceirização Ltda	Brazil	Trading	100%
Alexander Mann Solutions S. De R.L. De C.V.	Mexico	Trading	100%
Alexander Mann Solutions AS	Norway	Trading	100%
Alexander Mann Solutions BPO Inc.	Philippines	Trading	99.9%
Alexander Mann Solutions Limited	UAE	Trading	100%
Alexander Mann Solutions (Pty) Ltd.	RSA	Trading	100%
Public Sector Resourcing Ltd	England and Wales	Dormant	100%

The principal activity of all the trading subsidiary undertakings is that of Talent Acquisition and Talent Management Services, usually under long-term contracts.

The registered addresses of the subsidiaries above are listed in the appendix to the subsidiary note.

Alexander Mann Solutions Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

11. Debtors: Amounts falling due within one year

	2018 £'000	2017 £'000
Trade debtors	51,215	39,246
Amounts owed by group undertakings	96,226	76,947
Other debtors	1,915	1,533
Derivative (note 15)	241	323
Accrued income	41,905	28,284
Prepayments	3,943	2,825
Capitalised contract implementation costs	9,474	4,251
	<u>204,919</u>	<u>153,409</u>

All amounts shown under debtors fall due for payment within one year.

The Company is party to an invoice discounting facility, under the terms of which any funds advanced to the company by the discounting house are secured against a pre-agreed basket of the company's trade debtors.

Capitalised contract implementation costs of £9,474,000 (2017: £4,251,000) are in respect of new Recruitment Process Outsourcing contracts. These are capitalised and written off in accordance with the Company's accounting policy. Contract implementation costs capitalised in the year were £6,882,000 (2017: £2,739,000), and amounts amortised were £1,659,000 (2017: £1,030,000).

12. Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Derivative (note 15)	202	149
Trade creditors	2,334	1,574
Amounts owed to parent undertaking	3,690	3,690
Amounts owed to group undertakings	11,468	8,852
Corporation tax	-	2,105
Other taxation and social security	11,538	3,338
Other creditors	1,875	1,414
Accruals	128,673	99,063
Deferred income	2,854	3,765
	<u>162,634</u>	<u>123,950</u>

Amounts owed to parent and group undertakings are non-interest bearing and are repayable on demand.

13. Provision for liabilities

	£'000
At 1 January 2018 and 31 December 2018	<u>417</u>

The Company has provided against the cost of rectification work required to restore leasehold premises to the same condition as at the inception of the lease.

Alexander Mann Solutions Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

14. Deferred taxation

	2018 £'000	2017 £'000
At beginning of year	966	254
(Debited)/credited to profit and loss account	(441)	712
At 31 December 2018	525	966
	2018 £'000	2017 £'000
The amounts of deferred taxation provided at 19% are:		
Temporary differences on fixed assets	438	267
Temporary trading differences	66	675
Derivatives	21	24
	525	966

Following the 2017 Budget Statement, the main rate of UK corporation tax will reduce by 1% to 17% for the financial year beginning 1 April 2020. It is expected that this fall in the main corporation tax rate will result in a reduction of the Company's deferred tax asset and also a reduction in the Company's future current tax charge.

The deferred tax asset has been recognised on the basis that it is considered more likely than not that there will be suitable taxable profits in the entity from which the future reversal of the underlying timing differences can be deducted. There are no unprovided deferred tax assets.

15. Derivative financial instrument

	2018 £'000	2017 £'000
Financial assets carried at fair value through profit or loss (FVTPL):		
Forward contracts		
Derivative assets	241	323
Derivative liabilities	(202)	(149)

All derivatives are treated as financial assets carried at fair value through profit or loss (FVTPL) and hedge accounting is not used.

Alexander Mann Solutions Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

16. Share capital

	2018 £'000	2017 £'000
Authorised:		
100,000 ordinary shares of £1 each	100	100
100 'A' ordinary shares of 1p each	-	-
	<u>100</u>	<u>100</u>
Called up, allotted and fully paid:		
90,000 ordinary shares of £1 each	90	90
100 'A' ordinary shares of 1p each	-	-
	<u>90</u>	<u>90</u>

The 'A' ordinary shares rank pari passu in all respects with the ordinary shares of £1 except that the holders have the following rights:

- for every 'A' ordinary share held by a member, that member shall have 10,000,000 votes at any meeting of the company on a poll;
- each 'A' ordinary share shall be entitled to a dividend of 10,000,000 times the value of any dividend on each of the ordinary shares; and
- on a winding-up of the company each 'A' ordinary share will be entitled to 10,000,000 times the value paid on each ordinary share.

17. Reconciliation of net cash flow from operating activities

	2018 £'000	2017 £'000
Profit for the year	19,015	18,939
Adjustments for:		
Dividends received	(798)	(973)
Depreciation and amortisation	4,373	3,444
Increase in trade and other receivables	(53,070)	(35,086)
Increase in trade and other payables	44,113	26,667
Financing costs	(2,133)	(1,622)
Income tax	(3,296)	(2,353)
Net cash flow from operating activities	<u>8,204</u>	<u>9,016</u>

Alexander Mann Solutions Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

18. Financial commitments

Commitments under operating leases are as follows:

	Land and buildings	
	2018	2017
	£'000	£'000
Payments falling due:		
- not later than one year	748	748
- later than one year and not later than five years	2,576	2,576
- later than five years	279	828
	<u>3,603</u>	<u>4,152</u>

19. Ultimate controlling party

The Company's ultimate parent undertaking is Auxey Holdco Limited, a company incorporated in Jersey and which is a tax resident in the United Kingdom. The registered address of Auxey Holdco Limited is 44 Esplanade, St Helier, Jersey, JE4 9WG. Auxey Holdco Limited is under the control of Auxey Holdings (Lux) S.A.S. OMERS Administration Corporation indirectly owns 100% of the participating (economic) interest and 30% of the voting interest of Auxey Holdings (Lux) S.A.S., and OCP Trust, of which OMERS Administration Corporation is a beneficiary, indirectly owns the remaining 70% voting interest of Auxey Holdings (Lux) S.A.S.

The Company's immediate parent undertaking is Alexander Mann Group Limited, a company incorporated in England and Wales (7-11 Bishopsgate, London, EC2 3AQ).

The parent undertaking of the largest group, which includes the Company and for which group accounts are prepared, is Auxey Holdco Limited. The parent undertaking of the smallest such group is Alexander Mann Group Limited, a Company incorporated in England and Wales (7 Bishopsgate, London EC2N 3AQ). Copies of the consolidated financial statements of the ultimate parent company are available from 7 Bishopsgate, London EC2N 3AQ.

No transactions have been undertaken with the immediate parent company or the ultimate parent company (2017: £nil).

Alexander Mann Solutions Limited

Appendix to the subsidiary note

Subsidiary undertakings	Registered Address
AMG Asia Pacific Pty Ltd	101 Collins Street, Melbourne, Victoria 3004
Alexander Mann Solutions GmbH	Eschenheimer Anlage 1, 60316 Frankfurt am Main
Alexander Mann Solutions APS	Larsbjørnsstræde 3, K1454, Copenhagen, Denmark
Alexander Mann Solutions AB	Stureplan 4c, 4th Floor, 114 35, Stockholm, Sweden
Alexander Mann Solutions GmbH	Härdurmstrasse 120, CH-8005 Zürich, Switzerland
Alexander Mann Solutions S.r.l.	Via Senato, 20, 20121 Milano, Italy
Alexander Mann Solutions SARL	12/14 Rond-Point des Champs-Élysées, 75008, Paris, France
Alexander Mann Solutions Poland Sp. z o.o.	Ul. Puzkarska 7f, 30-644, Krakow, Poland
Alexander Mann Solutions BVBA	Rond Point Schuman 6, Box 5, 1040 Brussels, Belgium
Alexander Mann Solutions s.r.o.	Karolinska 661/4, 186 00 Praha 8, Czech Republic
Alexander Mann Solutions B.V.	Geesinkweg 901 - 999, 1096 AZ, Amsterdam, The Netherlands
AMS Recruitment Process Outsourcing, S.L.	Avida Diagonal, 640 6º, 08021 Barcelona
Alexander Mann Solutions KFT	Kálmán Imre utca 1, Budapest, 1054 Hungary
Alexander Mann Solutions Corporation	Office Address: Erieview Tower, 1301 East 9th St, suite 1200, Cleveland, Ohio, 44114
Alexander Mann BPO Solutions (Singapore) Pte. Ltd	2 Shenton Way, SGX Centre 1, #16-03, Singapore 068804, Singapore
Alexander Mann Solutions K. K.	3-18-6 Toyo, Koto-ku, Tokyo 135-0016, Japan
Alexander Mann Solutions (HK) Limited	7/F Nan Fung Tower, 88 Connaught Road, Central, Hong Kong
Alexander Mann Solutions Private Limited	B2, 402, Marathon Innova, Off Ganpatrao Kadam Marg, Opp Peninsula, Corporate Bank, Lower Parel, Mumbai 400013, India
Alexander Mann Solutions (Shanghai) Enterprise Management Consulting Ltd	Unit 701, ZRT Tower, No. 20, Lane 1228 Jiangchang Road, Jingan District, Shanghai, 200072
Alexander Mann Solutions Inc	1000, rue De La Gauchetière-Ouest, Bureau 900, Montréal, QC, Canada H3B 5H4
Capital Resource Consulting Company Limited	7-11 Bishopsgate, London, EC2N 3AQ, United Kingdom
Capital Resource Consulting Limited	7-11 Bishopsgate, London, EC2N 3AQ, United Kingdom
Interim Capital Limited	7-11 Bishopsgate, London, EC2N 3AQ, United Kingdom
Alexander Mann Outsourcing Solutions Limited	Trinity House, Charleston Road, Ranelagh, Dublin 6
Alexander Mann BPO (HK) Limited	7/F Nan Fung Tower, 88 Connaught Road, Central, Hong Kong
Shearwater s.r.o.	U Garází 1611/1, 170 00 Prague 7, Czech Republic
AMS Processo De Recrutamento E Terceirização Ltda	Avenida Engenheiro Luis Carlos Berrini, nº 1461, 12º andar, bairro Cidade Monções, cidade de São Paulo, estado de São Paulo
Alexander Mann Solutions S. De R.L. De C.V.	Periférico Sur #4293, Primer Piso, Colonia Jardines en la Montaña, Delegación Tlalpan, C.P. 14210, México D.F.
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