Evolvient Capital Limited (Formerly Hydrogen Group PLC)

Reports and accounts for the financial year ended 31 December 2021

Registered in England and Wales, Company No. 5563206

EVOLVIENT CAPITAL LIMITED (FORMERLY HYDROGEN GROUP PLC)

Annual Reports and Accounts 2021

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Strategic Report

INTRODUCTION

The Directors present the strategic report and financial statements for the year ended 31 December 2021.

The strategic report provides a review of Evolvient Capital Limited (formerly Hydrogen Group Plc) ("Evolvient Capital" or the Company") for the financial year.

The strategic report outlines the developments and performance of Evolvient Capital and its subsidiaries ("Evolvient Capital Group" or the "Group") and discusses the main trends and factors that could affect the Group's future.

Key performance indicators, noted in the financial highlights, are presented to show the performance and position of the Group.

BUSINESS REVIEW

Financial highlights

The key financial highlights for the year ended 31 December 2021 were:

- revenue increased to £87.3m (2020: £82.3m);
- NFI[1] increased by 29% to £27.4m (2020: £21.3m);
- operating profit before exceptional items of £1.6m (2020: £0.8m);
- statutory profit before tax in the year of £2.4m (2020: £1.9m loss);
- net debt as at 31 December 2021 of £3.1m (31 December 2020: net cash of £4.7m).

There is no material impact on the results from restatement on a constant currency basis.

[1] NFI (equivalent to gross profit)

Overview

The Group has continued to develop its portfolio of operating businesses through the year. The portfolio currently comprises:

- Hydrogen Group; the international recruitment group that trades under the Hydrogen brand in the UK, US and Australia, and under the Argyll Scott brand in Asia and the Middle East; and provides both permanent and contract recruitment solutions predominantly to the STEM and professional services sectors.
- Tempting Ventures; operating from the UK and US, partners with, and invests in, high calibre recruitment teams, startups and entrepreneurs to build world beating brands. The Company owns 49.9% of Tempting Ventures and it is accounted for as an associate undertaking.
- Project Partners; operating from the UK, empowers its clients to deliver excellent, predominantly digital and IT related, change projects.
- Strategio; launched in August 2021 in Miami, Strategio empowers and invests in diverse technology talent, in order to increase the representation of all people in the US technology sector and to create higher performing enterprise organizations.

During the year, all the markets in which the Group's operating businesses trade continued to benefit from the progressively improving trading conditions that were first experienced in the latter part of 2020 as the impact of Covid-19 began to diminish. The Group's established operating businesses (Hydrogen Group, Tempting Ventures and Project Partners) have invested in their people, processes and technology to help ensure that they can each benefit from the opportunities that may arise across the business cycle. Although this investment has been broad based, it was disproportionately targeted on the US STEM sector, where the Board believes that the greatest medium term growth opportunities lie. As a result, all the operating businesses enjoyed strong revenue and profit growth during the year.

Additionally, a fourth operating business, Strategio was launched during the year. Although the business was still pre-revenue at the year end, the Board is encouraged by its initial progress.

Strategic Report

During November 2021 the Company completed the buy back of some 9.9 million shares (then circa 33.9% of its total voting rights) for 47p a share, total consideration of £4.65m. The transaction was approved by the shareholders at a general meeting on 2 November. Following the buy back, the Group is controlled by six private individuals (including its two executive Directors) who have agreed to act in concert in shareholder related matters and who, at the year end, together controlled 88.1% of the Company's total voting rights. Post the year end, on 25 February 2022, a special resolution was passed at a general meeting of shareholders to re-register the Company as a private company under the Companies Act 2006, to change its name from Hydrogen Group plc to Evolvient Capital Limited and to adopt a new set of Articles.

The Board believes that this narrower but more aligned shareholder base and the less onerous compliance requirements of a private company better positions the Group to pursue its strategy.

Predominantly as a result of both the share buy back and the increased working capital requirements resulting from the trading growth during the year, net debt at the year-end was £3.1m compared to net cash of £4.7m at 31 December 2020.

Strategy

The Group will continue to pursue its strategy of building a diverse but complementary group of human capital businesses. It will execute this strategy by making new investments of either minority or majority stakes in, predominantly, start-up and early-stage ventures as well as by continuing to develop its existing portfolio of businesses.

Current trading

The demand levels experienced during the second half of 2021 have been sustained into the first half of 2022. Although growth in activity levels has plateaued, current trading is satisfactory and in line with management's expectations. However, forward visibility is limited, and the Board remains mindful of the impact that the current level of macro-economic uncertainty may have on activity levels. Furthermore, the Board is conscious of the potential impact of either an escalation in geo-political risk or of renewed Covid-19 induced lockdowns, and continues to manage the Group accordingly.

STATEMENT BY THE DIRECTORS IN PERFORMANCE OF THEIR STATUTORY DUTIES IN ACCORDANCE WITH S172(1) COMPANIES ACT 2006

The Board of Evolvient Capital Limited is responsible for the overall conduct of the Group's business. The Board's key purpose is to ensure the Group's prosperity by collectively directing the Group's affairs, whilst meeting the appropriate interests of its shareholders and other stakeholders. The Board consider that they have acted in a way that would be most likely to promote the success of the Group for the benefit of its members in the decisions taken during the year in accordance with s172. Directors have a duty to promote the success of the company for the benefit of the members, considering the following six areas of broader stakeholder interests identified in section 172(1)(a)-(f)).

	Interests identified	Evolvient Capital response
1	Likely consequence of any decision in the long term	Further details on long term decision making and key decisions made are set out in the strategic report.
2	Interests of employees	Our employees are fundamental to the delivery of the Group's business. We aim to be a responsible employer in our approach to the pay and benefits our employees receive. We are committed to creating a genuine learning and development culture throughout the Group. Bespoke training programmes have been developed for each job function and grade that are delivered within each operating business by its leadership and management teams; and which are complemented by selective third-party training. There is a clear promotion pathway for everybody in the Group. Each operating company has performance management programmes and transparent reward at every level to promote an objective and high-performance working culture.
3	Foster business relationships with suppliers, customers and others	The Group aims to establish, maintain and develop business relationships based on confidence, trust and respect. We consider the wider impact on others and on the business before making commercial decisions. We ensure that our business processes accord with local practices and laws applicable to us.
4	Maintain a reputation for high standards of business conduct	The Group takes its responsibility to uphold a high standard of business conduct globally.
5	Act fairly as between members of the Group	All employees should operate ethically, when dealing with all stakeholders, and work to the same standards regardless of where in the world they are based.
6	Impact of operations on the community and the environment	The Group's operating businesses collectively operate globally and seek to have a positive impact in each geographical market in which they trade. Examples of ongoing thought leadership and community involvement include: • Evolvient Capital's Sponsorship Fund which supports individual charitable and sporting activities and matches employee donations; and • A number of both local and global campaigns to promote Diversity & Inclusion. The Group aims to minimise the impact of its activities on the environment by encouraging video conferences to prevent unnecessary travel and reducing its use of energy and resources in each office.

The Board is confident it has satisfied the Code's requirements for its effective performance of their statutory duties in accordance with s172(1) Companies Act 2006.

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE GROUP

The Board has not delegated its responsibility for financial risk management, including the management of treasury activities. Further information on interest rate, credit, liquidity and foreign currency risks is given in note 22 to the financial statements.

Evolvient Capital's business model and strategy are designed to increase placements and profitability without increasing risk beyond an acceptable limit. The profile of risks fluctuates from time to time and the actions being taken to manage and control risks are intended to mitigate the effects on the business but cannot eliminate risks absolutely.

A summary of the principal risks which would affect Evolvient Capital's ability to continue in business appears in the following table. Any significant changes in the potential level of risk since the end of 2021 are noted in the commentary.

Strategic Report

Type of risk	Potential impact on business	Mitigation
Environmental		
Health & Safety - Pandemics	Pandemics have reduced global activity levels.	The Group operates an agile model with a relatively small proportion of its cost base tied into long-term contracts. The Group therefore can react to significant changes in demand levels accordingly. Each operating business uses a single IT and operating platform, which allows it to divert resources remotely to less impacted geographies as well as allowing staff to work from home should circumstances require. Teams across all operating businesses have effectively transitioned to hybrid working practices.

Political		
Conflict in Ukraine	Potential disruption to demand of clients and supply/access to candidates, as a result of the ongoing conflict between Ukraine and Russia.	The Group has no direct exposure to either the Russian or Ukrainian markets. However, the board is mindful that any escalation in the conflict may have an impact on economic activity levels in both the broader EMEA region and globally. The impact of this risk is assessed under "Economic" below.

Economic		
Economic growth	Activity levels are strongly affected by changes in economic confidence or the impacts of a recession.	The Group operates multiple operating businesses in diverse geographic markets and sectors, which mitigate the risk of a specific sector or regional downturn. Evolvient Capital continues to diversify its business operations and to broaden the scope of its business activities away from being solely recruitment focussed.
Foreign Exchange	Fluctuations in exchange rates up to the date of settlement of invoices can have an adverse impact on reported NFI and lead to foreign exchange gains/losses impacting reported profit.	Revenue and costs are currency matched wherever practicable. Credit periods are minimised, and transactions are carried out in local currency where possible.
Financial Control	Financial loss could result from procedures to maintain financial control across the business not being adequate.	A formal system of delegated authorities over payments is in place. Each operating business's finance function reports to a central group finance director as well as to it its local board.
Liquidity	Insufficient working capital or a significant increase in debt would impact the Group's ability to do business.	The Group completes a daily report on its cash position at both an operating business and group level, and monitors the trend and available headroom. Facilities are reviewed regularly to maintain sufficient liquidity.
Strategy	The Group's proposition and vision fails to deliver improved performance and the business fails to consistently grow profitably.	In addition to the Group's strategy of developing new markets and revenue streams, each operating business has a very clear local strategy and an operating model focused on delivering that strategy. The Board regularly reviews the performance and execution of each operating business against its strategy.

Strategic Report

Social		
Competition	The Group operates in highly competitive sectors. There is often a low barrier to entry which means that many new potentially competitive businesses are started each year, creating a risk of customer churn, and potentially creating a downward pricing pressure.	Each operating business operates in tightly defined niche markets, where it can focus on building long term relationships with key stakeholders, enabling it to provide a specialist and therefore differentiated service, which minimises downward pressure on pricing. Propositions are continually refined to remain competitive and to adapt to changes in markets.
Career attitudes	Evolvient Capital staff are highly attractive to the competition and staff turnover could impact the business performance.	Evolvient Capital's operating businesses put significant resource into recruiting like-minded people who will thrive and add to the culture of each business. With a highly developed internal communication program and world class training with clear promotion criteria, all staff are empowered to own their performance and career development. Additionally, the Group offers market leading reward opportunities for high performance aligned to shareholders *interest through its employee share* schemes.
Clients	Inability to win new business.	The business has a very broad spread of clients across geographies and sectors with the largest single client representing less than 5% of NFI.

Technology		
IT systems	IT system failure or loss of confidential data. Companies that fail to keep personal data safe risk long-lasting reputational damage that can impact on their future success.	All IT systems are cloud based with blue chip suppliers. There is ongoing staff training on data protection combined, where operational scale justifies it, with in-house legal and compliance functions to ensure correct processes are followed.
Data security and access (including Cyber Security)	Cyber-attacks from organised crime are becoming increasingly sophisticated and with the Group increasing its reliance on third parties to provide flexible service platforms our exposure to protect data is increased.	We have up-to-date security systems in place that mitigate the risks posed by the use of modern communications media.

Legal		
Employment laws IR 35 (UK)	IR35 has been introduced to tackle the problem of 'deemed employment'. IR35 essentially aims to turn a one-person small business (limited company) into being an employee if certain principles apply. If IR35 does apply, Evolvient Capital would have to pay the extra income tax and NICs on all contractors deemed as an employee.	New solutions have been put in place across the relevant operating businesses in the Group to mitigate the risk presented by IR35. Third party organisations are utilised to assess the impact of the 'deemed employment'.

The strategic report was approved by the Board of Evolvient Capital Limited on 27 June 2022 and signed on its behalf by:

John Hunter
Director

Directors' Report

For the year ended 31 December 2021

The Directors submit their report and the audited Group financial statements of Evolvient Capital Limited for the year ended 31 December 2021.

See the strategic report for details of future developments and risk management.

Directors

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

Ian Temple (Managing Partner)
John Hunter (Managing Partner)
Ben Harber (Non-Executive Director)

Results

The results for the year are set out on page 15.

Auditors

The auditors, Moore Kingston Smith LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Supplier payment policy

It is the Group policy, in respect of suppliers, that each operating business should both agree the terms of payment for each transaction (to ensure that suppliers are aware) and abide by those terms. The average credit period taken on trade purchases, excluding contract staff costs, by the Group is 26 days (2020: 14 days), based on the average daily amount invoiced by suppliers.

Employees

The Board recognises the importance of engaging employees and supporting them through performance management initiatives. There continue to be regular meetings and updates at all levels in each operating business, from daily and weekly team sessions and monthly regional sales meetings through to quarterly business wide updates on progress against its objectives. Training courses are deployed to develop staff into the future leaders of each operating business and to ensure that they have the relevant skills and experience to perform their role effectively and to grow the business profitably.

Equal opportunities and diversity

The Group is committed to the principle of hiring based purely on individual merit, both for its own staff and, in its recruitment businesses, for clients. Job boards and social media are used to try to attract talent from a wide range of sources and the operating businesses select staff and offer career development and promotion opportunities on a non-discriminatory basis. This includes giving equal consideration to applications for employment and onward career development from people who may have a disability. In the event of an employee becoming disabled, we will make practical changes and make every effort to enable them to continue to work for us.

The focus on individual skills and capability flows through to the records we keep of applicants and employees. The operating businesses hold only such information as is needed to determine a person's suitability for their role, to ensure compliance with employment law and, in respect of candidates, to meet clients' requirements for each particular role. The Group does not intend to monitor the diversity of employees in more detail but will concentrate on capturing skills, to enable it to find the best person for every role.

Energy and carbon report

UK Streamlined Energy Carbon Reporting (SECR)

For the year ended 31 December 2021, the UK law requires the Group to report certain greenhouse gas emissions from UK operations under the SECR (see table below).

Compliance information summary	Year ended 31 December 2021
Purchased grid electricity MWh	68.09
Natural gas MWh	Not applicable
Scope 2 emissions (from electricity)	15.88 ton CO2e
Scope 3 emissions (from business travel)	1.49 ton CO2e

Intensity ratios	Year ended 31 December 2021
Tonnes Co2e per £million turnover	
Scope 2	0.27
Scope 3	0.03
Tonnes Co2e per £million net fee income (NFI)	
Scope 2	1.13
Scope 3	0.11

Total office electricity consumption for the UK entities of the Group between January 2021 to December 2021 was 68,093 kWh. There is no gas or fuel consumption at this site. Purchased electricity CO2 emissions are 15.88 ton (Scope 2) and CO2 emissions arising from employee business travel are 1.49 ton (Scope 3).

In determining the UK energy use, the Group calculated Scope 2 CO2 emissions from purchased grid electricity with reference to the total kWh consumed during the year ended 31 December 2021 and the CO2 emissions conversion factor provided by the Carbon Trust.

The Group calculated Scope 3 CO2 emissions from employee business travel with reference to the total UK travel expenditure for the year ended 31 December 2021 and the CO2 emissions conversion factor for recruitment services provided by the UK Government.

Measures taken to improve energy efficiency

The Group is fully committed to the reduction of its environmental footprint to help mitigate the challenges posed by climate change and global warming. Current initiatives include:

- Implementing environmentally friendly practices across our global offices, such as minimising our usage of paper and print services and recycling stationery products
- Encouraging take up of the UK 'Cycle to Work' scheme;
- Encouraging video conferences to prevent unnecessary travel;
- Ensuring that all company vehicles are zero emissions;

Going concern

As at 31 December 2021, the Group had net debt of £3.1m. However the Group holds a £12m UK Invoice Discounting facility with a commitment from HSBC to January 2024. The Group also holds a $1.5m debt facility in the US and a AU$2.0m in Australia. The combined facilities have a maximum drawdown of £14.2m. All facilities are subject to standard debt turn and dilution percentage covenants.

The Group also has a working capital agreement with HSBC in Singapore for SG$1.7m which has been activated during May 2022, further increasing the Group's available facilities. Since the year end, the Company has also taken out a £2.5m three year term loan further strengthening its cash reserves in the Group.

The Directors have also prepared base case financial forecasts for the period ending 30 June 2023. Thus the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Statement as to disclosure of information to auditors

The Directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. The Directors have confirmed that they have taken appropriate steps to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

By order of the Board

John Hunter
Director

Evolvient Capital Limited
Registered office: 30-40 Eastcheap
London EC3M 1HD
Registered in England and Wales, no: 5563206
27 June 2022

Statement of Directors' Responsibilities

For the year ended 31 December 2021

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 Group financial statements in accordance with UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 and the Company financial statements in accordance with FRS 101 "Reduced Disclosure Framework". 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 Group and Company 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;
- state whether they have been prepared in accordance with UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Independent Auditor's Report to the members of Evolvient Capital Limited

For the year ended 31 December 2021

Opinion

We have audited the financial statements of Evolvient Capital Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, Accounting Policies, the Parent Company Statement of Financial Position, the Parent Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (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's affairs as at 31 December 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the United Kingdom;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the 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 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 included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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.

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 strategic report or the directors' report.

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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 10, 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concem 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.

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 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Independent Auditor's Report to the members of Evolvient Capital Limited

For the year ended 31 December 2021

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, the relevant financial reporting standards and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditor's Report to the members of Evolvient Capital Limited

For the year ended 31 December 2021

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 for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our work, for this report, or for the opinions we have formed.

Moore Kingston Smith LLP

Matthew Meadows (Senior Statutory Auditor)
For and on behalf of Moore Kingston Smith LLP, Statutory Auditor
London, UK

28 June 2022

Consolidated statement of comprehensive income

For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Revenue	1	**87,331**	82,297
Cost of sales		**(59,926)**	(60,989)
Gross profit	1	**27,405**	21,308
Other administrative expenses		**(26,633)**	(22,450)
Government grant income		**256**	1,351
Exceptional income/(expenses)	2	**434**	(2,450)
Administrative expenses		**(25,943)**	(23,459)
Other income		**525**	546
Operating profit before exceptional items		**1,553**	755
Exceptional income/(expenses)	2	**434**	(2,450)
Operating profit/(loss)		**1,987**	(1,695)
Share of profit/(loss) in associate	6	**399**	(86)
Finance costs		**(66)**	(110)
Finance income		**62**	5
Profit/(loss) before taxation		**2,382**	(1,886)
Income tax credit/(expense)	4	**982**	49
Profit/(loss) for the year		**3,364**	(1,837)
Other comprehensive gains and losses:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(57)**	(103)
Exchange differences on intercompany loans		**112**	(36)
Other comprehensive profit/(loss) for the year, net of tax		**55**	(139)
Total comprehensive gains/(losses) for the year		**3,419**	(1,976)
Profit/(loss) attributable to:			
Equity holders of the parent		**3,475**	(1,805)
Non-controlling holders		**(111)**	(32)
Total comprehensive income/(loss) attributable to:			
Equity holders of the parent		**3,530**	(1,904)
Non-controlling holders		**(111)**	(32)

The above results relate to continuing operations.

EVOLVIENT CAPITAL LIMITED (FORMERLY HYDROGEN GROUP PLC)

Consolidated statement of financial position

For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Non-current assets			
Goodwill	5	**12,198**	12,198
Investment in associate	6	**499**	100
Intangible assets	7	**788**	922
Property, plant and equipment	8	**506**	394
Right of use assets	25	**1,048**	1,279
Deferred tax assets	9	**1,355**	315
Other receivables	10	**194**	294
		16,588	15,502
Current assets			
Trade and other receivables	10	**18,437**	11,743
Current tax receivable		**345**	264
Cash and cash equivalents	11	**1,815**	4,693
		20,597	16,700
Total assets		**37,185**	32,202
Current liabilities			
Trade and other payables	12	**(11,794)**	(10,616)
Lease liabilities	26	**(1,015)**	(884)
Borrowings	13	**(4,938)**	-
		(17,747)	(11,500)
Non-current liabilities			
Lease liabilities	26	**(429)**	(1,096)
Deferred tax liabilities	9	**(109)**	(61)
Redemption liability	27	**(2,421)**	-
Provisions	14	**(460)**	(339)
		(3,419)	(1,496)
Total liabilities		**(21,166)**	(12,996)
Net assets		**16,019**	19,206
Equity			
Share capital	16	**207**	276
Share premium		**4,190**	3,607
Merger reserve		**19,240**	19,240
Own shares held	17	**(928)**	(1,088)
Share option reserve	15	**1,654**	1,864
Other reserves	18	**(2,928)**	(758)
Retained deficit		**(5,355)**	(4,035)
		16,080	19,203
Non-controlling interest		**(61)**	3
Total equity		**16,019**	19,206

The financial statements on pages 15 to 48 were approved by the Board of Directors and authorised for issue on 27 June 2022 and were signed on its behalf by:

John Hunter – Managing Partner

Consolidated statement of changes in equity

For the year ended 31 December 2021

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Own shares held £'000	Share option reserve £'000	Other reserves £'000	(Deficit)/ Retained earnings £'000	Owners £'000	NCI £'000	Total equity £'000
At 1 January 2020	343	3,607	19,240	(1,171)	1,627	(758)	554	23,442	74	23,516
Share cancellation	(67)	-	-	-	-	-	(2,601)	(2,668)	-	(2,668)
NCI purchase	-	-	-	-	-	-	39	39	(39)	-
Movement in redemption liability	-	-	-	-	-	236	-	236	-	236
EBT share transfer	-	-	-	170	-	-	-	(2)	-	(2)
Treasury buy back	-	-	-	(87)	-	-	-	(87)	-	(87)
Share contribution	-	-	-	-	117	-	-	117	-	117
Prior year adjustment	-	-	-	-	-	-	-	(50)	-	(50)
Share option charge	-	-	-	-	120	-	-	120	-	120
Dividends	-	-	-	-	-	-	-	-	-	-
Transactions with owners	(67)	-	-	83	237	236	(1,315)	(2,295)	(39)	(2,334)
Profit for the year	-	-	-	-	-	-	(1,805)	(1,805)	(32)	(1,837)
Other comprehensive income:										
Exchange differences on intercompany loans	-	-	-	-	-	(36)	-	(36)	-	(36)
Foreign currency translation charge	-	-	-	-	-	(103)	-	(103)	-	(103)
Total comprehensive income/(expense) for the year	-	-	-	-	-	(139)	(1,805)	(1,944)	(32)	(1,976)
At 31 December 2020	**276**	**3,607**	**19,240**	**(1,088)**	**1,864**	**(661)**	**(4,035)**	**19,203**	**3**	**19,206**
Share issuance	**30**	**583**	**-**	**-**	**-**	**-**	**-**	**613**	**-**	**613**
Share cancellation	**(99)**	**-**	**-**	**4650**		**99**	**(4,650)**	**-**	**-**	**-**
Deferred tax adjustment	**-**	**-**	**-**	**-**	**-**	**-**	**33**	**33**	**-**	**33**
Change in ownership – note 27	**-**	**-**	**-**	**-**	**-**	**-**	**(5)**	**(5)**	**47**	**42**
Movement in redemption liability – note 27	**-**	**-**	**-**	**-**	**-**	**(2,421)**	**-**	**(2,421)**	**-**	**(2,421)**
EBT share transfer	**-**	**-**	**-**	**265**	**-**	**-**	**(173)**	**92**	**-**	**92**
Treasury buy back	**-**	**-**	**-**	**(4,755)**	**-**	**-**	**-**	**(4,755)**	**-**	**(4,755)**
Share contribution	**-**	**-**	**-**	**-**	**(210)**	**-**	**-**	**(210)**	**-**	**(210)**
Transactions with owners	**(69)**	**-**	**-**	**160**	**(210)**	**(2,322)**	**(4,795)**	**(6,653)**	**47**	**(6,606)**
Profit/(Loss) for the year	**-**	**-**	**-**	**-**	**-**	**-**	**3,475**	**3,475**	**(111)**	**3,364**
Other comprehensive income:										
Exchange differences on intercompany loans	**-**	**-**	**-**	**-**	**-**	**(57)**	**-**	**(57)**	**-**	**(57)**
Foreign currency translation charge	**-**	**-**	**-**	**-**	**-**	**112**	**-**	**112**	**-**	**112**
Total comprehensive expense for the year	**-**	**-**	**-**	**-**	**-**	**55**	**3,475**	**3,530**	**(111)**	**3,419**
At 31 December 2021	**207**	**4,190**	**19,240**	**(928)**	**1,654**	**(2,928)**	**(5,355)**	**16,080**	**(61)**	**16,019**

Consolidated statement of cashflows

For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Cash (used in)/generated from operating activities	20	**(2,165)**	4,720
Income taxes paid		**-**	(396)
Net cash (used in)/generated from operating activities		**(2,165)**	4,324
Investing activities			
Purchase of property, plant and equipment	8	**(376)**	(87)
Purchase of intangible assets	7	**(156)**	(218)
Net cash used in investing activities		**(532)**	(305)
Financing activities			
Finance costs		**(29)**	(52)
Finance income		**-**	5
Principal paid on lease liabilities		**(1,065)**	(1,196)
Increase/(decrease) in borrowings	13	**4,938**	(154)
Purchase of treasury shares		**(105)**	(87)
Tender shares purchased		**(4,650)**	(2,887)
Government grants		**34**	1,351
Net cash used in financing activities		**(877)**	(3,020)
Net (decrease)/increase in cash and cash equivalents		**(3,574)**	999
Cash and cash equivalents at beginning of year	11	**4,693**	4,620
Exchange loss on cash and cash equivalents		**696**	(926)
Cash and cash equivalents at end of year	11	**1,815**	4,693

Nature of operations

The principal activity the Group continues to be the provision of permanent and contract recruitment services for predominantly mid to senior level professional staff for large and medium sized organisations. However, its reliance on this activity is diminishing as it develops complementary activities, notably in change management consulting and candidate training. The Group consists of four operating businesses: Hydrogen Group, Tempting Ventures, Project Partners, and Strategio, which in turn are segmented by region or sub-operating business as appropriate given the size and the geographic scope of their operations. The Group's operating businesses, together, operates across the world from a network of offices in Australia, Dubai, Hong Kong, Malaysia, Singapore, Thailand, Vietnam, the UK and the USA, plus a number of internationally focused teams based in the UK.

Basis of preparation

Evolvient Capital Limited is the Group's ultimate parent company. The Company is a private company limited by shares incorporated and domiciled in England and Wales. The registered office address and principal place of business is 30 Eastcheap, London, EC3M 1HD, England. Registered company number is 05563206.

The consolidated financial statements of Evolvient Capital Limited have been prepared under the historical cost convention, apart from the treatment of certain financial assets, and in accordance with UK adopted International Accounting Standards in conformity with the Companies Act 2006 and also comply with IFRIC interpretations and Company Law applicable to companies reporting under IFRS. The Group's accounting policies have been consistently applied to all the periods presented. The factors considered by the Directors in exercising their judgement of the Group's ability to continue to operate in the foreseeable future are set out in the Strategic Report. The Directors have prepared base case financial forecasts for the period ending 30 June 2023.

New and amended standards adopted by the Group

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective. New standards and interpretations currently in issue but not effective for accounting periods commencing on 1 January 2021 are:

- Amendments to IFRS 16 - Covid-19-Related Rent Concessions
- Amendment to IFRS 16 – Covid-19-Related Rent Concessions beyond 30 June 2021
- Amendments to IAS 37 - Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before intended use
- Amendments to IFRS 3 - Reference to the Conceptual Framework
- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current
- IFRS 17 - Insurance Contracts
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies
- Amendments to IAS 8 – Definition of an accounting estimate
- Amendments to IAS 12 Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transactions
- Amendments to IFRS 10 and IAS 28 - Sale or contribution of assets between an investor and its associate or joint venture

The directors do not expect that the adoption the Standards listed above will have a material impact on the Group in future periods. A number of IFRS and IFRIC interpretations are also currently in issue which are not relevant for the Group's activities and which have not therefore been adopted in preparing these financial statements

Basis of consolidation

The consolidated financial information incorporates information concerning Evolvient Capital limited and all of its subsidiary undertakings made up to 31 December each year. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies into line with those used by the Group. Inter-company transactions and balances on transactions between Group companies are eliminated on consolidation. Business combinations are accounted for using the acquisition method of accounting. The cost of an acquisition is measured as the cash paid and the fair value of other assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange. Costs of acquisition are recognised as an expense when incurred. Goodwill arising on business combinations prior to 1 January 2006, the date of transition to IFRS, is stated at the previous UK GAAP carrying amount. Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Sterling, which is the Company's functional and presentational currency.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss within the consolidated statement of comprehensive income.

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

(i) assets and liabilities for each year end presented are translated at the closing rate of that year end;

(ii) income and expenses for each statement of comprehensive income are translated at the average rates;

(iii) all resulting exchange differences are recognised in other comprehensive income;

(iv) goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate; and

(v) foreign currency gains and losses are reported on a net basis.

The foreign exchange movements associated with permanent loans, whereby payment is not expected in the foreseeable future, is recognised in other comprehensive income. The foreign exchange movements associated with the deemed trading element of the intercompany loan, are recognised in the income statement.

Revenue

Revenue, which excludes value added tax, comprises the fair value of the consideration received or receivable for services undertaken by the Group under its principal activity, which is the provision of recruitment consultancy services. In line with IFRS 15, a five-step model is applied to determine when to recognise revenue. These steps consist of

- identifying of the initial contract (agreement between both organisations);
- recognising the performance obligation (has the service been provided or candidate started);
- determining the transaction price (an agreed price between both parties);
- *allocating the price and performance obligation (based on agreed fees so no judgement involved);*
- recognising the revenue (revenue is recognised when control passes to a customer at the amount to which the Group expects to be entitled)

Key revenue streams in the Group broadly consists of:

- revenue from contractor placements, representing fees received and receivable for the services of contractor staff including the direct costs of their contracts, being recognised when the service has been provided;
- revenue from permanent placements (including fixed term placements), representing fees received and receivable as a percentage of the candidate's remuneration package, being recognised when a candidate starts their new role. If a candidate leaves within an agreed time period, a refund will be issued to the client;
- revenue from retainers, representing fees receivable on an agreed completion basis, being recognised once specific milestones are completed; and
- revenue from statement of works, representing fees that are earnt once a team of people deliver specific projects. Revenue is recognised based on when the service has been provided.

Cost of sales

Cost of sales consists of charges from contractors and other direct costs.

Finance costs

All borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

Goodwill

Goodwill, comprising the difference between the fair value of consideration transferred and the fair value of the identifiable net assets acquired, is capitalised at cost and is subsequently measured at cost less any accumulated impairment losses. It is reviewed annually for impairment, and any impairment is recognised immediately in profit and loss and is not subsequently reversed. Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

Intangible assets

Computer software

Costs incurred on the development and enhancement of computer systems in operation in the Group are only capitalised as intangible assets if the criteria laid out in IAS 38 'Intangible Assets' are met, as detailed below.

An intangible asset arising from development (or from the development phase of an internal project) shall be recognised as such, if and only if, the entity can demonstrate all the following:

a) The technical feasibility of completing the intangible asset so that it will be available for use or sale.
b) Its intention to complete the intangible asset and use or sell it.
c) Its ability to use or sell the intangible asset.
d) How the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
e) The availability of adequate technical, financial, and other resources, to complete the development and to use or sell the intangible asset.
f) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Capitalised software costs, included with Computer Software, are amortised from the date that the system is commissioned over their expected useful life, which is currently estimated at 3 - 5 years.

Brand and Database

Acquired brand and database assets are stated at fair value and are written down over or up to 7 years on a straight-line basis, which represents the useful life of the intangible.

Other intangibles

Other acquired intangible assets are stated at fair value and are written down over or up to 5 years on a straight-line basis, which represents the useful life of the intangible.

Property, plant and equipment

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

Computer and office equipment	33% straight line
Leasehold improvements	Remaining life of lease
Motor vehicles	33% straight line

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

Impairment of non-financial assets

At each year end, the Group reviews the carrying amounts of its intangible assets other than goodwill, to determine whether there is any evidence that those assets have suffered an impairment loss. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. For assets other than goodwill, where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit to the statement of comprehensive income, net of any depreciation or amortisation that would have been charged since the impairment.

Taxation

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

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, except those arising from the initial recognition of goodwill. Deferred income tax assets are recognised to the extent that it is forecastable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is measured at the tax rates that are expected to apply in the periods in which temporary differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the reporting date. Deferred income tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred income tax is also dealt with in other comprehensive income. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Leased assets and obligations

For any new contracts entered into, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Group's incremental borrowing rate. The weighted average lessee's incremental borrowing rate applied to the lease liabilities is 2.3%. The lease liabilities are not included within the Group's net cash/(debt) calculations. Lease payments included in the measurement of the lease liability are made up of fixed payments expected to be payable under the terms of the lease. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest.

Measurement of sublease income

The Group's London office is sub-let to two other tenants. Income received from these tenancies was recognised as other income within the Group's statement of comprehensive income.

Share-based payments

During prior years, the Group offered share options to employees within its subsidiaries. In the subsidiaries' financial statements, the award is treated as an equity-settled share-based payment, as the subsidiaries do not have an obligation to settle the award in shares.

The fair value of the employee services received in exchange for the grant of the share options is charged to the Group profit or loss over the vesting period of the share option, based on the number of options which are expected to become exercisable. In the Group accounts, a corresponding adjustment is made to the share option reserve. Fair value is measured by use of a Black Scholes or Binomial model – dependent on the terms of the options certificates issued. At each year end, the Group revises its estimates of the number of options that are expected to become exercisable and recognises the impact of any revision of original estimates in profit or loss with a corresponding adjustment to equity.

The above 2015 EMI and Unapproved schemes were based on non-market, service related conditions, while the shares issued under the Long-term Incentive Program and the EMI 2007 issue were based on performance and market related conditions.

In 2017, 2018 and 2019 the Group offered share options to employees in its parent entity. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense in profit or loss with a corresponding adjustment to equity. Fair value is measured by use of a Monte Carlo model – dependent on the terms of the options certificates issued. At each year end, the Group revises its estimates of the number of options that are expected to become exercisable and recognises the impact of any revision of original estimates in profit or loss with a corresponding adjustment to equity.

When the options are exercised, the proceeds received are credited to share capital and share premium, where appropriate, with a corresponding debit to cash. Where the conditions attached to share options are modified but without any change to the value of the award to the employee then the Group recognises the amount that would have been recognised for the award if it had remained in place on its original terms. Where the modification increases the value of the award to the employee then the increase is spread over the period from the date of the modification until the vesting date of the modified award.

Employee Benefit Trust

The Evolvient Capital Limited Employee Benefit Trust (EBT) is funded by contributions from the Company. Under the terms of the EBT, shares are held in trust for the benefit of employees.

Administration costs and the assets and liabilities of the EBT are consolidated into the Evolvient Capital Limited's financial statements. Shares in the EBT are held at acquisition cost and deducted from shareholders' equity. Any assets held by the EBT cease to be recognised on the Group statement of financial position when the assets vest unconditionally to identified beneficiaries. The proceeds from the sale of own shares held increase equity. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the Group statement of comprehensive income.

The trustees have waived their rights to dividends on the shares held by the EBT.

Pensions

The Group matches local practices but have no defined benefit schemes in place. The pension costs charged in the statement of comprehensive income represent the contributions payable by the Group during the year and there are no additional liabilities.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

The Group's financial assets comprise cash and various other receivable balances that arise from its operations.

The Group holds trade and other receivables with the objective to collect the contractual cashflows and therefore measures them initially at fair value and then subsequently at amortised cost using the effective interest method. The Group elected to use the simplified approach to measure the loss allowance at an amount equal to lifetime expected credit losses. The Group is required to consider forward looking information and the probability of default when calculating expected credit losses. The measurement of expected credit losses reflects an unbiased and probability weighted amount that is determined by evaluating the range of possible outcomes as well as incorporating the time value of money. The Group considers reasonable and supportable customer-specific and market information about past events, current conditions (including significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation and default or delinquency in payments) and forecasts of future economic conditions when measuring expected credit losses.

Cash and cash equivalents includes cash in hand and bank deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the assets expire; or it transfers the financial asset and substantially all of the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the asset, the Group recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity

Financial liabilities and equity instruments are initially measured at fair value and are classified according to the substance of the contractual arrangements entered into. Financial liabilities (other than the redemption liability) are subsequently measured at amortised cost.

The Group's financial liabilities comprise trade payables, borrowings, bank overdrafts, an invoice discounting facility, a redemption liability, and other payable balances that arise from its operations. Other than the redemption liability, they are classified as 'financial liabilities measured at amortised cost'. Finance charges are accounted for on an accrual basis in profit or loss using the effective interest rate method and are added to the balance outstanding to the extent they are not settled in the period in which they arise. The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or they expire.

Dividends

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

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the year end and are discounted to present value where the effect is material. Where the Group has entered into contracts in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it then a provision has been recognised based on the Directors' best estimate of future unavoidable costs.

Net cash

Net cash comprises cash and cash equivalents as defined in note 11, less long and short-term borrowings.

Invoice discounting

When trade receivables are discounted the gross amount receivable from customers is included as a current asset within trade receivables with the advances received from the financier included as borrowings within current liabilities.

Equity and reserves

A detailed description of all components of equity is given in note 18.

Exceptional items

Material and non-recurring items of income and expense are disclosed in the consolidated statement of total comprehensive income as 'exceptional items' due to their non repeatable (one-off) nature. Examples of items which may give rise to disclosure as exceptional items include disposal of assets, costs of restructuring and reorganisation and asset impairment or revaluation, as shown in note 2.

Redemption liability

Where the Group has a contract that contains an obligation for it to deliver cash in exchange for its own equity shares, it recognises a financial liability for the present value of the redemption amount. If a forward purchase is entered into over a non-controlling interest, the ownership risks and rewards of the relevant shares are analysed to determine whether the equity is attributable to the non-controlling interest or to the parent. Where the significant risks and rewards of ownership remain with the non-controlling interest, the non-controlling interest continues to be recognised and is allocated its share of profits and losses and a financial liability is recognised in respect of the forward purchase. Where the significant risks and rewards of ownership reside with the controlling interest, the financial liability recognised is offset against the non-controlling interest.

Any subsequent changes in the fair value of the redemption liability are recognised in equity. This approach is supported by the fact that, on initial recognition of the redemption liability, the risks and rewards were not transferred to the parent and the non-controlling interests are still being recognised with profit and loss being allocated between controlling and non-controlling interests and also by the fact that IFRS 10 requires adjustments related to changes in the parent's ownership interest that do not result in the parent losing control over a subsidiary being treated as ownership transactions.

Government Grants

Government grants are in relation to the amounts received from local Governments to protect staff income during the global pandemic. The Coronavirus Job Retention Scheme (UK) was utilised in the current year. These amounts have been included separately in consolidated statement of comprehensive income and are recognised in the same periods as the related salary costs.

Subsidiary companies audit exemption

The Company's active subsidiaries Hydrogen Professionals Limited, Hydrogen International 2 Limited and Hydrogen & Argyll Scott Holdings Limited are exempt from the requirements of the Companies Act 2006 relating to the audit of their individual accounts by virtue of section 479A of the Companies Act 2006.

The parent company has therefore guaranteed all existing liabilities of the above entities, totalling £2.6m at 31 December 2021, and this guarantee will remain in force until those liabilities are settled.

Significant management judgement in applying accounting policies

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities, further details are given in the various notes related to the judgement areas listed below. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

Judgements

The significant judgements made by management in applying the Group's accounting policies were:

Expected credit losses – Note 10

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade and other receivables. To measure expected credit losses on a collective basis, trade and other receivables are grouped based on similar credit risk and aging. The expected loss rates are based on the Group's historical credit losses experienced over the three year period prior to the year end. The historical loss rates are then adjusted for current and forward-looking information on factors affecting the Group's customers.

Deferred tax – Note 9

The Group assesses the impact on all uncertain tax treatments separately before making any adjustments in the relevant Group tax computation. All judgements are based on whether it will be probable that the entities tax authority will accept the adjustment before recognising any unused tax losses or credits. All tax rates used are consistent with the local jurisdictions.

Significant management judgement in applying accounting policies (continued)

Provisions – Note 14

Provisions are held for obligations relating to dilapidations. Significant management judgement has been involved in assessing the likely outcome of various events and future cash flows, and the provisions recognised represent management's best assessment of the current value of the obligations.

Goodwill impairment – Note 5

The Group determines whether goodwill is impaired on an annual basis or otherwise when changes in events or situations indicate that the carrying value may not be recoverable. The Group's determination of whether goodwill is impaired requires an assessment of the value in use of the cash generating units to which goodwill is allocated. This requires key assumptions and judgement to be applied in the selection of a suitable discount rate in order to calculate the present value of cash flows additionally the revenue growth rate which is based on internal forecasts, supported by external industry predictions in the industry. The Group has sensitised both the discount and growth rates by 2.5%, to assess the impact on the valuation of goodwill.

Estimates

The key sources of estimation were:

Share based payments – Note 15

The equity settled share-based payments charge is partly derived from estimates of factors such as lapse rates and where applicable, the achievement of performance criteria. The charge is further calculated from assumptions such expected dividend yields and risk- free interest rates.

Redemption Liability – Note 27

The future repurchases of shares within Hydrogen & Argyll Scott Holdings Limited and Project Partners Limited requires management to estimate the future profits in the relevant entities and discount these back to present value. These forecasts are based on management's best estimates of internal profit conversion, inflationary increases in costs and, where relevant, the chances of any employment conditions being satisfied. Recognition of the forward purchase over a non-controlling interest is based on consideration of the ownership risks and rewards of the shares relating to the forward purchase to determine whether the equity is attributable to the non-controlling interest or the parent.

Contract Assets – Note 10

In making an accrual for time worked by contractors in December, management accrue for actual timesheets received in January relating to prior month and estimate a top up for any additional time expected based on internal records and management's best estimate.

1 Revenue

(a) Revenue and gross profit by geography:

	2021 £'000	2020 £'000
EMEA	**62,325**	57,476
USA	**10,188**	9,689
APAC	**14,818**	15,132
	87,331	82,297

(b) Revenue and gross profit by classification:

	2021 £'000	2020 £'000
Recruitment - Permanent	**16,906**	11,790
Recruitment - Contract	**64,800**	67,690
Consulting	**5,625**	2,817
	87,331	82,297

The information reviewed by the Chief Operating Decision Maker, or otherwise regularly provided to the Chief Operating Decision Maker, does not include information on total assets and liabilities. The cost to develop this information would be excessive in comparison to the value that would be derive.

2 Exceptional/Non-trade items

	2021 £'000	2020 £'000
Restructuring costs	-	(820)
Net impairment of ROU Assets	-	(245)
Onerous contracts	-	(580)
Revaluation of loan receivable	**542**	-
Professional fees	**(108)**	(805)
Total	**434**	(2,450)

Restructuring costs relate primarily to the cost of restructuring the Group's UK and Australia back and front-office operations. Impairment of ROU assets relate to change in value in use of current leaseholds. Onerous contracts relate to pre agreed deals that are no longer viable for the Group. The loan receivable relates to the reversal of the previously impaired loans. Professional fees relate to non-trading advisory and other costs incurred principally from the de-listing from AIM. All exceptional items are *included within administrative expenses in the Consolidated Statement of Comprehensive Income.*

3 Profit before taxation

Profit before taxation for the year has been arrived at after charging/(crediting):

	2021 £'000	2020 £'000
Amortisation of intangible assets (note 7)	**283**	210
Depreciation of property, plant and equipment (owned assets – note 8)	**270**	330
Depreciation of right of use assets (note 25)	**720**	946
(Profit)/loss in associate (note 6)	**(399)**	86
Staff costs (note 19)	**20,654**	14,602
Net impairment of ROU assets	-	245
The analysis of auditor's remuneration is as follows:		
Fees payable to the Company's auditor:		
- for the audit of the Company and Group annual accounts	**25**	25
- for the audit of the Company's subsidiaries pursuant to legislation	**70**	65
Total audit fees	**95**	90

4 Tax

(a) Analysis of tax charge for the year:

The charge based on the profit for the year comprises:	2021 £'000	2020 £'000
Corporation tax:		
UK corporation tax on profits for the year	**10**	5
Adjustment to tax charge in respect of previous periods	**-**	-
	10	5
Foreign tax		
Current tax	**-**	-
Total current tax	**10**	5
Deferred tax:		
Origination and reversal of temporary differences	**(924)**	(32)
Adjustment to tax charge in respect of previous periods	**(10)**	(22)
Effect of tax rate change	**(58)**	-
Total deferred tax	**(992)**	(54)
Tax credit on profit for the year	**(982)**	(49)

UK corporation tax is calculated at 19.00% (2020: 19.00%) of the estimated assessable profits for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

(b) The charge for the year can be reconciled to the profit per the Consolidated Statement of Comprehensive Income as follows:

Profit/(loss) before tax	**2,379**	(1,886)
Tax at the UK corporation tax rate of 19.00% (2020: 19.00%)	**452**	(358)
Effects of:		
Fixed asset differences	**1**	17
Expenses not deductible for tax purposes	**26**	230
Income not taxable	**(173)**	(28)
Short term timing differences	**(60)**	(14)
Utilisation of tax losses and other deductions	**(204)**	(63)
Effect of difference in tax rates	**(64)**	23
Foreign tax suffered	**5**	-
Remeasurement of deferred tax for changes in tax rates	**(62)**	-
Tax losses carried forward not recognised for deferred tax	**(905)**	193
Adjustment to tax charge in respect of prior periods	**2**	(49)
Tax credit for the year	**(982)**	(49)

Short term timing differences relate to the differences between taxable profits and total comprehensive income as stated in the financial statements throughout the Group.

In total, at the reporting date, the Group had unutilised tax losses of £7.3m (2020: £7.6m) available for offset against future profits, for which a deferred tax asset of £1.1m has been recognised. Further tax assets have not been recognised due to the effect of the change in the corporation tax rate from 19% to 25% and the uncertainty over the timing of future profits being recognised where the losses have arisen. There has been no deferred tax charge relating to share options charged directly to equity (2020: nil). The Group is unaware of any uncertain or irregular tax judgements or treatments that would have a material impact on the tax charge for the current or prior year.

5 Goodwill

	2021 £'000	2020 £'000
Cost		
At 1 January	**21,285**	21,285
Additions	-	-
At 31 December	**21,285**	21,285
Accumulated impairment losses		
At 1 January	(9,087)	(9,087)
At 31 December	(9,087)	(9,087)
Carrying amount at 31 December	12,198	12,198
Allocation of goodwill to cash generating units (CGU):		
EMEA (including USA) Professional Support Services	-	10,141
Argyll Scott Group	-	2,057
Hydrogen & Argyll Scott Holdings Limited	12,198	-

Following a Group reorganisation during the year, all Goodwill has been reallocated to the Hydrogen & Argyll Scott Holdings Limited CGU.

Goodwill arising on business combinations is tested annually for impairment or more frequently if there are indications that the value of goodwill may have been impaired. Goodwill has been tested for impairment by comparing the carrying value with the recoverable amount.

The recoverable amount is determined on a value-in-use basis utilising the value of cash flow projections over five years with a terminal value added. Multiple scenarios were tested, firstly using the 2021 actuals which incorporate the impact of COVID (of which key assumptions are detailed below) and secondly using detailed budgets prepared as part of the Group's performance and control procedures. Subsequent years are based on further extrapolations using the key assumptions listed below. Cash flows are discounted by the cash generating unit's weighted average cost of capital. Management determines that there has been no impairment in the carrying value of goodwill in 2021 (2020: £nil).

The key assumptions for revenue growth rates and discount rates used in the impairment review are stated below:

	Growth rates		
Net fee income growth rate on actuals	**2022 %**	**2023-2026 %**	**Discount rate %**
Hydrogen & Argyll Scott Holdings Limited	2.5%	2.5%	14.8%

For the purposes of the goodwill impairment review, the Board consider it prudent to assume a 2.5% revenue growth on 2021 pre-tax actuals for 2022 through to 2026. The revenue growth rates for 2022-2026 are the Group's own internal forecasts, supported by external industry reports. The discount rate used is an estimate of the Group's weighted average cost of capital, based on the risk adjusted average weighted cost of its debt and equity financing. The Group has sensitised both the discount rate and growth rate by 2.5% with no material impact noted.

6 Investment in associate

The following table provides summarised information of the Group's investment in the associated undertaking:

	2021 £'000	2020 £'000
1 January	**100**	186
Share of associate's profit/(loss)	**399**	(86)
31 December	**499**	100

Principle associate	Investment held by	Principal activity	Country of incorporation	Equity interest
Tempting Ventures Limited	Evolvient Capital Limited	Advisory services	UK	49.9%

Tempting Ventures Limited aggregated results

	2021	2020
Net Assets/(Liabilities):	**£0.4m**	(£0.2m)
Gross Profit:	**£8.9m**	£5.5m
Net Profit	**£0.7m**	£0.1m

7 Intangible assets

	Computer software £'000	Other intangibles £'000	Database £'000	Brand £'000	Total £'000
Cost					
At 1 January 2020	620	-	500	125	1,245
Additions	143	250	-	-	393
Disposals	(9)	-	-	-	(9)
At 31 December 2020	754	250	500	125	1,629
Additions	**156**	-	-	-	**156**
Disposals	**(6)**	-	-	-	**(6)**
At 31 December 2021	**904**	**250**	**500**	**125**	**1,779**
Amortisation and impairment					
At 1 January 2020	(278)	-	(182)	(46)	(506)
Charge for the year	(122)	-	(70)	(18)	(210)
Disposals	9	-	-	-	9
At 31 December 2020	(391)	-	(252)	(64)	(707)
Charge for the year	**(145)**	**(50)**	**(70)**	**(18)**	**(283)**
Disposals	**4**	-	-	-	**4**
Exchange differences	**(5)**	-	-	-	**(5)**
At 31 December 2021	**(537)**	**(50)**	**(322)**	**(82)**	**(991)**
Net book value at 31 December 2021	**367**	**200**	**178**	**43**	**788**
Net book value at 31 December 2020	363	250	248	61	922

Amortisation of intangible assets is charged to administration expenses in the Consolidated Statement of Comprehensive Income.

Details on additions to other intangible assets can be seen in note 24.

8 Property, plant and equipment

	Computer and office equipment £'000	Motor vehicles £'000	Leasehold improvements £'000	Total £'000
Cost				
At 1 January 2020	379	-	1,687	2,066
Additions	72	-	15	87
Disposals	-	-	(26)	(26)
At 31 December 2020	451	-	1,676	2,127
Additions	**44**	**332**	**-**	**376**
Disposals	**(3)**	**-**	**-**	**(3)**
At 31 December 2021	**492**	**332**	**1,676**	**2,500**
Accumulated depreciation and impairment				
At 1 January 2020	(119)	-	(1,090)	(1,209)
Charge for the year	(150)	-	(180)	(330)
Disposals	-	-	24	24
Impairment	-	-	(209)	(209)
Exchange differences	5	-	(14)	(9)
At 31 December 2020	(264)	-	(1,469)	(1,733)
Charge for the year	**(113)**	**(65)**	**(92)**	**(270)**
Disposals	**3**	**-**	**-**	**5**
Exchange differences	**(8)**	**-**	**14**	**6**
At 31 December 2021	**(382)**	**(65)**	**(1,547)**	**(1,994)**
Net book value at 31 December 2021	**110**	**267**	**129**	**506**
Net book value at 31 December 2020	**187**	**-**	**207**	**394**

9 Deferred tax

Deferred tax asset	Unutilised tax losses £'000	Accelerated capital allowances £'000	Short term timing differences £'000	Total £'000
At 1 January 2021	150	19	146	315
Credited/(charged) to profit or loss	900	(19)	159	1,040
At 31 December 2021	**1,050**	**-**	**305**	**1,355**

Deferred tax (liability)	Accelerated capital allowances £'000	Intangible Assets £'000	Total £'000
At 1 January 2021	-	(61)	(61)
Credited to profit or loss	(60)	12	(48)
At 31 December 2021	**(60)**	**(49)**	**(109)**

In total, at the reporting date, the Group had unutilised tax losses of £6.1m (2020: £7.6m) available for offset against future profits, for which a deferred tax asset of £1.1m has been recognised.

10 Trade and other receivables

Trade and other receivables are as follows:	**2021 £'000**	2020 £'000
Trade receivables	**13,885**	8,625
Expected credit losses and specific bad debts	**(207)**	(350)
Contract assets	**2,408**	2,667
Prepayments	**616**	371
Other taxes and social security costs	**171**	158
Other receivables:		
- due within 12 months	**1,564**	272
- due after more than 12 months	**194**	294
Total	**18,631**	12,037
Current	**18,437**	11,743
Non- current	**194**	294
Total	**18,631**	12,037

As at 31 December 2021, the average credit period taken by clients was 41 days (2020: 38 days) from the date of invoicing, and the receivables are predominantly non-interest bearing. Provisions for expected credit losses of £161,000 (2020: £200,000) and specific bad debt provisions of £46,000 (2020: £150,000) have been made for estimated irrecoverable amounts. Due to the short-term nature of trade and other receivables, the Directors consider that the carrying value approximates to their fair value.

10 Trade and other receivables (continued)

Contract assets principally comprises accruals for amounts to be billed for contract staff for time worked in December. Other receivables due after more than 12 months are predominantly rental deposits on leasehold properties.

The Group does not recognise expected credit losses against receivables solely on the basis of the age of the debt, as experience has demonstrated that this is not a reliable indicator of recoverability. The Group provides fully against all receivables where it has positive evidence that the amount is not recoverable.

The Group uses an external credit scoring system to assess the creditworthiness of new customers. The Group supplies mainly major companies and major professional partnerships.

Included in the Group's trade receivable balances are receivables with a carrying amount of £0.6m (2020: £1.4m) which are past due date at the reporting date for which the Group has not provided as the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Movement in expected credit losses and specific bad debts:	**2021 £'000**	2020 £'000
1 January	**(200)**	(123)
Risk adjusted credit losses	**-**	(77)
Impairment losses reversed	**39**	-
Expected credit losses	**(161)**	(200)
Specific bad debts	**(46)**	(150)
Total	**(207)**	(350)

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The Directors believe that there is no further credit provision required.

There are no individually impaired trade receivables that have been placed in administration or liquidation included in calculation of expected credit losses (2020: nil).

Ageing of expected credit losses:	**Gross carrying amount**	**Expected loss rate**	**Total**	Gross carrying amount	Expected loss rate	Total
	2021 £'000	**2021 %**	**2021 £'000**	2020 £'000	2020 %	2020 £'000
0-30 days	**10,449**	**0.9**	**88**	7,191	2.1	148
31-60 days	**2,846**	**1.9**	**52**	1,013	3.0	31
61-90 days	**280**	**2.9**	**8**	249	4.9	12
90+ days	**310**	**4.2**	**13**	172	5.2	9
31 December	**13,885**		**161**	8,625		200

As at 31 December 2021 trade receivables of £0.05m (2020: £0.15m) had lifetime credit losses of the full value of receivables.

As at 31 December 2021 trade receivables to a value of £4.6m were subject to an invoice financing facility (2020: £4.4m).

11 Cash and cash equivalents

Cash and cash equivalents are as follows:	**2021 £'000**	2020 £'000
Short-term bank deposits	**1,815**	4,693
	1,815	4,693

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less, less bank overdrafts repayable on demand. The carrying amount of these assets approximates their fair value.

12 Trade and other payables

Trade and other payables are as follows:

	2021 £'000	2020 £'000
Trade payables	**426**	787
Other taxes and social security costs	**1,728**	2,081
Other payables	**1,178**	874
Accruals	**8,462**	6,874
	11,794	10,616

Accruals principally comprise accruals for amounts owed to contract staff for time worked in December, in addition to a bonus and commission accrual.

The average credit period taken on trade purchases, excluding contract staff costs, by the Group is 26 days (2020: 14 days), based on the average daily amount invoiced by suppliers. Interest charged by suppliers is at various rates on payables not settled within terms. The Group has procedures to ensure that payables are paid to terms wherever possible. Due to the short-term nature of trade and other payables, the Directors consider that the carrying value approximates to their fair value.

13 Borrowings

	2021 £'000	2020 £'000
Receivables funding	**4,938**	-

As at 31 December 2021, the Group had three (2020: three) receivables funding facilities in operation, located in the UK, USA and APAC.

The combined facilities have a maximum drawdown of £14.2m with an outstanding year-end balance of £4.9m (2020: £nil).

14 Provisions

	Leasehold dilapidations £'000	Total £'000
At 1 January 2020	326	326
Additions	13	13
Utilised	-	-
At 31 December 2020	**339**	**339**
Additions	**121**	**121**
Utilised	**-**	**-**
At 31 December 2021	**460**	**460**
Current	**-**	**-**
Non-current	**460**	**460**

The dilapidations provisions relate to the Group's current leased offices in UK, Hong Kong and Thailand. This provision will unwind over the course of the lease agreements which range from 2-10 years.

15 Share-based payments

The Group have various Share Schemes in place – the 2015 and 2016 EMI and Unapproved Schemes, the EMI Leadership Scheme, and the Minority Interest Scheme, detailed separately below. All share-based payment arrangements are either cash or equity-settled.

EMI & Unapproved Schemes: *During 2021, no shares were exercised (2020: 150,000 shares). No shares were forfeited during* the year (2020: 25,000 shares).

Leadership Scheme: During the year, no additional shares were granted (2020: no shares). 591,000 forfeited in the year based on employees waiving their rights to the options. No share options were exercised during the year. 955,000 shares remain as at 31 December 2021.

EMI, Unapproved and CSOP Share Option Schemes

The fair values of the options granted have been calculated using the Black Scholes and the Monte Carlo option pricing model. The Monte Carlo model is used to value share options that include market-based vesting conditions, while the Black Scholes model is used to value all other options. Expected volatility reflects the assumption that historical volatility is indicative of future trends, which may not necessarily be the actual outcome. The risk free rate is the rate of interest obtainable from Government securities over the expected life of the equity incentive. Relevant details and the inputs into the models were as detailed below:

15 Share-based payments (continued)

Type of arrangement	Enterprise Management Incentive Scheme			Unapproved Share Option Scheme	Leadership Scheme
Date of grant	02-Jun-15	03-Dec-15	01-Jun-16	02-Jun-15	01-Jun-17 – 01-Jul-18 – 27-Nov-19
Number granted	1,455,000	455,000	125,000	630,000	3,000,000
Vesting conditions	Two years' service	Two years' service	Two years' service	Two years' service	Active employment EPS growth of at least 30%
Estimated Fair value	£0.52	£0.29	£0.29	£0.52	£0.07
Fair value calculated by applying the Black Scholes or Monte Carlo option pricing model:					
Share price at grant date	£0.53	£0.30	£0.30	£0.53	£0.35 - £0.36
Exercise price	£0.01	£0.01	£0.01	£0.01	£0.34 - £0.36
Expected volatility	62%	62%	62%	62%	18% - 27%
Expected dividends	-	-	-	-	0 – 1%
Contractual life	10 years	10 years	10 years	10 years	10 years
Risk Free Rate	2%	2%	2%	2%	1.35%

The outstanding shares and those exercisable at year end are disclosed below:

	2021		2020	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Outstanding at beginning of period	**1,546,000**	**34p**	2,047,500	27p
Granted during the period	-	-	-	-
Forfeited during the period	**(591,000)**	**35p**	(351,500)	32p
Exercised during the period	-	-	(150,000)	1p
Outstanding at end of year	**955,000**		1,546,000	
Exercisable during 2022	**955,000**	**1p**	900,000	1p
Exercisable after 2022	-	-	646,000	34p

15 Share-based payments (continued)

The weighted average remaining useful life at the end of the year was as follows:

	31 December 2021				31 December 2020			
	Range of exercise price (p)	**Number of options**	**Weighted average exercise price (p)**	**Weighted average remaining life**	Range of exercise price (p)	Number of options	Weighted average exercise price (p)	Weighted average remaining life
2015 issue	**1p**	**25,000**	**1p**	**3.5 years**	1p	25,000	1p	4.5 years
2017 issue	**34p**	**717,500**	**34p**	**5.5 years**	34p	875,000	34p	6.5 years
2018 issue	**35p**	**212,500**	**35p**	**6.5 years**	35p	412,250	35p	7.5 years
2019 issue	**36p**	**-**	**36p**	**7.5 years**	36p	233,750	36p	8.5 years
		955,000				1,546,000		

16 Share capital

The share capital at 31 December 2021 was as follows:

	2021		2020	
Ordinary shares of 1p each	**Number of shares**	**£'000**	Number of shares	£'000
Issued and fully paid:				
At 1 January	**27,665,942**	**277**	34,334,127	343
Cancellation of shares	**(9,891,415)**	**(99)**	-	-
31 December	**17,774,527**	**178**	27,665,942	276
Issued and part-paid:				
At 1 January	**-**	**-**	-	-
Issuance of new shares	**2,917,000**	**29**	-	-
31 December	**2,917,000**	**29**	-	-
Total as at 31 December	**20,691,527**	**207**	27,665,942	276

At 31 December 2021, 386,036 (2020: 616,301) shares were held in the EBT.

During the year, 2,917,000 shares were issued and part paid, with an amount equivalent to £0.20 per share remaining outstanding.

At 31 December 2021, the Company had 20,691,527 (2020: 27,665,942) shares and 1,039,026 (2020: 762,131) shares were held in Treasury. From 1 January 2022 up until the date of signing, the company has bought back a further 338,027 shares for £0.2m into Treasury.

16 Share capital (continued)

Capital structure

The Company has one class of ordinary shares which carry no right to fixed income, and which represent 100% of the total issued nominal value of all share capital. Each share carries the right to one vote at general meetings of the Company. No person has any special rights of control over the Company's share capital and all its issued shares are fully paid.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Group is controlled by six individuals, including its two executive directors, who at the year end together held 88.1% of its total voting rights and have entered into an agreement to act in concert in all shareholder related matters.

Details of employee share schemes are set out in note 15. No votes are cast in respect of shares held in the Hydrogen Employee Share Trust.

Pursuant to shareholder resolutions at the AGM of the Company held on 29 June 2021, the Company has the following authorities during the period up to the next AGM:

- to issue new/additional ordinary shares to existing shareholders through a rights issue up to a maximum nominal amount of £27,666 representing 10% of the then current issued share capital of the Company;
- to issue new/additional ordinary shares to new shareholders up to a maximum nominal amount of £27,666, representing 10% of the then current issued share capital of the Company;
- To authorise the Company to make off market purchases of ordinary shares of 1p each in the capital of the Company provided that the maximum number of ordinary shares purchased is 2,662,692.

17 Own shares held

At 31 December 2021, the total number of ordinary shares held in the EBT and their values were as follows:

Shares held for share option schemes	**2021**	2020
As at 1 January	**616,301**	766,301
Transferred out	**(230,265)**	(150,000)
As at 31 December	**386,036**	616,301
	£'000	£'000
Nominal value	**4**	6
Carrying value	**446**	712

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

Shares held in Treasury	**2021**	2020
As at 1 January	**762,131**	545,521
New shares purchased	**10,171,005**	216,610
Cancellation of shares held	**(9,894,110)**	-
As at 31 December	**1,039,026**	762,131
	£'000	£'000
Nominal value	**8**	8
Carrying value	**482**	376

17 Own shares held (continued)

Reconciliation of own shares held

	2021 £'000	2020 £'000
As at 1 January	**1,088**	1,171
Additions	**4,755**	88
Cancellations	**(4,650)**	-
Transfers out	**(265)**	(171)
As at 31 December	**928**	1,088

18 Equity

Share capital

The balance of share capital represents the aggregate nominal value of all ordinary shares in issue.

Share premium

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

Merger reserve

The balance on the merger reserve represents the fair value of the consideration given in excess of the nominal value of the ordinary shares issued on the acquisition of Hydrogen International Limited, Professionals Group Limited and Argyll Scott Holdings.

Own shares held

The Group's holdings in its own equity instruments are shown as deductions from shareholder's equity at cost. The balance on the own shares reserve represents both the cost of shares in Evolvient Capital Limited purchased by the Employee Benefit Trust to meet the Group's future requirements under its share option schemes and treasury shares repurchased by the Company.

Share option reserve

This reserve represents the cumulative amounts charged to profit or loss in respect of employee share-based payment arrangements for employees, and includes amounts previously disclosed in 'other reserve'.

Retained earnings/(Deficit)

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

Non-controlling interest

This balance represents the portion of equity ownership in a subsidiary not attributable to the parent company.

Other reserves

Other reserves comprise of the following:

Translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translations of the financial statements of foreign operations into the presentation currency of the group accounts.

Forward purchase reserve

The forward purchase reserve is in relation to the future redemption payments arising on the share purchase of shareholders of Hydrogen & Argyll Scott Holdings Limited and Project Partners Limited.

Capital redemption reserve

The capital redemption reserve is in relation to the cancellation of shares previously held in treasury during the financial year.

18 Equity (continued)

	Capital redemption reserve £'000	Translation reserve £'000	Forward purchase reserve £'000	Total £'000
At 1 January 2020	-	(522)	(236)	(758)
Movement in redemption liability	-	-	236	236
Transactions with owners	-	-	236	236
Other comprehensive income:				
Exchange differences on intercompany loans	-	(36)	-	(36)
Foreign currency translation charge	-	(103)	-	(103)
Total comprehensive income/(expense) for the year	-	(139)	-	(139)
At 31 December 2020	**-**	**(661)**	**-**	**(661)**
Share cancellation	**(99)**	**-**	**-**	**(99)**
Movement in redemption liability – note 27	**-**	**-**	**(2,421)**	**(2,421)**
Transactions with owners	**(99)**	**-**	**(2,421)**	**(2,322)**
Other comprehensive income	**-**	**(57)**	**-**	**(57)**
Foreign currency translation change	**-**	**112**	**-**	**112**
Total comprehensive income/(loss) for the year	**-**	**55**	**-**	**55**
At 31 December 2021	**99**	**(606)**	**(2,421)**	**(2,928)**

19 Employees

The average number of employees (including Directors) during the year and the total number of employees at 31 December 2021 was as follows:

	Average no. 2021	Average no. 2020	**31 December 2021**	31 December 2020
Client services	**183**	184	**198**	182
Administration	**70**	74	**71**	67
Management	**3**	4	**3**	3
	256	262	**272**	252

Staff costs (including Directors' costs) are as follows and have been included in Administration expenses in the Consolidated Statement of Comprehensive Income.

	2021 £'000	2020 £'000
Wages and salaries	**19,014**	13,178
Social security costs	**421**	918
Other pension costs	**1,219**	386
Share-based payments (see note 15)	**-**	120
	20,654	14,602

Directors' emoluments

	2021 £'000	2020 £'000
Emoluments for qualifying services	**1,566**	846
Pension contributions	**20**	20
	1,586	866

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2020: 2).

Emoluments disclosed above include the following amounts paid to the highest paid Director:

	2021 £'000	2020 £'000
Emoluments for qualifying services	**862**	377
Pension contributions	**10**	10
	872	387

Remuneration of key management

	2021 £'000	2020 £'000
Short term employee benefits (including social security costs)	**2,657**	1,431
Share-based payments	**-**	87
	2,657	1,518

20 Notes to the cash flow statement

a. Reconciliation of profit before tax to net cash inflow from operating activities

	2021 £'000	2020 £'000
Profit/(loss) before taxation	**2,382**	(1,886)
(Profit)/loss from associate	**(399)**	86
Less Government stimulus	**(256)**	(1,351)
(Deduct)/add back exceptional (income)/expenses	**(434)**	2,450
Adjusted profit/(loss)	**1,293**	(701)
Adjusted for:		
Depreciation and amortisation	**1,273**	1,486
Increase in non-exceptional provisions	**121**	13
Interest paid on lease liabilities	**40**	(58)
FX unrealised losses	**17**	3
Share-based payments	**-**	120
FX realised losses	**73**	15
Operating cash flows before movements in working capital	**2,817**	878
(Increase)/decrease in receivables	**(6,052)**	5,328
Increase/(decrease) in payables	**1,178**	(513)
Net cash (outflow)/inflow from operating activities before exceptional items	**(2,057)**	5,693
Cash outflows arising from exceptional costs	**(108)**	(973)
Net cash (outflow)/inflow from operating activities	**(2,165)**	4,720

b. Reconciliation of net cash and borrowings:

	2021 £'000	2020 £'000
Cash and cash equivalents at the end of the year	**1,815**	4,693
Borrowings at the start of the year	**-**	(154)
Repayment of borrowings	**-**	154
Additions to borrowings	**(4,938)**	-
Borrowings at the end of the year	**(4,938)**	-
Net cash at the end of the year	**(3,123)**	4,693

20 Notes to the cash flow statement (continued0

c. Reconciliation of financing cashflows

	At 1 January 2020	Financing cash flows	Other non-cash changes	31 December 2020
Borrowings	(154)	154	-	-
Redemption liability	(236)	506	236	-
Lease liabilities	(2,564)	1,196	(612)	(1,980)
	(2,954)	1,856	(376)	(1,980)

	At 1 January 2021	**Financing cash flows**	**Other non-cash changes**	**31 December 2021**
Borrowings	-	**(4,893)**	**-**	**(4,893)**
Redemption liability	-	**-**	**(2,421)**	**(2,421)**
Lease liabilities	(1,980)	**1,065**	**(529)**	**(1,444)**
	(1,980)	**3,828**	**(2,950)**	**(8,758)**

21 Operating lease receivables

Operating lease commitments where the Group is lessor

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

	2021 £'000	2020 £'000
Within one year	**438**	438
Between one and five years	**183**	621
	621	1,059

The operating lease receivables represent rentals receivable by the Group for the two floors subleased in its office property based in London.

22 Financial risk management

Capital risk management

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as set out in note 18.

The Group monitors capital on the basis of the gearing ratio.

There have been no significant changes in capital structure implemented in the year ended 31 December 2021.

The gearing ratio at the year-end is as follows	**2021 £'000**	2020 £'000
Debt (note 13)	**(4,938)**	-
Cash and cash equivalents (note 11)	**1,815**	4,693
Net cash	**(3,123)**	4,693
Equity	**16,080**	19,203
Net cash to equity ratio	**(19.4%)**	24.4%

22 Financial risk management (continued)

Debt is defined as long and short-term borrowings.

Equity includes all capital and reserves of the Group attributable to equity holders of the parent.

Externally imposed capital requirements

The Group is not subject to externally imposed capital requirements.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in the accounting policies section of the financial statements.

Categories of financial instruments

The Group's financial instruments are summarised below. The purpose of these instruments is to finance the Group's operations, from which they arise. They are predominately short term in nature, and hence their carrying value approximates to their fair value.

	2021 £'000	2020 £'000
Financial assets		
Amortised cost of financial assets		
Trade receivables net of impairment provision	**13,678**	8,275
Other receivables	**1,758**	566
Contract assets	**2,408**	2,667
Cash and cash equivalents	**1,815**	4,693
	19,659	16,201
Financial liabilities at fair value		
Redemption liability	**2,421**	-
Financial liabilities at amortised cost		
Trade and other payables	**1,604**	1,661
Accruals	**8,462**	6,874
Lease liabilities	**1,444**	1,980
Borrowings	**4,938**	-
	16,448	10,515

Financial instruments measured at fair value

The fair value hierarchy of financial instruments measured at fair value is provided below:

	Level 3	
	2021 £'000	2020 £'000
Financial liabilities		
Redemption liability	**2,421**	-
	-	-

There were no transfers between levels during the period.

The main risks arising from the Group's financial instruments are foreign currency risk, interest rate risk, credit risk and liquidity risk.

22 Financial risk management (continued)

Foreign currency risks

The Group publishes its consolidated financial statements in Sterling and approximately 60% of its revenues are in Sterling. For the contract business, the Group endeavours to pay and bill in the same currency to provide a natural hedge. Where practical, the Group endeavours to transact operational income and expenditure in the same currency to provide a natural hedge.

The functional currencies of the Group's main operating subsidiaries are Sterling, the Australian Dollar, the Hong Kong Dollar, the US Dollar, the Malaysian Ringgit, the Thai Bhat, the Singapore Dollar, the Swiss Franc, the United Arab Emirates Dirham and the Euro. The Group's subsidiaries generally raise invoices and incur expenses in their local currencies with the exception of the Euro where we don't have significant Euro costs.

The Group is exposed to foreign currency translation differences in accounting for its investment in overseas operations. While the settlement of intercompany balances held with foreign operations is neither planned nor likely to occur in the foreseeable future, these loan balances are classified as non-trading loans based on the nature of the activity in the accounts and are treated as part of the net investment. The exchange differences arising from the translation of these loans is recognised in other comprehensive income. While the exchange differences arising from the translation associated with the trading element of the intercompany loan, is recognised in the profit and loss account.

Interest rate risk

The Group's exposure to interest rate risk arises on its drawdown on its global banking facilities. Given the current low level of interest rates, and the high level of variability in the amount and duration of its drawdown, the Group does not actively manage its exposure to interest rate fluctuations.

Credit risk

The Group's principal financial assets are bank balances and cash, and trade and other receivables. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit losses.

The Group does not hold any security as collateral against these financial assets.

The Group's credit risk arises primarily on its trade receivables. The Group transacts with a large number of customers across a variety of industry sectors. On-going credit evaluation and management of exposures is undertaken, utilising external credit ratings. No customer represented more than 5% of the total balance of trade receivables. An expected credit losses model has been calculated to assess the Groups recoverability risk.

Liquidity risk

The Group manages its liquidity risk by maintaining adequate reserves, banking and borrowing facilities, by continuously monitoring forecast and actual cash flows on a regular basis and matching the maturity profiles of financial assets and liabilities to determine whether the Group has sufficient cash and credit facilities to meet future working capital requirements and to take advantage of business opportunities.

The Group has a £14.2m receivables financing facility with HSBC committed to January 2024 and this is considered adequate to meet the Group's funding requirements.

Apart from its bank borrowings disclosed in note 13, the Group has no financial liabilities other than short-term trade payables and accruals disclosed in note 12, all due within one year of the year end.

23 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Total remuneration for members of key management, which includes the Directors, is given in note 19.

As shareholders, the Directors who are shareholders also receive dividends from the Company. Dividends paid to Directors totalled £nil (2020: £nil). Total dividends paid to all shareholders in the year was £nil (2020: £nil).

The Group is controlled by six individuals, including its two executive Directors, who together hold 90% of its total voting rights and have entered into an agreement to act in concert in all shareholder related matters.

During the year, the Company issued 2,917,000 part-paid shares to its two executive Director. At the year end, an amount equivalent to £0.20 per share remains outstanding and has been recognised as an amount owed to the Group in trade and other receivables.

Evolvient Capital Limited holds 49% of the shareholding in Tempting Ventures Limited. Loans including interest outstanding with the Company total £607,000 at year end. Interest of 5% accrues annually on the balance, increasing by 1% per annum. All loans and interest accrued with Tempting Ventures were reinstated during the year (having previously being written down to £nil in 2019).

Professional fees of £45,000 were paid in relation to Tempting Ventures for the Group (2020: £nil). Total income for the year in relation to Tempting Ventures for the Group was £193,000 (2020: £119,000).

24 Acquisition of Ondemandsolutions Consultancy Ltd

On 1 September 2020, Evolvient Capital Limited acquired the entire issued share capital of Ondemandsolutions Consultancy Limited for £0.25m. A breakdown of assets acquired can be shown below:

Net assets acquired were as follows:	**Book value**	**Adjustments**	**Fair Value**
	£'000	**£'000**	**£'000**
Trade receivables	1	-	1
Intangible assets (note 7)	-	250	250
Total assets acquired	1	250	251
Consideration – satisfied by cash			
Paid in 2020			76
Paid in 2021			140
Payable in 2022			35
Total			251

25 Right of use Asset

The following amounts where the Group was a lessee under finance leases for office buildings	Total £'000
Cost	
As at 1 January 2020	6,125
Additions	677
Disposals	(660)
At 31 December 2020	6,142
Additions	**489**
Disposals	**(621)**
At 31 December 2021	**6,010**
Accumulated depreciation and impairment	
As at 1 January 2020	(4,210)
Charge for the year	(946)
Disposals	660
Impairment charge	(367)
As at 31 December 2020	(4,863)
Charge for the year	**(720)**
Disposals	**621**
At 31 December 2021	**(4,962)**
Net book value at 31 December 2021	**1,048**
Net book value at 31 December 2020	1,279

26 Lease Liabilities

Lease liabilities are presented in the statement of financial position as follows:

	2021 £'000	2020 £'000
Current	**1,015**	884
Non-current	**429**	1,096

All lease liabilities relate to office properties in the Group. Leases are negotiated with an average term of 4.9 years. The lease payments are discounted using the weighted average lessee's incremental borrowing rate of 2.3%. Interest payable in the year on lease liabilities of £0.04m (2020: £0.08m).

27 Redemption liability

Hydrogen & Argyll Scott Holdings Limited

During the year, Evolvient Capital issued 25% A Shares to senior leaders in the business, which will be repurchased by Evolvient Capital once certain performance conditions have been met. All shares have no voting rights and therefore the Group has not accounted for a non-controlling interest. The Board's current estimate of the cost of repurchase of these shares has been discounted using the Group's weighted average cost of capital. The senior leaders in the business shall be granted the option to sell the shares back to Evolvient Capital Limited if the following conditions have been met:

Entity	Shareholding buy-back	Repayment dates	Performance criteria	Consideration
Hydrogen & Argyll Scott Holdings Limited	8.33%	2024	Group has achieved an EBITDA of at least £5m	25% of 2023 EBITA multiplied by 6
	8.33%	2027	To be determined by the Board	25% of 2026 EBITA multiplied by 6
	8.33%	2030	To be determined by the Board	25% of 2029 EBITA multiplied by 6

A financial liability is recognised in respect of the forward purchase at fair value. Movements in the year are as follows:

	2021 £'000
As at 1 January	-
Expected redemption	**2,421**
As at 31 December	**2,421**
Current	-
Non-current	**2,421**

Project Partners Limited

During the year, Evolvient Capital issued 25% part-paid A Shares to the senior leaders in the business, which will be repurchased by Evolvient Capital once certain performance conditions have been met. The shares issued have voting rights and therefore the Group has accounted for a non-controlling interest during the year. The senior leaders in the business shall be granted the option to sell the shares back to Evolvient Capital Limited if the following performance conditions have been met:.

Entity	Shareholding buy-back	Repayment dates	Performance criteria	Consideration
Project Partners Limited	8.33%	2024	Company has achieved an EBITDA of at least £2m	25% of 2023 EBITA multiplied by 6
	8.33%	2027	To be determined by the Board	25% of 2026 EBITA multiplied by 6
	8.33%	2030	To be determined by the Board	25% of 2029 EBITA multiplied by 6

For the Financial Year ended 31st December 2021, the Board do not consider it appropriate to recognise a redemption liability for this scheme.

EVOLVIENT CAPITAL LIMITED (FORMERLY HYDROGEN GROUP PLC)

Parent company statement of financial position

As at 31 December 2021

	Note	2021 £'000	2020 £'000
Non-current assets			
Investments in subsidiaries	6	**5,340**	10,387
Investments in associate	6	**501**	100
Deferred tax asset	7	**127**	57
Amounts owed by subsidiary undertakings	9	**17,424**	6,540
Property, plant and equipment	9	**163**	-
		23,555	17,084
Current assets			
Trade and other receivables	8	**1,376**	200
Amounts owed by subsidiary undertakings	9	**2,572**	3,956
Current tax receivable		**35**	56
Cash at bank and in hand		**12**	50
		3,995	4,262
Total assets		**27,550**	21,346
Current liabilities			
Lease liabilities	17	**(770)**	(770)
Trade and other payables	10	**(1,342)**	(1,215)
		(2,112)	(1,985)
Non-current liabilities			
Lease liabilities	17	**(326)**	(1,096)
Amounts owed to subsidiary undertakings		**(9,571)**	(5,229)
Redemption liability		**(2,421)**	-
		(12,318)	(6,325)
Total liabilities		**(14,430)**	(8,310)
Net assets		**13,120**	13,036
Share capital	11	**207**	276
Share premium account		**4,190**	3,607
Merger reserve		**3,140**	3,140
Own shares held	12	**(928)**	(1,088)
Capital redemption reserve		**99**	-
Share option reserve		**1,444**	1,444
Retained earnings		**4,968**	5,657
Equity shareholders' funds		**13,120**	13,036

As permitted by Section 408 of the Companies Act 2006 the profit and loss account for the Company is not presented as part of these financial statements. Evolvient Capital Limited (Formerly Hydrogen Group plc) reported a loss for the financial year ended 31 December 2021 of £320,000 (2020: loss £2,119,000).

The financial statements on pages 49 to 61 were approved by the Board of Directors and authorised for issue on 27 June 2022 and were signed on its behalf by:

John Hunter – Managing Partner
Registered in England and Wales no: 5563206

EVOLVIENT CAPITAL LIMITED (FORMERLY HYDROGEN GROUP PLC)

Parent company statement of changes in equity

As at 31 December 2021

	Share capital £'000	Share premium £'000	Merger reserve £'000	Own shares held £'000	Share option reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
Balance at 31 December 2019	343	3,607	3,140	(1,171)	1,324	-	10,549	17,792
Share cancellation	(67)	-	-	-	-	-	(2601)	(2,668)
Treasury buy back	-	-	-	(87)	-	-	-	(87)
EBT Transfer	-	-	-	170	-	-	(172)	(2)
Share scheme contribution	-	-	-	-	120	-	-	120
Transactions with owners	(67)	-	-	83	120	-	(2,773)	(2,637)
(Loss) *for the year*	-	-	-	-	-	-	(2,119)	(2,119)
Total comprehensive loss for the year	-	-	-	-	-	-	(2,119)	(2,119)
Balance at 31 December 2020	276	3,607	3,140	(1,088)	1,444	-	5,657	13,036
Other movements	-	-	-	-	-	-	**(24)**	**(24)**
Share issuance	**30**	**583**	-	-	-	-	-	**613**
Share cancellation	**(99)**	-	-	**4,650**	-	**99**	**(4,650)**	-
EBT transfer	-	-	-	**265**	-	-	**(173)**	**92**
Treasury buy back	-	-	-	**(4,755)**	-	-	-	**(4,755)**
Share option charge	-	-	-	-	-	-	-	-
Gain on intercompany sale	-	-	-	-	-	-	**4,478**	**4,478**
Dividends	-	-	-	-	-	-	-	-
Transactions with owners	**(69)**	**583**	-	**160**	-	**99**	**(369)**	**404**
(Loss) for the year	-	-	-	-	-	-	**(320)**	**(320)**
Total comprehensive profit for the year	-	-	-	-	-	-	**(320)**	**(320)**
Balance at 31 December 2021	**207**	**4,190**	**3,140**	**(928)**	**1,444**	**99**	**4,968**	**13,120**

1 Significant accounting policies

The separate financial statements of the Company are presented as required by the Companies Act 2006. They have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

The principal accounting policies used in the preparation of the Company financial statements are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2021. The Company has taken advantage of the following disclosure exemptions under FRS 101:

a) the requirements of paragraphs 45 and 46-52 of IFRS 2 Share based Payment:
b) The requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67of IFRS 3 Business Combinations
c) the requirements of IFRS 7 Financial Instruments: Disclosures,
d) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement,
e) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a)(iv) of IAS 1; (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment; (iii) paragraph 118(e) of IAS 38 Intangible Assets; (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property; and (v) paragraph 50 of IAS 41 Agriculture.
f) the requirements of paragraphs 10(d),10(f), 39(c) and 134-136 of IAS 1 *Presentation of Financial Statements*
g) the requirements of IAS 7 Statement of Cash Flows;
h) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
i) the requirements of paragraph 17 of IAS 24 *Related Party Disclosures*
j) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
k) the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

Investments

Fixed asset investments in subsidiaries and associates are stated at cost less provision for impairment.

Deferred taxation

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

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

Deferred income tax is measured at the tax rates that are expected to apply in the periods in which temporary differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the reporting date. Deferred income tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred income tax is also dealt with in other comprehensive income.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

1 Significant accounting policies (continued)

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the Company's shareholders approve the dividend. An interim dividend distribution is recognised in the period in which it is approved and paid.

Foreign exchange

The Company has advanced intercompany loans to several subsidiaries. They have been deemed as trading loans by nature given the transactional activity over the current year. Based on this, these loans are not considered as part of the net investment in the foreign operations. These loans are denominated in the Group's functional currency, Sterling, and exchange gains or losses arising on their revaluation are recognised in profit and loss in the separate financial statements of the foreign subsidiaries.

Share-based payments

The Company has granted rights to its equity instruments to the employees of some of its subsidiaries.

In the Company financial statements, there is no share-based payment charge in the comprehensive statement of income, as no employees are providing services to the parent. Instead the Company which has an obligation to settle the transaction with the subsidiary's employees by providing its own equity instruments measure that obligation in accordance with the requirements applicable to equity-settled share-based payment transactions. As such it recognises a capital contribution by increasing the carrying value of its investment in the subsidiaries as well as a credit to its share based payment reserve.

Fair value is measured by use of a Monte Carlo model – dependant on the terms of the options certificates issued. At each year end, the Company revises its estimates of the number of options that are expected to become exercisable and recognises the impact of any revision of original estimates in profit or loss with a corresponding adjustment to equity.

When the options are exercised the proceeds received are credited to share capital and share premium, where appropriate.

Employee Benefit Trust

The Evolvient Capital Limited Employee Benefit Trust (EBT) is funded by contributions from the Company. Under the terms of the EBT, shares are held in trust for the benefit of employees. Shares in the EBT are held at acquisition cost and deducted from shareholders' equity. Any assets held by the EBT cease to be recognised on the Company statement of financial position when the assets vest unconditionally to identified beneficiaries. The proceeds from the sale of own shares held increase equity. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the Group profit or loss.

The trustees have waived their rights to dividends on the shares held by the EBT.

Financial instruments

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

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classified as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited directly to profit and loss. Measurement of financial assets and financial liabilities are detailed in the Group's consolidated accounts.

Other payables

Other payables are accounted for at fair value and represent the amounts shown as redemption liability in the group accounts.

1 Significant accounting policies (continued)

Leased assets

For any new contracts entered into, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments expected to be payable under the terms of the lease. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest.

Measurement of sublease income

The Company's London office was sub-let to two other tenants during the year. Income received from these tenancies was recognised as other income within the statement of comprehensive income.

The Company has also elected to apply the following practical expedients:

- Short-term leases (leases with 12 months or less or cancellable within 12 months) as at the date of adoption of the new standard.
- Leases for which the asset is of low value, for example IT equipment.

Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Significant management judgement in applying accounting policies

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances.

Actual results in the future could differ from such estimates. In the process of applying the Company's accounting policies, the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below (although the Directors do not believe that any reasonably possible change to their assumptions could give rise to a material change in these assets and liabilities).

Judgements

The significant judgements made by management in applying the Group's accounting policies were:

Share based payments – Note 15

The total amount to be expensed is determined by reference to the fair value of the options granted. In arriving at the charge for the period, assumptions are made on the number of options likely to be exercised, the current market value of the shares and the volatility of the market value of the shares. The fair value of equity settled share based payments also involves estimation of such factors as lapse rates and achievement of performance criteria.

Recoverability of intercompany receivables – Note 10

Determining the recoverability of intercompany receivables required management to exercise judgement based on the future trading performance of each subsidiary undertaking.

1 Significant accounting policies (continued)

Significant management judgement in applying accounting policies (continued)

Estimates

The key sources of estimation were:

Impairment of investments – Note 5

The Company determines whether investments are impaired on an annual basis or otherwise when changes in events or situations indicate that the carrying value may not be recoverable. This requires an estimation of the recoverable amount for each individual investment. The value-in-use requires the Company to make an estimate of the future cash flows from each investment and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Redemption liability – Note 27

The future repurchases of shares within Hydrogen & Argyll Scott Holdings Limited and Project Partners Limited requires management to estimate the future profits in the relevant entities and discount these back to present value. These forecasts are based on management's best estimates of internal profit conversion, inflationary increases in costs and, where relevant, the chances of any employment conditions being satisfied. Recognition of the forward purchase over a non-controlling interest is based on consideration of the ownership risks and rewards of the shares relating to the forward purchase to determine whether the equity is attributable to the non-controlling interest or the parent.

2 Auditors

The auditor's remuneration for audit of the Company is £5,000 (2020: £5,000). Fees payable to Moore Kingston Smith LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

3 Employees

Staff costs (including Directors' costs) are as follows:	**2021 £'000**	2020 £'000
Wages and salaries	**1,648**	558
Social security costs	**92**	63
Other pension costs	**26**	28
Total	**1,766**	649

All employment costs are borne by Hydrogen International Limited and recharged to Evolvient Capital Limited.

The average number of employees (including Directors of the Company) during the financial year was 5 (2020: 5)

4 Share-based payments

The total expense arising from the share-based option schemes during the year was £nil (2020: £0.1m).

Breakdown of shares issued to the company and its subsidiaries was as follows:

	2021 £'000	2020 £'000
Hydrogen International	-	120
Total	-	120

Notes to the parent company financial statements

For the year ended 31 December 2021

5 Non-current investments

	2021 £'000	2020 £'000
Subsidiary undertakings at cost		
At 1 January	**10,387**	10,372
Additions	**2,606**	251
Disposals	**(7,653)**	(236)
At 31 December	**5,340**	10,387

Additions in the year relate to redemption liabilities in relation to Hydrogen & Argyll Scott Holdings Limited and Project Partners Limited, a new trading entity (Strategio inc) operating in the US find, train and deploy market and the repurchase of shares from minority interest shareholders.

Disposals in the year relate to the sale of the Hydrogen & Argyll Scott trading entities to Hydrogen & Argyll Scott Holdings Limited as part of the Evolvient Capital Group restructure.

Subsidiaries

The principal trading subsidiaries are Hydrogen International Limited in the UK, Project Partners Limited in the UK, Strategio inc. in the USA, Hydrogen Group LLC in the USA, Hydrogen Group Pty Limited in Australia, Argyll Scott Interim Limited in Hong Kong and Argyll Scott Recruitment (Thailand) Limited in Thailand.

Subsidiary	Country of incorporation	Registered office	Nature of activities	% ordinary share capital and voting rights
Hydrogen International Limited	United Kingdom	30 – 40 Eastcheap, London, United Kingdom, EC3M 1HD	Recruitment Recruitment	100% 100%
Hydrogen Group Pty Limited	Australia	Level 14, 60 Margaret Street, Sydney NSW 2000, Australia	Recruitment	100%
Hydrogen Group GmbH	Germany	Landshuter Allee 8-10 80637 München	Recruitment	100%
Argyll Scott Interim Limited	Hong Kong	Unit 1005, 10/F, World-Wide House, 19 Des Voeux Road Central, HK	Recruitment	100%
Hydrogen Norge AS	Norway	Hydrogen Norge AS, Postboks 8034, 4068 Stavanger, Norway	Recruitment	100%
Argyll Scott Interim Pte Limited	Singapore	03 118 We Work City House, 36 Robinson Road, Singapore 068877	Recruitment	100%
Argyll Scott Consulting Pte Limited	Singapore	03 118 We Work City House, 36 Robinson Road, Singapore 068877	Recruitment	100%
Hydrogen Group AG	Switzerland	Poststrasse 24, 6300 Zug, Switzerland.	Recruitment	100%
Hydrogen Group LLC	USA	19C Trolley Square, Wilmington, DE 19806 Delaware, USA.	Recruitment	100%
Law Professionals Limited	United Kingdom	30 – 40 Eastcheap, London, United Kingdom, EC3M 1HD	Recruitment	100%

6 Non-current investments (continued)

Subsidiaries (continued)

Pro Limited	United Kingdom	30 - 40 Eastcheap, London, United Kingdom, EC3M 1HD	Recruitment	100%
Argyll Scott Recruitment (Vietnam) Company Limited	Vietnam	F.46, Bitexco Financial Tower, 2 Hai Trieu, Ben Nghe Ward, District 1, HCMC, Vietnam	Recruitment	100%
Hydrogen Employee Share Company Limited	United Kingdom	30 - 40 Eastcheap, London, United Kingdom, EC3M 1HD	Trustee of Share Incentive Plan	100%
Project Partners Limited	United Kingdom	30 - 40 Eastcheap, London, United Kingdom, EC3M 1HD	Recruitment	75%
Hydrogen & Argyll Scott Holdings Ltd	United Kingdom	30 - 40 Eastcheap, London, United Kingdom, EC3M 1HD	Recruitment	100%
Hydrogen Professional Ltd (formally Argyll Scott International Ltd)*	United Kingdom	30 - 40 Eastcheap, London, United Kingdom, EC3M 1HD	Recruitment	100%
Hydrogen International 2 Ltd (formally Argyll Scott Technology Ltd)*	United Kingdom	30 - 40 Eastcheap, London, United Kingdom, EC3M 1HD	Recruitment	100%
Argyll Scott International (Hong Kong) Ltd	Hong Kong	Unit 1005, 10/F, World-Wide House, 19 Des Voeux Road Central, HK	Recruitment	100%
Argyll Scott Malaysia Sdn Bhd*	Malaysia	B4-3A-6, Solaris Dutamas, No.1, Jalan Dutamas 1, Kuala Lumpur, Malysia	Recruitment	49%
Argyll Scott Recruitment (Thailand) Limited*	Thailand	WeWork, Spring Tower, 11th Floor, No. 188 Phayathai Road, Ratchathewi District, Bangkok 10400	Recruitment	49%
Argyll Scott Hydrogen DMCC	Dubai	One JLT Tower 1, Level 5, Unit 20 23, Jumeirah Lakes Towers, Dubai, UAE	Recruitment	100%
Strategio Inc.	USA	1300 S Miami Avenue, Unit 5109, Miami, FL, 33130	Recruitment	50.1%

Associate undertakings at cost

The following table provides summarised information of the Group's investment in the associated undertaking:

	2021 £'000	2020 £'000
1 January	**100**	186
Share of associate's profit/(loss)	**399**	(86)
31 December	**499**	100

Principle associate	Investment held by	Principal activity	Country of incorporation	Equity interest
Tempting Ventures Limited	Evolvient Capital Limited	Investors in recruitment businesses	UK	49.9%

Tempting Ventures Limited aggregated results

	2021	2020
Net Liabilities:	**£0.4m**	(£0.2m)
Gross Profit:	**£8.9m**	£5.5m
Net Profit	**£0.7m**	£0.1m

7 Deferred tax

Deferred tax asset	Other £'000
At 1 January 2020	33
Charged to profit or loss	24
At 31 December 2020	57
Charged to profit or loss	**70**
At 31 December 2021	**127**

No reversal of deferred tax is expected within the next twelve months (2020: nil).

In total, at the reporting date, the company had unutilised tax losses of £nil (2020: £581,784) available for offset against future profits, for which no deferred tax assets had been recognised.

8 Trade and other receivables

Trade and other receivables are as follows:	**2021 £'000**	2020 £'000
Trade receivables	**5**	34
Other taxation and social security	**171**	158
Other debtors and prepayments	**1,200**	8
Current	**1,376**	200

9 Amounts owed by subsidiary undertakings

Amounts owed by subsidiary undertakings are as follows:	**2021 £'000**	2020 £'000
Amounts owed by Group companies	**25,009**	15,656
Less: impairment provision	**(5,013)**	(5,160)
	19,996	10,496
Current	**2,572**	3,956
Non- current	**17,424**	6,540
	19,996	10,496

Interest is charged on the amounts owed from Group companies of 2.35% over LIBOR.

During the current year, a review was performed on the intercompany loans. The above details the elements of the loans that have been split between their appropriate ageing categories, a provision has been made for the amounts deemed non-recoverable. Expected credit losses of £5,013,000 (2020: £5,160,000) has been made for estimated irrecoverable amounts. The Company does not recognise expected credit losses against receivables solely on the basis of the age of the debt, as experience has demonstrated that this is not a reliable indicator of recoverability. The Group provides fully against all receivables where it has positive evidence that the amount is not recoverable.

Movement in expected credit losses:	**2021 £'000**	2020 £'000
1 January	**(5,160)**	(5,036)
Expected credit reversals/(losses)	**147**	(126)
31 December	**(5,013)**	(5,160)

10 Trade and other payables

Trade and other payables are as follows:	**2021 £'000**	2020 £'000
Trade payables	**146**	256
Accruals	**1,008**	237
Other payables	**188**	722
Total	**1,342**	1,215
Current	**1,342**	1,215
Non- current	**-**	-
	1,342	1,215

11 Share capital

The share capital at 31 December 2021 was as follows:

	2021		2020	
Ordinary shares of 1p each	**Number of shares**	**£'000**	Number of shares	£'000
Issued and fully paid:				
At 1 January	**27,665,942**	**277**	34,334,927	343
Cancellation of shares	**(9,891,415)**	**(99)**	(6,668,985)	(67)
31 December	**17,745,527**	**178**	27,665,942	277

	2021		2020	
Ordinary shares of 1p each	**Number of shares**	**£'000**	Number of shares	£'000
Issued and part-paid:				
At 1 January	**-**	**-**	-	-
Issuance of new shares	**2,917,000**	**29**	-	-
31 December	**2,917,000**	**29**	-	-

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

At 31 December 2021, the Company had 20,691,527 (2020: 27,665,942) shares outstanding and 808,761 (2020: 762,131) shares were held in Treasury. From 1 January 2022 up until the date of signing, the company has bought back a further 338,027 shares for £0.2m into Treasury.

11 Own shares held

At 31 December 2021, the total number of ordinary shares held in the EBT and their values were as follows:

Shares held for share option schemes	2021	2020
As at 1 January	**616,301**	766,301
Transferred out	**(230,265)**	(150,000)
As at 31 December	**386,036**	616,301
	£'000	£'000
Nominal value	**4**	6
Carrying value	**444**	712

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

Shares held in Treasury	2021	2020
As at 1 January	**762,131**	545,521
Transferred out	**(230,265)**	-
New shares purchased	**10,171,005**	216,610
Cancellation of shares held	**(9,894,110)**	-
As at 31 December	**808,761**	762,131
	£'000	£'000
Nominal value	**8**	8
Carrying value	**378**	378

Reconciliation of own shares held

	2021 £'000	2020 £'000
As at 1 January	**1088**	1,171
Additions	**4,755**	88
Cancellations of shares held	**(4,650)**	-
Transfers out	**(265)**	(171)
As at 31 December	**928**	1,088

12 Reserves

Share capital

The balance of share capital represents the aggregate nominal value of all ordinary shares in issue.

Share premium

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

Merger reserve

The balance on the merger reserve represents the fair value of the consideration given in excess of the nominal value of the ordinary shares issued on the acquisition of the Argyll Scott Group.

Own shares held

The Group's holdings in its own equity instruments are shown as deductions from shareholder's equity at cost. The balance on the own shares reserve represents both the cost of shares in Evolvient Capital Limited purchased by the Employee Benefit Trust to meet the Group's future requirements under its share option schemes and treasury shares repurchased by the Company.

Share option reserve

This reserve represents the cumulative amounts charged to profit or loss in respect of employee share-based payment arrangements for employees.

Capital redemption reserve

The capital redemption reserve is in relation to the cancellation of shares previously held in treasury during the financial year.

Retained earnings

The balance held on this reserve is the accumulated retained profits/(losses) of the Company.

13 Operating lease receivables

Operating lease commitments where the Company is lessor
At the reporting date, the Group had outstanding commitments for future minimum lease receivables under non-cancellable operating leases, which fall due as follows:

	2021 **£'000**	2020 £'000
Within one year	**438**	438
Between one and five years	**183**	621
	621	1,059

The operating lease receivables represent rentals receivable by the Company for the two floors subleased in its office property based in London.

14 Related parties

As permitted by FRS 101 the Company has not disclosed transactions with subsidiaries in its own accounts as these accounts are presented together with the consolidated group financial statements.

As shareholders, the Directors who are shareholders also receive dividends from the Company. Dividends paid to Directors totalled £nil (2020: £nil). Total dividends paid to all shareholders in the year was £nil (2020: £nil).

The Group is controlled by six individuals, including its two executive Directors, who together hold 90% of its total voting rights and have entered into an agreement to act in concert in all shareholder related matters.

During the year, the Company issued 2,917,000 part-paid shares to its two executive Directors. At the year end, an amount equivalent to £0.20 per share remains outstanding and has been recognised as an amount owed to the Group in trade and other receivables.

Evolvient Capital Limited holds 49.9% of the shareholding in Tempting Ventures Limited. Loans including interest outstanding with the Company total £607,000 at year end. Interest of 5% accrues annually on the balance, increasing by 1% per annum. All loans and interest accrued with Tempting Ventures were reinstated during the year (having previously being written down to £nil in 2019).

Professional fees of £45,000 were paid in relation to Tempting Ventures for the Group (2020: £nil). Total income for the year in relation to Tempting Ventures for the Group was £193,000 (2020: £119,000).

15 Lease liabilities

The following is in relation to leases held at our London office which are in the name of Evolvient Capital Limited but have since inception been utilised and recognised fully in the Company's trading subsidiary Hydrogen International Limited. As such, a lease liability has been included in the Company's accounts with a corresponding intercompany receivable with Hydrogen International Limited.

Lease Liabilities

Lease liabilities are presented in the statement of financial position as follows:

	2021 £'000	2020 £'000
Current	**770**	770
Non-current	**326**	1,096
	1,096	1,866

The lease payments are discounted using the weighted average lessee's incremental borrowing rate of 2.3%. Interest payable in the year on lease liabilities of £0.04m (2020: £0.08m)

EVOLVIENT CAPITAL LIMITED (FORMERLY HYDROGEN GROUP PLC)

Directors and Advisors

For the year ended 31 December 2021

Directors

Ian Temple (Managing Partner)

John Hunter (Managing Partner)

Ben Harber (Non-Executive Director)

Company Secretary

Ben Harber

6th Floor, 60 Gracechurch Street, London, EC3V 0HR

Company number

5563206

Registered office

30-40 Eastcheap, London, EC3M 1HD

Auditor

Moore Kingston Smith LLP, 9 Appold Street, London, EC2A 2AP

Banker

HSBC, 60 Queen Victoria Street, London, EC4N 4TR