

**Frank Recruitment Group Limited**

Annual report and financial statements

Registered number 08473608

30 November 2017



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## Strategic report

### Principal activities

The principal activity of the company is that of a holding company. The principal activities of the Group are the provision of recruitment consulting services.

### Business model and strategy

The Frank Recruitment Group ("FRG") is a technology recruitment business operating from strategic hubs and satellite offices in EMEA, America and Asia Pacific. Through a stable of brands the business focuses on niche product markets exhibiting strong growth and supply shortages in which it can become the recognised brand leader. It develops dominant positions in these markets through excellent candidate acquisition and lead generation. The model is to grow its own consultants and management by recruiting, training, motivating and retaining the best talent and giving them an opportunity to develop their careers in a professional and rewarding environment. The group's headquarters are based in Newcastle upon Tyne, UK and has further offices in Berlin, Dallas, London, Melbourne, New York, Philadelphia, San Francisco and Singapore. Having a few large hub offices that cover expansive geographic areas assists in creating one global process, with the same training, systems, database and management structure and most importantly one global culture.

### Current Stable of Trading Brands

#### ● Nigel Frank International

Established in 2007, Nigel Frank was the first brand in the FRG stable of brands and is the recognised global leader in Microsoft technology recruitment. FRG delivers Practice Leads, Architects, Developers, Consultants, Technical Consultants and Project Managers across technologies, such as MS Dynamics ERP & CRM, Office 365, SharePoint, Lync, MS Exchange and BI.

#### ● Mason Frank International

Established in 2010, Mason Frank focuses on Salesforce.com recruitment; the world's leading cloud software with over \$10bn annual revenues in 2017. Mason Frank delivers talent into some of the most exciting projects throughout the USA, Europe, Australasia and Asia Pacific. Having established its position as the #1 Salesforce.com recruiter in EMEA, it is enjoying great success in the US and is rolling out across the Asia Pacific and Australasia regions.

#### ● Churchill Frank International

Churchill Frank was launched in 2014 to focus on Big Data, including SAS technology; a product which has annual revenues which exceed \$3bn. From the London offices it delivers SAS Credit Risk, Marketing Analytics, Pharma and Data Management professionals on a Permanent and Freelance basis to clients across the UK and Europe.

#### ● Washington Frank International

Washington Frank was launched in 2014 to focus on the SME ERP software market which has over \$10bn annual revenues, with the goal of creating a global brand which will deliver ERP professionals into ERP vendors, their Channel Partners and SMEs looking for permanent and freelance employees with skills in ServiceNow, Infor, Sage, Oracle, Agresso and SAP-BI.

## Strategic report *(continued)*

### Current stable of trading brands *(continued)*

- Anderson Frank International

Anderson Frank was launched in 2016 to solely focus on the niche NetSuite software market, with an aim to provide global clients with the very best NetSuite professionals, and to advise NetSuite candidates on the best career opportunities.

- Pearson Frank International

Pearson Frank was launched in 2016 to specialize in Java, Web and PHP jobs. Pearson Frank places PHP Web developers and Java programmers across the development life cycle and matches the best candidates to our global clients.

- Frank Technology Consulting

FRG Technology Consulting is a niche IT recruiter specializing in AWS, Azure, and Marketing Automation jobs. Our top-level IT recruitment service has assisted vendor channel partners, global manufacturing businesses and SMEs attract and retain the right people for their business. With a database of thousands of candidates, we can find you the best candidates in the shortest time, many of whom aren't available in the marketplace. At FRG Technology Consulting, there is no shortage of IT-related jobs if you're a job seeker. From entry-level positions to senior IT executives, our trained and dedicated consultants work with all IT career levels.

FRG is focused on specific technologies and these are embedded in companies operating in nearly all sectors of the economy such as manufacturing, retail, oil & gas and pharmaceuticals. Additionally, FRG concentrates on specialist skill sets where demand outstrips supply. Finally, the group operates around the world so FRG believe it will be better able to deal with any downturn in activity when compared to other, more generalist recruiters.

### Financial review and KPI's

The operating profit for the year was £14.8m. (2016: £5.7m). The increase in operating profit is a result of growth in gross profit in the year alongside lower administrative expenses as a proportion of gross profit.

### Employees

FRG's biggest asset is its employees; significant time and resource is spent to make sure that the group attracts the best talent available, providing them with a clear and achievable career path. The focus on employees in the FRG is broken down into 4 sections:

#### 1 – Recruit

Internal recruitment capability has grown with the business and continues to do so. At the year end the group employed 796 sales people. The business has continued to expand its internal capability to accommodate continued growth.

#### 2 – Train

One of the key attractions FRG offers new employees is a well-structured internal global training program that sits alongside a trainee's career progression through to senior management. The success of the training is reflected in the productivity of the staff and the high degree of home grown talent that hold senior positions.

## Strategic Report *(continued)*

### Employees *(continued)*

#### 3 – Motivate

FRG regularly reviews its employee remuneration with the aim of offering a competitive package versus its peers. In addition with a meritocratic culture and a growing headcount, employees are presented with accelerated career progression opportunities.

#### 4 – Retain

Career progression and competitive remuneration help retention. The group's ultimate equity sponsor has made available an amount of sweet equity which means over 200 employees with people management responsibilities have a shareholding in FRG who are fully aligned to the strategic goals of the business and will share in the financial rewards associated with achieving those goals.

### Principal Risks

- Macro-economic

Recruitment as a sector is cyclical and linked to local and global economies. FRG manages this exposure by having an international footprint with revenues derived from over 50 countries and from an increasing number of niche technologies. Additionally, FRG is actively growing its contract business which provides more consistent revenue than permanent business. FRG also has a flexible cost base that can be adjusted quickly to match market conditions.

- Internal Recruitment and retention

The Board know that the key driving force behind achieving future growth is increasing consultant headcount. FRG achieves this by focusing on the recruitment, training, motivation and retention of the best talent possible.

- FX

The Board reviews FX exposure and as part of the budgeting process and throughout the year, consideration is given as to whether forward hedging is performed to reduce material FX exposures.

- Interest Rate

The Board reviews interest rate exposure and as part of the budgeting process and throughout the year, consideration is given as to whether forward hedging is performed to reduce material interest exposures.

- Liquidity/cash management

The Board regularly reviews the cash position and the cash flow forecast of the business. The group's policy in respect to credit risk is to conduct appropriate credit checks on customers to minimise any potential losses. All growth is funded from existing business where possible however there is a £10m Non-recourse Invoice Finance facility. This gives an appropriate buffer for the business.

### Competition

FRG was founded in the UK which is one of the most mature and competitive recruitment markets in the world. The strategy has been, and continues to be, to create strong brand association within specialist markets; coupled with highly trained staff so that FRG stands out as the market leader when attracting clients and candidates. This strategy has successfully been taken global and investment in brand association, staff development and training is regarded as P&L expenditure that ultimately feeds back as additional revenue.

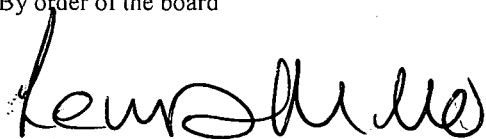
## Strategic Report *(continued)*

### Current Trading

Overall the group has produced a good start to the year with good trading across all regions.

Looking ahead the trading environment remains positive across all of our geographical regions. The key focus for 2018 will be continued growth of revenue and of the group's capabilities.

By order of the board



**L Miller**  
*Director*

St Nicolas Building  
St Nicolas Street  
Newcastle upon Tyne  
NE1 1RF

**30** August 2018

## Directors' report

The directors present their directors' report and financial statements for the year ended 30 November 2017.

### Directors

The directors who held office during the year and to the date of this report were as follows:

Mr J Lloyd Townshend  
Mr NA O'Donoghue  
Mr LP Miller

### Political contributions

The company made no political donations or incurred any political expenditure during the year (2016: £nil).

### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



L Miller  
Director

St Nicolas Building  
St Nicolas Street  
Newcastle upon Tyne  
NE1 1RF

30 August 2018

## Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the Strategic Report, the Director's Report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including 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 parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.





Quayside House  
110 Quayside  
Newcastle upon Tyne  
NE1 3DX

## **Independent auditor's report to the members of Frank Recruitment Group Limited**

### **Opinion**

We have audited the financial statements of Frank Recruitment Group Limited ("the company") for the year ended 30 November 2017 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, Company Balance Sheet, Company Statement of Changes in Equity and related notes, including the accounting policies.

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 30 November 2017 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

## **Independent auditor's report to the members of Frank Recruitment Group Limited (continued)**

### **Matters on which we are required to report by exception**

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

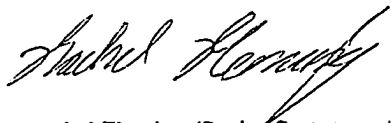
### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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



**Rachel Fleming (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP, Statutory Auditor  
*Chartered Accountants*  
Quayside House  
110 Quayside  
Newcastle upon Tyne  
NE1 3DX

31 August 2018

**Consolidated income statement**  
*for year ended 30 November 2017*

	<i>Note</i>	<b>2017</b> <b>£000</b>	<b>2016</b>
<b>Turnover</b>			
Cost of sales	1,2	180,350 (96,003)	126,492 (65,418)
<b>Gross profit</b>		<b>84,347</b>	<b>61,074</b>
Administrative expenses		(69,535)	(55,388)
<b>Operating profit</b>	3-5	<b>14,812</b>	<b>5,686</b>
Financial income	6	1,514	194
Financial expenses	6	(106)	(5,500)
<b>Profit before tax</b>		<b>16,220</b>	<b>380</b>
Taxation	7	(3,259)	(1,385)
<b>Profit/(loss) for the year</b>		<b>12,961</b>	<b>(1,005)</b>

**Consolidated statement of comprehensive income**  
*for year ended 30 November 2017*

	<b>2017</b> <b>£000</b>	<b>2016</b> <b>£000</b>
<b>Profit/(loss) for the year</b>	<b>12,961</b>	<b>(1,005)</b>
<b>Other comprehensive income</b>		
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Foreign currency translation differences – foreign operations	(408)	1,057
<b>Other comprehensive income for the year, net of income tax</b>	<b>(408)</b>	<b>1,057</b>
<b>Total comprehensive income for the year</b>	<b>12,553</b>	<b>52</b>

**Consolidated balance sheet**  
*at 30 November 2017*

	<i>Note</i>	2017 £000	2016 £000
<b>Non-current assets</b>			
Property, plant and equipment	8	2,981	3,250
Intangible assets	9	26,752	24,718
		<u>29,733</u>	<u>27,968</u>
<b>Current assets</b>			
Tax receivable		-	1,749
Deferred tax asset	11	222	-
Trade and other receivables	12	37,640	26,545
Cash and cash equivalents	13	1,011	1,402
		<u>38,873</u>	<u>29,696</u>
<b>Total assets</b>		<u>68,606</u>	<u>57,664</u>
<b>Current liabilities</b>			
Other interest-bearing loans and borrowings	14	(631)	-
Trade and other payables	15	(12,321)	(14,608)
Tax payable		(847)	(126)
Provisions	17	(104)	(250)
		<u>(13,903)</u>	<u>(14,984)</u>
<b>Non-current liabilities</b>			
Provisions	17	-	(188)
Deferred tax liabilities	11	-	(209)
		<u>-</u>	<u>(397)</u>
<b>Total liabilities</b>		<u>(13,903)</u>	<u>(15,381)</u>
<b>Net assets</b>		<u>54,703</u>	<u>42,283</u>
<b>Equity attributable to equity holders of the parent</b>			
Share capital	18	15	15
Share premium		153	153
Capital contribution reserve		29,735	29,868
Capital redemption reserve		-	-
Retained earnings		24,800	12,247
<b>Total equity</b>		<u>54,703</u>	<u>42,283</u>

These financial statements were approved by the board of directors on 30 August 2018 and were signed on its behalf by:

  
L Miller  
Director

Company registered number: 08473608

## Consolidated statement of changes in equity

	Share capital £000	Share premium £000	Capital contribution reserve £000	Retained earnings £000	Capital redempti on reserve £000	Total equity £000
Balance at 1 December 2015	15	153	-	9,378	-	9,546
<b>Total comprehensive income for the year</b>						
Profit or loss	-	-	-	(1,005)	-	(1,005)
Other comprehensive income	-	-	-	1,057	-	1,057
<b>Total comprehensive income for the year</b>	-	-	-	52	-	52
<b>Transactions with owners, recorded directly in equity</b>						
Waiver of amounts owed to parent undertakings	-	-	29,868	-	-	29,868
Equity-settled share based payment transactions	-	-	-	2,817	-	2,817
<b>Total transactions with owners</b>	-	-	29,868	2,817	-	32,685
<b>Balance at 30 November 2016</b>	<b>15</b>	<b>153</b>	<b>29,868</b>	<b>12,247</b>	<b>-</b>	<b>42,283</b>
Balance at 1 December 2016	15	153	29,868	12,247	-	42,283
<b>Total comprehensive income for the year</b>						
Profit or loss	-	-	-	12,961	-	12,961
Other comprehensive income	-	-	-	(408)	-	(408)
<b>Total comprehensive income for the year</b>	-	-	-	12,553	-	12,553
<b>Transactions with owners, recorded directly in equity</b>						
Waiver of amounts owed to parent undertakings	-	-	-	-	-	-
Adjustment to capital contribution reserve	-	-	(133)	-	-	(133)
<b>Total transactions with owners</b>	-	-	-	-	-	-
<b>Balance at 30 November 2017</b>	<b>15</b>	<b>153</b>	<b>29,735</b>	<b>24,800</b>	<b>-</b>	<b>54,703</b>

**Consolidated cash flow statement**  
*for year ended 30 November 2017*

	<i>Note</i>	<b>2017</b> £000	<b>2016</b> £000
<b>Cash flows from operating activities</b>			
Profit/(loss) for the year		12,961	(1,005)
<i>Adjustments for:</i>			
Depreciation, amortisation and impairment	8,9	2,184	1,118
Financial income	6	(1,514)	(194)
Financial expense	6	106	5,500
Foreign exchange (gain)/loss		(112)	304
Equity settled share-based payment expenses	4	-	2,817
Taxation	7	3,259	1,385
		<hr/>	<hr/>
		16,884	9,925
Increase in trade and other receivables		(9,739)	(10,680)
(Decrease)/increase in trade and other payables		(3,661)	5,297
(Decrease)/increase in provisions	17	(334)	438
		<hr/>	<hr/>
		3,150	4,980
Tax paid		176	(3,685)
		<hr/>	<hr/>
<b>Net cash from operating activities</b>		<b>3,326</b>	<b>1,295</b>
		<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
Interest received		-	194
Acquisition of property, plant and equipment	8	(1,766)	(3,465)
Acquisition of other intangible assets	9	(2,290)	(165)
		<hr/>	<hr/>
<b>Net cash from investing activities</b>		<b>(4,056)</b>	<b>(3,436)</b>
		<hr/>	<hr/>
<b>Cash flows from financing activities</b>			
Proceeds from new loan	14	631	-
Proceeds from loan from parent undertaking subsequently waived		-	29,868
Interest paid		(103)	(3,721)
Repayment of borrowings		-	(35,732)
		<hr/>	<hr/>
<b>Net cash from financing activities</b>		<b>528</b>	<b>(9,585)</b>
		<hr/>	<hr/>
Net decrease in cash and cash equivalents		(202)	(11,726)
Cash and cash equivalents at 1 December		1,402	12,149
Effect of exchange rate fluctuations on cash held		(189)	979
		<hr/>	<hr/>
<b>Cash and cash equivalents at 30 November</b>	<b>13</b>	<b>1,011</b>	<b>1,402</b>
		<hr/>	<hr/>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Frank Recruitment Group Limited (the “Company”) is a private company limited by shares incorporated and domiciled in the UK.

The group financial statements consolidate those of the Company and its subsidiaries (together referred to as the “Group”). The parent company financial statements present information about the Company as a separate entity and not about its group.

The group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”). The Company has elected to prepare its parent company financial statements in accordance with FRS 101; these are presented on pages 34 to 40.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these group financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 23.

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that financial instruments classified as fair value through the profit or loss stated at their fair value.

#### 1.2 Going concern

At the year end the group had net current assets of £25.1m including cash at bank of £1m. The group manages its day to day working capital requirements through its available cash resources, cash flow from operating activities and external financing.

Having regard for the group’s forecast and projections, taking account of reasonably possible changes in trading performance the directors believe that the group is well placed to manage its business risks successfully and expect to have a sufficient level of financial resources available.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

#### 1.3 Basis of consolidation

##### *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.3 Basis of consolidation (continued)

##### *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### 1.4 Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve. When a foreign operation is disposed of, such that control, joint control or significant influence (as the case may be) is lost, the entire accumulated amount in the FCTR, net of amounts previously attributed to non-controlling interests, is recycled to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while still retaining control, the relevant proportion of the accumulated amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while still retaining significant influence or joint control, the relevant proportion of the cumulative amount is recycled to profit or loss.

#### 1.5 Classification of financial instruments issued by the Group

Following the adoption of IAS 32, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.



## Notes (continued)

### 1 Accounting policies (continued)

#### 1.6 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

##### *Trade and other receivables*

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

##### *Trade and other payables*

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

##### *Interest-bearing borrowings*

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

#### 1.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- fixtures and fittings                      3 years
- leasehold property                        3 years
- computer equipment                      3 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

#### 1.8 Intangible assets and goodwill

##### *Goodwill*

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the investee.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.8 Intangible assets and goodwill (continued)

##### *Research and development*

Expenditure on research activities is recognised in the income statement as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group intends to and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

##### *Other intangible assets*

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

##### *Amortisation*

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Concessions, patents, licences and trademarks	5 years
Software	3 years

#### 1.9 Impairment excluding deferred tax assets

##### *Financial assets (including receivables)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.9 Impairment excluding deferred tax assets (continued)

##### *Non-financial assets*

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### 1.10 Employee benefits

##### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the years during which services are rendered by employees.

##### *Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### 1.11 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.12 Turnover

Turnover represents amounts receivable for services, net of VAT. Turnover from contract assignments is recognised when services are performed, based on hours worked by the consultants placed. Turnover from permanent placement is recognised when candidates commence employment. Provisions are made for possible cancellations of placements where credit notes will be due.

Accrued income is recognised on contract assignments to reflect the timing difference between timesheet submission and invoicing.

Deferred income is recognised on permanent placements where invoicing occurs prior to the candidate commencing employment.

#### 1.13 Expenses

##### *Operating lease payments*

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

##### *Financing income and expenses*

Financing expenses comprise interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Financing income comprise interest receivable on funds invested, dividend income, and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

#### 1.14 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.15 Adopted IFRS not yet applied

The following Adopted IFRSs have been issued but have not been applied by the Group in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- IFRS 9 Financial Instruments.
- IFRS 15 Revenue from Contract with Customers

The Group is in the process of assessing the impact on the financial statements from the adoption of these new and revised standards.

### 2 Turnover

	2017 £000	2016 £000
Rendering of services	180,350	126,492
Total turnover	180,350	126,492

By geographical market:

	2017 £000	2016 £000
Europe	93,068	65,340
Asia-Pacific	5,084	5,700
North America	82,198	55,452
	180,350	126,492

### 3 Expenses and auditors' remuneration

Included in profit/loss are the following:

	2017 £000	2016 £000
Amortisation of intangible assets	256	42
Depreciation of tangible assets	1,928	1,076

Auditor's remuneration:

	2017 £000	2016 £000
Audit of these financial statements and other group companies	46	46

## Notes (continued)

### 4 Staff numbers and costs

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2017	2016
Directors	3	5
Consultants	937	651
Support staff	212	159
	<u>1,152</u>	<u>815</u>

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	47,681	34,148
Share based payments	-	2,817
Social security costs	4,852	3,511
Contributions to defined contribution plans	107	119
	<u>52,640</u>	<u>40,595</u>

### 5 Remuneration of directors

	2017 £000	2016 £000
Directors' remuneration	-	615
Amounts receivable under long term incentive schemes	-	2,817
Compensation for loss of office	-	132
	<u>-</u>	<u>3,564</u>

The recharge from Finders Bidco Limited, the Group's immediate parent, includes an element for directors remuneration. The aggregate remuneration and amounts receivable under long term incentive schemes of the highest paid director was £nil (2016: £1,412,364). In 2016 remuneration included amounts linked to the sale of the Group to Finders Bidco Limited.

### 6 Finance income and expense

#### Recognised in profit or loss

	2017 £000	2016 £000
<i>Finance income</i>		
Interest received	-	194
Net foreign exchange gain	1,514	-
	<u>1,514</u>	<u>194</u>
Total finance income	<u>1,514</u>	<u>194</u>
<i>Finance expense</i>		
Net loss on financial instruments designated as fair value through profit or loss	-	87
Total interest expense on financial liabilities measured at amortised cost	106	1,936
Net foreign exchange loss	-	3,477
	<u>106</u>	<u>5,500</u>
Total finance expense	<u>106</u>	<u>5,500</u>

## Notes (continued)

### 7 Taxation

#### Recognised in the income statement

	2017 £000	2016 £000
<i>Current tax expense</i>		
Current year	3,653	1,138
Adjustments for prior years	25	(55)
	<hr/>	<hr/>
Current tax expense	3,682	1,083
<i>Deferred tax expense (see note 11)</i>		
Origination and reversal of temporary differences	(418)	313
Adjustments for prior years	(5)	(11)
	<hr/>	<hr/>
Deferred tax expense	(423)	302
	<hr/>	<hr/>
Total tax expense recognised in the income statement	3,259	1,385
	<hr/>	<hr/>

#### Reconciliation of effective tax rate

	2017 £000	2016 £000
Profit/(loss) for the year	12,961	(1,005)
Total tax expense	3,259	1,385
	<hr/>	<hr/>
Profit excluding taxation	16,220	380
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 19.33% (2016: 20.33%)	3,135	76
Effect of tax rates in foreign jurisdictions	335	279
Reduction in tax rate on deferred tax balances	(86)	(7)
Non-deductible (income)/expenses	(145)	1,103
Adjustment in respect of prior periods	20	(66)
	<hr/>	<hr/>
Total tax expense	3,259	1,385
	<hr/>	<hr/>

#### Factors that may affect future current and total tax charges

A reduction in the UK corporation tax rate from 20% to 19% (effective 1 April 2017) and a further reductions to 18% (effective 1 April 2020) were both substantively enacted on 26 October 2015. A further reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. In the USA a reduction in the federal tax rate from 34% to 21% (effective 1 January 2018) was substantively enacted on 20 December 2017. This will reduce the company's future tax charge accordingly.

**Notes** *(continued)*

**8 Property, plant and equipment**

	Leasehold property £000	Plant and equipment £000	Fixture and fittings £000	Total £000
<b>Cost</b>				
Balance at 1 December 2015	587	951	377	1,915
Additions	1,608	1,080	777	3,465
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 November 2016	2,195	2,031	1,154	5,380
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 1 December 2016	2,195	2,031	1,154	5,380
Additions	197	1,029	540	1,766
Foreign currency translation differences	(112)	(50)	(50)	(212)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 November 2017	2,280	3,010	1,644	6,934
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation and impairment</b>				
Balance at 1 December 2015	326	493	235	1,054
Depreciation charge for the year	467	543	66	1,076
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 November 2016	793	1,036	301	2,130
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 1 December 2016	793	1,036	301	2,130
Depreciation charge for the year	645	792	491	1,928
Foreign currency translation differences	(34)	(43)	(28)	(105)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 November 2017	1,404	1,785	764	3,953
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 1 December 2015	261	458	142	861
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 November 2016 and 1 December 2016	1,402	995	853	3,250
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 November 2017	876	1,225	880	2,981
	<hr/>	<hr/>	<hr/>	<hr/>



## Notes (continued)

### 9 Intangible assets

	Goodwill £000	Patents and trade-marks £000	Software £000	Assets in the course of construction £000	Total £000
<b>Cost</b>					
Balance at 1 December 2015	24,566	371	-	-	24,937
Additions	-	-	165	-	165
Balance at 30 November 2016	24,566	371	165	-	25,102
Balance at 1 December 2016	24,566	371	165	-	25,102
Additions	-	-	369	1,921	2,290
Disposals	-	-	(172)	-	(172)
Balance at 30 November 2017	24,566	371	362	1,921	27,220
<b>Amortisation and impairment</b>					
Balance at 1 December 2015	-	342	-	-	342
Amortisation for the year	-	29	13	-	42
Balance at 30 November 2016	-	371	13	-	384
Balance at 1 December 2016	-	371	13	-	384
Amortisation for the year	-	-	256	-	256
Disposals	-	-	(172)	-	(172)
Balance at 30 November 2017	-	371	97	-	468
<b>Net book value</b>					
At 1 December 2015	24,566	29	-	-	24,595
At 30 November 2016 and 1 December 2016	24,566	-	152	-	24,718
At 30 November 2017	24,566	-	265	1,921	26,752

#### Amortisation charge

The amortisation charge is recognised in the following line items in the income statement:

	2017 £000	2016 £000
Administrative expenses	256	42

## Notes (continued)

### 9 Intangible assets (continued)

#### Impairment loss and subsequent reversal

Goodwill and indefinite life intangible assets considered significant in comparison to the Group's total carrying amount of such assets have been allocated to cash generating units or groups of cash generating units as follows:

	Goodwill 2017 £000	Goodwill 2016 £000
EMEA Division	11,594	11,594
Americas Division	12,598	12,598
APAC Division	374	374

The recoverable amount of the above CGU's has been calculated with reference to its value in use. The key assumptions of this calculation are shown below:

	2017	2016
Year on which management approved forecasts are based	1 year	1 year
Growth rate applied beyond approved forecast year for years 2-4	45%	45%
Growth rate applied beyond approved forecast year for year 5	45%	20%
Terminal growth rate used	1%	3%
Discount rate	10%	10%

The growth rates used in the value in use calculation for years 2-4 are aligned to the group's compound average growth rate over the past 3 years.

The discount rate is based on management's assessment of the group's weighted average cost of capital.

Management has performed sensitivity analysis in respect of the carrying value of goodwill. It would require a reduction in the growth rate assumed beyond managements reasonable expectations and the lowest historical growth rates achieved in recent years to cause the goodwill to be impaired.

### 10 Investments in subsidiaries

The Group and Company have the following investments in subsidiaries:

Name	Country of incorporation	Principal activity	Class and percentage of shares held
<b>Company</b>			
Frank Recruitment Group Services Limited	England	Holding company	100% ordinary
<b>Group</b>			
Frank Recruitment Group Services Limited*	England	Holding company	100% ordinary
Frank Recruitment Group Services (USA) Limited*	England	Holding company	100% ordinary
Frank Recruitment Group GmbH**	Germany	Recruitment	100% ordinary
Nigel Frank International Limited*	England	Recruitment	100% ordinary
Frank Recruitment Group Incorporated***	USA	Recruitment	100% ordinary
Frank Recruitment Group Services Incorporated***	USA	Recruitment	100% ordinary
Frank Recruitment Group Private Limited****	Singapore	Recruitment	100% ordinary
Mason Frank International Limited*	England	Recruitment	100% ordinary
Frank Recruitment Group PTY Limited*****	Australia	Recruitment	100% ordinary

The subsidiaries registered offices are as follows:

- \* St Nicolas Building, St Nicolas Street, Newcastle upon Tyne, NE1 1RF
- \*\* Charlottenstrabe 57, Quartier 205, 7.OG (7th Floor), Berlin
- \*\*\* 110 William Street, NY, NY, 10038
- \*\*\*\* Royal One Philip, 1 Philip Street, Singapore, 048692
- \*\*\*\*\* Suite 5, Level 3, 350 Collins Street, Melbourne, Victoria

## Notes (continued)

### 11 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2017 £000	Assets 2016 £000	Liabilities 2017 £000	Liabilities 2016 £000	Total 2017 £000	Total 2016 £000
Property, plant and equipment	-	-	190	458	190	458
Other short term timing differences	(412)	(25)	-	(249)	(412)	(274)
Net tax (assets) / liabilities	(412)	(25)	190	209	(222)	184

Movement in deferred tax during the year

	1 December 2016 £000	Recognised in income £000	Foreign exchange movements £000	30 November 2017 £000
Property, plant and equipment	458	(251)	(17)	190
Other short term timing differences	(274)	(172)	34	(412)
	184	(423)	17	(222)

### 12 Trade and other receivables

	2017 £000	2016 £000
Trade receivables	25,133	19,117
Amounts due from other group undertakings	10,241	1,025
Other trade receivables	184	646
Deferred tax (see note 11)	-	25
Prepayments and accrued income	2,082	5,732
Non-current	-	-
Current	37,640	26,545

### 13 Cash and cash equivalents/ bank overdrafts

	2017 £000	2016 £000
Cash and cash equivalents	1,011	1,402

## Notes (continued)

### 14 Other interest-bearing loans and borrowings

This note provides information about the contractual terms of the group's interest-bearing loans and borrowings, which are measured at amortised cost.

	2017 £000	2016 £000
<b>Creditors falling due within less than one year</b>		
Invoice finance facility	631	-
	<u>631</u>	<u>-</u>
<b>Creditors falling due in more than one year</b>		
Secured bank loans	-	-
	<u>-</u>	<u>-</u>

#### Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value 2017 £000	Face value 2016 £000	Carrying amount 2017 £000	Carrying amount 2016 £000
Invoice finance facility	USD	2.0%	n/a	631	-	631	-
				<u>631</u>	<u>-</u>	<u>631</u>	<u>-</u>

The invoice finance facility was repaid in December 2017.

The invoice finance facility is due for repayment by August 2019.

### 15 Trade and other payables

	2017 £000	2016 £000
Trade payables	1,744	2,421
Amounts owed to other group undertakings	1,371	-
Non-trade payables and accrued expenses	7,397	10,401
Taxation and social security	1,809	1,786
	<u>12,321</u>	<u>14,608</u>

### 16 Employee benefits

#### Defined contribution plans

The Group operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £107k (2016: £119k).

## Notes (continued)

### 17 Provisions

	Total £000
Balance at 1 December 2016	438
Utilised in the year	(334)
<b>Balance at 30 November 2017</b>	<b>104</b>
Non-current	-
Current	104
	<b>104</b>

The above relates to an onerous lease provision, this is expected to unwind in 2018.

### 18 Capital and reserves

#### Share capital

	Ordinary shares 2017	Ordinary shares 2016
In thousands of shares		
On issue at 1 December	20,293	20,564
Cancellation of shares	-	(271)
<b>On issue at 30 November – fully paid</b>	<b>20,293</b>	<b>20,293</b>
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<i>Allotted, called up and 'A' fully paid</i>		
7,000,000 'A' ordinary shares of £0.0005 each	3,500	3,500
8,279,928 'B' ordinary shares of £0.0005 each	4,140	4,140
3,142,500 'C' ordinary shares of £0.001 each	3,143	3,143
400,000 'D' ordinary shares of £0.002 each	800	800
630,063 'E' ordinary shares of £0.002 each	1,260	1,260
90,009 'F' ordinary shares of £0.01 each	900	900
34 'G' ordinary shares of £0.001 each	-	-
200,000 'H' ordinary shares of £0.001 each	200	200
200,000 'I' ordinary shares of £0.0001 each	200	200
350,000 'J' ordinary shares of £0.001 each	350	350
1,000 'K' ordinary shares of £0.001 each	1	1
	<b>14,494</b>	<b>14,494</b>

The Group also has a capital redemption reserve of £150 following the repurchase of 149,500 'C' ordinary shares in 2015.

#### Voting rights

'G' ordinary shares have no voting or dividend rights. 'D', 'E' and 'F' ordinary shares each carry a 5% class vote. Other shares in the company carry the balance of voting rights split equally.

## Notes (continued)

### 19 Financial instruments

The Group's principal financial instruments comprise short-term receivables and payables, bank loans and cash. The Group does not trade in financial instruments but uses derivative financial instruments in the form of forward foreign currency contracts and interest rate swaps.

#### 19 (a) Fair values of financial instruments

##### Fair values

The following hierarchy classifies each class of financial asset or liability depending based on the valuation technique used to determine fair value:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The only financial assets or liability which is recognised at fair value at 30 November 2017 was in respect of the interest rate swaps. The fair value of this derivative is level 2 and is based on broker quotes.

#### 19 (b) Credit risk

##### Financial risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. The Group's risk is influenced by the nature of its customers. New customers are analysed for credit worthiness before the Group's standard payment terms and conditions are affected and appropriate credit limits set.

The carrying amount of trade receivables represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the balance sheet date was £25.1m (2016: £19.1m). The allowance account for trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amounts owing is possible; at that point the amounts considered to be irrecoverable are written off against the trade receivable directly. Further information on credit risk is provided below.

The concentration of credit risk for trade receivables at the balance sheet date by geographic region was:

	2017 £000	2016 £000
Europe	14,308	10,485
Asia – Pacific	795	574
North America	10,030	8,058
	<u>25,133</u>	<u>19,117</u>

## Notes (continued)

### 19 Financial instruments (continued)

#### 19 (b) Credit risk (continued)

##### Credit quality of financial assets and impairment losses

The aging of trade receivables at the balance sheet date was:

	Gross 2017 £000	Impairment 2017 £000	Gross 2016 £000	Impairment 2016 £000
Not past due	14,471	(10)	17,357	-
Past due 0-30 days	6,911	(19)	885	-
Past due 31-120 days	3,056	(93)	525	(38)
More than 120 days	1,176	(359)	350	(350)
	<u>25,614</u>	<u>(481)</u>	<u>19,117</u>	<u>(388)</u>

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2017 £000	2016 £000
Balance at 1 December	(388)	(415)
Impairment loss (recognised)/reversed	(93)	27
	<u>(481)</u>	<u>(388)</u>

#### 19 (c) Liquidity risk

Financial risk management liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group manages its liquidity by monitoring existing facilities and cash flows against forecast requirements based on a rolling cash forecast.

## Notes (continued)

### 19 Financial instruments (continued)

#### 19 (c) Liquidity risk (continued)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

		2017				
	Carrying amount £000	Contractual cash flows £000	1 year or less £000	1 to <2 years £000	2 to <5 years £000	5 years and over £000
<b>Non-derivative financial liabilities</b>						
Trade and other payables	1,744	1,744	1,744	-	-	-
Invoice finance facility	631	631	631	-	-	-
		<u>2,375</u>	<u>2,375</u>	<u>-</u>	<u>-</u>	<u>-</u>

		2016				
	Carrying amount £000	Contractual cash flows £000	1 year or less £000	1 to <2 years £000	2 to <5 years £000	5 years and over £000
<b>Non-derivative financial liabilities</b>						
Trade and other payables	2,421	2,421	2,421	-	-	-
		<u>2,421</u>	<u>2,421</u>	<u>-</u>	<u>-</u>	<u>-</u>

#### 19 (d) Market risk

##### Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The Group's policy includes the use of forward foreign currency contracts to reduce any significant exposure to such risks as considered appropriate.



## Notes (continued)

### 19 Financial instruments (continued)

#### Market risk - Foreign currency risk

The Group's exposure to foreign currency risk is as follows. This is based on the carrying amount for monetary financial instruments except derivatives when it is based on notional amounts:

#### 30 November 2017

	Sterling £000	Euro £000	US Dollar £000	Other £000	Total £000
Cash and cash equivalents	(106)	433	228	456	1,011
Trade receivables	8,349	5,049	9,687	2,048	25,133
Invoice finance facility	-	-	(631)	-	631
Trade payables	(1,269)	(30)	(361)	(84)	(1,744)
Balance sheet exposure	6,974	5,452	8,923	2,420	23,769

#### 30 November 2016

	Sterling £000	Euro £000	US Dollar £000	Other £000	Total £000
Cash and cash equivalents	2,304	262	(1,603)	439	1,402
Trade receivables	7,012	2,639	8,366	1,100	19,117
Trade payables	(1,747)	(52)	(570)	(52)	(2,421)
Balance sheet exposure	7,569	2,849	6,193	1,487	18,098

#### Sensitivity analysis

A 20% weakening of the following currencies against the pound sterling at 30 November would have increased/ (decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant. The analysis is performed on the same basis for 30 November 2016.

	2017 £000	Equity 2016 £000	2017 £000	Profit or loss 2016 £000
€	26	(64)	(1,010)	(568)
\$	(1,041)	1,384	4,105	(534)

A 20% strengthening of the above currencies against the pound sterling at 30 November would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

## Notes (continued)

### 19 Financial instruments (continued)

#### 19 (e) Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern, whilst maximising the return to shareholders. The capital structure of the Group is managed by the Group's parent Finders Topco Limited.

### 20 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2017 £000	2016 £000
Less than one year	3,231	2,975
Between one and five years	6,522	6,426
More than five years	438	54
	<u>10,191</u>	<u>9,455</u>

During the year £3.7m was recognised as an expense in the income statement in respect of operating leases (2016: £1.2m).

The Group leases a number of offices under operating leases.

### 21 Related parties

#### Transactions with key management personnel

Key management personnel are considered to be anyone at the board level for example CEO, CFO, COO, CMO and CCO. Board level personnel are remunerated by Finders Bidco Limited, the Group's parent.

Directors of the Company and their immediate relatives control 10.07 per cent of the voting shares of the ultimate parent company.

The compensation of key management personnel (including the directors) is as follows:

	2017 £000	2016 £000
Key management remuneration including social security costs	-	969
Company contributions to money purchase pension schemes	-	1
Compensation for loss of office	-	132
	<u>-</u>	<u>1,102</u>

## Notes (continued)

### 22 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Finders Topco Limited, which is the ultimate parent company incorporated in Jersey, UK. The ultimate controlling party is Finders Topco Limited.

The largest group in which the results of the Company are consolidated is that headed by Finders Topco Limited. The consolidated financial statements of this group is available to the public and may be obtained from 3<sup>rd</sup> Floor, 37 Espandale, St Helier, Jersey, JE2 3QA.

The smallest group in which the results of the Company are consolidated is that headed by Finders Midco Limited. The consolidated financial statements of this group is available to the public and may be obtained from St Nicolas Building, St Nicolas Street, Newcastle upon Tyne, NE1 1RF.

### 23 Accounting estimates and judgements

The preparation of financial statements requires the Directors to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The key areas requiring the use of estimates and judgements which may significantly affect the financial statements are considered to be:

#### Turnover recognition

As detailed in note 1 turnover in respect of permanent placements is recognised when the candidate commences employment, with provision being made for possible cancellations of placements which would result in a rebate being provided to the customer. This provision includes an element of estimation in respect of determining the likely level of provision required. The provision is based on historic trends and actual experience, considering regional differences, subsequent to the year end. The calculation is updated periodically during the year and is based on a 5 month historical period in order to fully capture relevant rebate periods. In respect of contract revenue an estimation is made at the year end in respect of unbilled contract revenue based on timesheets received subsequent to the year end in respect of the year and any known outstanding timesheets.

#### Recoverability of trade debtors

An assessment as to the ability of the Company to recover trade debtors is made at each financial period end. A provision is made for any amounts that are not considered to be recoverable. Due to the nature of this provision an estimate is made as to the amounts that will be recoverable which involves judgement based on knowledge of the customer and the level of uncertainty as to whether the customer has sufficient funds to pay these amounts.

#### Measurement of the recoverable amounts of cash-generating units containing goodwill

This requires the identification of appropriate cash-generating units (CGUs) and the allocation of goodwill to these units. The assessment of impairment involves assumptions on the estimated future operating cashflows from these CGUs, the discount rate applied in the calculations and the comparisons of the relevant discounted cashflows to the carrying value of each CGU including goodwill. Management have assessed the sensitivity of these assumptions for reasonably possible changes in the key assumptions and consider the carrying value of each CGU to be reasonable. See note 9 for further detail.

**Company balance sheet**  
*at 30 November 2017*

	<i>Note</i>	<b>2017</b> <b>£000</b>	<b>2017</b> <b>£000</b>	<b>2016</b> <b>£000</b>	<b>2016</b> <b>£000</b>
<b>Fixed assets</b>					
Investments	25		33,090		33,090
<b>Current assets</b>					
Debtors	26	6,131		7,946	
Cash at bank and in hand		-		103	
		<u>6,131</u>		<u>8,049</u>	
<b>Creditors: amounts falling due within one year</b>	27	<u>(1,058)</u>		<u>(3,184)</u>	
<b>Net current assets</b>			<u>5,073</u>		<u>4,865</u>
<b>Total assets less current liabilities</b>			<u>38,163</u>		<u>37,955</u>
<b>Net assets</b>			<u>38,163</u>		<u>37,955</u>
<b>Capital and reserves</b>					
Called up share capital	28		15		15
Share premium account	28		153		153
Capital contribution reserve			29,735		29,868
Brought forward profit and loss account		7,919		5,150	
Profit/(loss) for the period		341		(48)	
Other movements in retained earnings		-		2,817	
Capital redemption reserve		-		-	
		<u>-</u>		<u>-</u>	
<b>Shareholders' funds</b>			<u>8,260</u>		<u>7,919</u>
			<u>38,163</u>		<u>37,955</u>

These financial statements were approved by the board of directors on **30** August 2018 and were signed on its behalf by:



**L Miller**  
*Director*

Company registered number: 8473608

## Company statement of changes in equity

	Called up share capital £000	Share premium account £000	Capital contribution reserve £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 December 2015	15	153	-	-	5,150	5,318
<b>Total comprehensive income for the year</b>						
Profit or loss	-	-	-	-	(48)	(48)
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-	(48)	(48)
<b>Transactions with owners, recorded directly in equity</b>						
Waiver of amounts owed by parent undertaking	-	-	29,868	-	-	29,868
Equity – settled share based payment transactions	-	-	-	-	2,817	2,817
<b>Total contributions by and distributions to owners</b>	-	-	29,868	-	2,817	32,685
<b>Balance at 30 November 2016</b>	<b>15</b>	<b>153</b>	<b>29,868</b>	<b>-</b>	<b>7,919</b>	<b>37,955</b>
Balance at 1 December 2016	15	153	29,868	-	7,919	37,955
<b>Total comprehensive income for the year</b>						
Profit or loss	-	-	-	-	341	341
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-	341	341
<b>Transactions with owners, recorded directly in equity</b>						
Waiver of amounts owed by parent undertaking	-	-	-	-	-	-
Adjustment to capital contribution reserve	-	-	(133)	-	-	(133)
<b>Total contributions by and distributions to owners</b>	-	-	(133)	-	-	(133)
<b>Balance at 30 November 2017</b>	<b>15</b>	<b>153</b>	<b>29,735</b>	<b>-</b>	<b>8,260</b>	<b>38,163</b>

## Notes

*(forming part of the financial statements)*

### 24 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

#### *Basis of preparation*

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Under section s408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative year reconciliations for share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries ;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

#### *Measurement convention*

The financial statements are prepared on the historical cost basis.

## Notes (continued)

### 24 Accounting policies (continued)

#### *Foreign currency*

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

#### *Impairment*

##### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

##### *Non-financial assets*

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

In respect of other assets, impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## Notes (continued)

### 24 Accounting policies (continued)

#### *Classification of financial instruments issued by the Company*

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

#### *Non-derivative financial instruments*

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Investments in subsidiaries are carried at cost less impairment.

#### *Derivative financial instruments and hedging*

##### *Derivative financial instruments*

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

#### *Taxation*

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.



## Notes (continued)

### 25 Fixed asset investments

	Shares in group undertakings £000	Total £000
<i>Cost</i>		
At beginning and end of year	33,090	33,090
	<u>          </u>	<u>          </u>
<i>Provisions</i>		
At beginning and end of year		
	<u>          </u>	<u>          </u>
<i>Net book value</i>		
At 30 November 2017 and 30 November 2016	33,090	33,090
	<u>          </u>	<u>          </u>

Details of the investments held by the company are disclosed in note 10.

### 26 Debtors

	2017 £000	2016 £000
Amounts owed by group undertakings	6,131	7,946
	<u>          </u>	<u>          </u>
	6,131	7,946
	<u>          </u>	<u>          </u>

### 27 Creditors: amounts falling due within one year

	2017 £000	2016 £000
Bank overdrafts	217	-
Amounts owed to group undertakings	614	2,678
Accruals and deferred income	38	441
Corporation tax payable	189	65
	<u>          </u>	<u>          </u>
	1,058	3,184
	<u>          </u>	<u>          </u>

## Notes (continued)

### 28 Called up share capital

#### Share capital

In thousands of shares	Ordinary shares 2017	Ordinary shares 2016
On issue at 1 December	20,293	20,564
Cancellation of shares	-	(271)
On issue at 30 November – fully paid	20,293	20,293
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<i>Allotted, called up and 'A' fully paid</i>		
7,000,000 'A' ordinary shares of £0.0005 each	3,500	3,500
8,279,928 'B' ordinary shares of £0.0005 each	4,140	4,140
3,142,500 'C' ordinary shares of £0.001 each	3,143	3,143
400,000 'D' ordinary shares of £0.002 each	800	800
630,063 'E' ordinary shares of £0.002 each	1,260	1,260
90,009 'F' ordinary shares of £0.01 each	900	900
34 'G' ordinary shares of £0.001 each	-	-
200,000 'H' ordinary shares of £0.001 each	200	200
200,000 'I' ordinary shares of £0.0001 each	200	200
350,000 'J' ordinary shares of £0.001 each	350	350
1,000 'K' ordinary shares of £0.001 each	1	1
	<b>14,494</b>	<b>14,494</b>

The Company also has a capital redemption reserve of £150 following the repurchase of 149,500 'C' ordinary shares in 2015.

#### Voting rights

'G' ordinary shares have no voting or dividend rights. 'D', 'E' and 'F' ordinary shares each carry a 5% class vote. Other shares in the company carry the balance of voting rights split equally.