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Techstream Group Holdings Limited

Report and Financial Statements

Year Ended

31 December 2019

Company Number 10421892

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Techstream Group Holdings Limited

Report and consolidated financial statements for the year ended 31 December 2019

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Directors

P Hart

Registered office

First Floor
3-8 Carburton Street
London, England
W1W 5AJ

Company number

10421892

Auditor

BDO LLP
55 Baker Street
London
W1U 7EU

Techstream Group Holdings Limited

Strategic report for the year ended 31 December 2019

The directors present their strategic report on the group for the year ended 31 December 2019.

Review of the business

The Company and Group are providers of technology and engineering staffing services on a global basis. These services are delivered from an international footprint of office locations. During the year, this network of offices covered the United Kingdom, Germany, Spain, South Africa, the USA and Singapore. The Group operates across these locations through 4 service brands; CloudStream, AutoStream, CyberStream and EarthStream.

Results and performance

The results of the Group for the year, as set out on pages 9 and 10 show a loss on ordinary activities before tax of £728k (2018: loss of £195k). The shareholders' deficit of the Group totals £1,979k (2018: £1,088k).

While the Voyage acquisition in 2018 produced positive results in 2019, the full effect of this has not yet been realised and is expected to be in 2020. With higher amortisation of intangible assets being recorded in 2019 and continued exceptional costs for restructuring across the Group, the performance of the Group has declined in absolute terms.

Business environment

The group delivers talent in niche skillsets across the globe. The diversity of the four operating brands and the geography serviced has allowed the business to benefit from some insulation against individual market segments and sectors.

Demand for talent across the areas the business supports remains strong, and the Group is confident that it is properly positioned to continue strong growth.

Strategy

The Group's focus is continued organic growth in its 4 core brands, ideally allowing individual office locations to have 2 or 3 brands per location, with a growing proportion of contract-led revenues.

The group has the capability to service multiple areas of demand within large clients and supporting these clients will afford strong revenue and profit growth through depth of relationship within such customers.

This approach will be augmented with appropriate acquisition opportunities, should they present themselves, of businesses which will provide natural fit with the group's existing approach and brands.

Key performance indicators ('KPIs')

We have made significant progress throughout the year in relation to key elements of our strategy.

The Board monitors the progress of the Group by reference to the following KPIs:

- Revenue - which for 2019 was £46,553k (2018: £39,486k).
- Operating loss – which for 2019 was £155k (2018: Operating profit £328k).
- EBITDA – which for 2019 was £791k (2018: £956).
- Gross profit – which was £5,671k (2018: £4,531k).

The increase of the gross profit in the year of £1,140k was contributed from an increased level of trade from the full year impact of the Voyage acquisition in 2018 taking effect. The gross profit margin has also been somewhat improved from the mix of business types, to 12.5% (2018: 11.5%).

Techstream Group Holdings Limited

Strategic report (continued) for the year ended 31 December 2019

Going Concern

As at 31 December 2019, the Techstream Group (The 'Group'), held cash of £0.6m less a £4m invoice finance facility and shareholder loans of £4.9m decreasing to £3.13m raised post yearend. On 17th January 2020, the Techstream Group was acquired by Whcoriver Bidco Limited (subsequently changing its name to Techstream IGHB Limited) and simultaneously Etonwood Limited and Xcede Group Holdings were acquired forming the enlarged Techstream Group. As part of the transaction Techstream IGHB Limited drew down a loan of £6.5m and an £11m UK based Invoice Finance Facility with Investec Bank which replaced the Group's previous invoice finance facility. At the end of February 2021, amounts repayable on the Loan totalled £6m and amounts repayable on the Invoice Finance Facility was £4.7m. The Group's Loan from Investec Bank is subject to covenants relating to Gross Margins, EBITDA and cash availability assessed on a monthly basis.

Although the COVID-19 pandemic has caused client demand to fall dramatically from Q2 2020, meaning the Group traded below 70% of EBITDA budgets, revenues in the Groups core markets have remained strong and the Group has been able to reduce costs largely via utilising the furlough scheme in the UK and government assistance around the world. The Group has therefore been able to trade profitably in 2020. The Group has also mitigated potential cash flow delays by deferring Q2 VAT payments in the UK and has requested a PAYE & Corporation tax deferment plan with HMRC. As part of its ongoing support of the Group Investec waived the Group's requirement to adhere to its EBITDA covenant between April and November 2020.

To assess the reasonableness of the going concern basis of preparation the Directors have prepared financial forecasts for the period to March 2022 (base case scenario). These forecasts have been prepared considering the impact of the COVID -19 pandemic and a weakened market. Throughout the going concern review period as determined by the Directors base case scenario the Group meets its financial covenants and is forecast to meet its liabilities as they fall due. The Group's minimum cash holding is £1.5m (with the exception of certain months were a lower covenant value has been agreed with Investec). A key assumption within the base case forecast is the ability of the Group to repay Loan Notes totalling £1.53m to its ultimate parent Universal Partners Limited in Q4 2020. Current forecasts indicate repayment of this loan do not impact compliance with relevant covenant requirements. If the impact of the pandemic and trading over this period is worse than forecast, the Directors have the ability to defer the payment of these Loan Notes to a later date to ensure compliance with the relevant covenants with Investec, although the Group would suffer an increased rate of interest.

In addition to the base case scenario, downside forecast stress testing scenarios have demonstrated that the Group could withstand both a prolonged decrease in revenue without breaching its banking facilities if additional cost measures are exercised. For example, the Group could withstand a more than 20% decrease on the already depressed revenues used within the forecast for 12 months. In this scenario the directors would undertake a number of measures including freeze on hiring of staff, reduction in discretionary payments such as staff bonuses, reduction in commission payments impacted by reduced revenue and overall reduction in non-essential expenditure. Once these measures are taken into consideration the covenants in place for these facilities will continue to be adhered to.

The Group has also looked to extend the invoice discounting facilities around the world to provide sufficient working capital as the business secures further contract based opportunities. Given the Groups financial performance during the global 'lockdown', the Directors believe that there is reasonable assurance that if COVID-19 does continue to cause economic unrest and weakened opportunity to trade, the Group would be able to take sufficient mitigation action to ensure it can remain within current banking facilities and operate as a going concern.

On this basis, the Directors have a reasonable expectation that the Group will have sufficient cash flow and available resources to continue operating for at least 12 months from the approval date of these financial statements. Accordingly, the Group and the Company continues to adopt the going concern basis in preparing its Financial statements.

Techstream Group Holdings Limited

Strategic report (*continued*)
for the year ended 31 December 2019

Future developments

Early in 2020 the TechStream Group completed a merger with Xcede Group Holdings Limited and Etonwood Limited via a private equity funded transaction.

This combined group contains in excess of 200 staff, and has a strong bank-funding line provided by a specialist lender. This has further afforded comfort in relation to demand risk, and also a huge opportunity for future acquisitive growth on a global basis.

Approval

This strategic report was approved on behalf of the Board on 15 March 2021



Paul Hart
Director

Techstream Group Holdings Limited

Directors' report for the year ended 31 December 2019

The directors present their report together with the audited financial statements for the year ended 31 December 2019.

Results and dividends

The consolidated income statement is set out on page 9 and shows the loss for the year.

The directors do not recommend a final ordinary dividend (2018 - £nil)

Directors

The directors of the company during the year and subsequent to the year were:

P Beeke (resigned on 1 February 2021)
I Nash (resigned on 15 January 2021)
M Petrie (resigned on 4 February 2021)
A M Davis (appointed 9 January 2020 and resigned 18 November 2020)
P Hart (appointed 18 November 2020)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the Board of Directors



Paul Hart

Date: 15 March 2021

Techstream Group Holdings Limited

Directors' responsibilities statement for the year ended 31 December 2019

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Techstream Group Holdings Limited

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TECHSTREAM GROUP HOLDINGS LIMITED

Opinion

We have audited the consolidated financial statements of Techstream Group Holdings Limited ("the Company") for the year ended 31 December 2019 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated and company statements of changes in equity, the consolidated statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice). In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the Company's affairs as at 31 December 2019 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors report and financial statements, 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.

Techstream Group Holdings Limited

Independent auditor's report (*continued*)

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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in Directors' report.

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

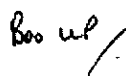
<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Techstream Group Holdings Limited

Independent auditor's report (*continued*)

Use of our report

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



Tim Neathercoat (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date: 15 March 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Techstream Group Holdings Limited

Consolidated income statement for the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Turnover	3	46,553	39,486
Cost of sales		(40,882)	(34,955)
Gross profit		5,671	4,531
Administrative expenses		(5,826)	(4,183)
Operating (loss) / profit	5	(155)	348
Operating (loss) / profit - including exceptional costs and amortisation		(155)	348
Amortisation and depreciation	10, 11	884	510
Exceptional costs (Restructuring costs)	6	301	371
Operating profit - excluding exceptional costs and amortisation		1,030	1,229
Interest payable and similar charges	7	(635)	(641)
Other income		62	98
Loss on ordinary activities before taxation		(728)	(195)
Taxation on loss from ordinary activities	8	(71)	(16)
Loss on ordinary activities after taxation		(799)	(211)
Attributable to:			
- Owners of the company		(728)	(195)
- Minority interests		-	(16)

All amounts relate to continuing activities.

The notes on pages 16 to 33 form part of these financial statements.

Techstream Group Holdings Limited

Consolidated statement of other comprehensive income for the year ended 31 December 2019

	2019 £'000	2018 £'000
Loss for the financial year	(799)	(211)
Exchange translation differences on retranslation of subsidiaries	(93)	(259)
Total recognised losses in the year	(892)	(470)

The notes on pages 16 to 33 form part of these financial statements.

Techstream Group Holdings Limited

Consolidated balance sheet at 31 December 2019

Company number 10421892	Note	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Fixed assets					
Intangible asset	10		4,766		5,573
Tangible assets	11		148		177
			<hr/>		<hr/>
			4,914		5,750
Current assets					
Debtors	12	8,724		9,733	
Cash at bank and in hand		616		516	
		<hr/>		<hr/>	
		9,340		10,249	
Creditors: amounts falling due within one year	13	(8,410)		(9,007)	
		<hr/>		<hr/>	
Net current assets			930		1,242
			<hr/>		<hr/>
Total assets less current liabilities			5,844		6,992
			<hr/>		<hr/>
Creditors: amounts falling due after more than one year	14		(7,823)		(8,080)
			<hr/>		<hr/>
Provisions for liabilities			-		-
			<hr/>		<hr/>
Net liabilities			(1,979)		(1,088)
			<hr/>		<hr/>
Capital and reserves					
Share capital	16		-		-
Profit and loss account			(1,622)		(823)
Translation differences			(353)		(261)
Minority interest			(4)		(4)
			<hr/>		<hr/>
Shareholders' deficit			(1,979)		(1,088)
			<hr/>		<hr/>

The financial statements were approved by the Board of Directors and authorised for issue on 15 March 2021.



Paul Hart
Director

The notes on pages 16 to 33 form part of these financial statements.

Techstream Group Holdings Limited

Company balance sheet at 31 December 2019

Company number 10421892	Note	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Fixed assets					
Investments	9		2,000		2,000
			<hr/>		<hr/>
			2,000		2,000
Current assets					
Debtors	12	1,650		1,680	
		<hr/>		<hr/>	
		1,650		1,680	
Creditors: amounts falling due within one year	13	(493)		-	
		<hr/>		<hr/>	
Net current assets			1,157		1,680
			<hr/>		<hr/>
Total assets less current liabilities			3,157		3,680
			<hr/>		<hr/>
Creditors: amounts falling due after more than one year	14		(3,680)		(3,680)
			<hr/>		<hr/>
Net liabilities			(523)		-
			<hr/>		<hr/>
Capital and reserves					
Share capital	16		-		-
Profit and loss account			(523)		-
			<hr/>		<hr/>
Shareholders' deficit			(523)		-
			<hr/>		<hr/>

The financial statements were approved by the Board of Directors and authorised for issue on 15 March 2021

The Company has taken advantage of the exemption available under the Companies Act 2006 to not present its own income statement in these financial statements. The result for the year for the parent Company on a standalone basis was a loss of £523k (2018 - £nil).



Paul Hart
Director

The notes on pages 16 to 33 form part of these financial statements.

Techstream Group Holdings Limited

Consolidated statement of changes in equity for the year ended 31 December 2019

	Share capital £'000	Profit and loss account £'000	Translation differences £'000	Shareholders' deficit £'000	Minority interest £'000	Total equity £'000
1 January 2018	-	(628)	(2)	(630)	-	(630)
Comprehensive income for the year:						
Currency translation differences	-	-	(259)	(259)	-	(259)
Loss for the year	-	(195)	-	(195)	(16)	(211)
Contributions by and distributions to owners	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Other movements	-	-	-	-	12	12
Total contributions by and distributions to owners	-	-	-	-	12	-
31 December 2018	-	(823)	(261)	(1,084)	(4)	(1,088)
1 January 2019	-	(823)	(261)	(1,084)	(4)	(1,088)
Comprehensive income for the year:						
Currency translation differences	-	-	(92)	(92)	-	(92)
Loss for the year	-	(799)	-	(799)	-	(799)
Contributions by and distributions to owners	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-
31 December 2019	-	(1,622)	(353)	(1,975)	(4)	(1,979)

The notes on pages 16 to 33 form part of these financial statements.

Techstream Group Holdings Limited

Company statement of changes in equity for the year ended 31 December 2019

	Share capital £'000	Profit and loss account £'000	Shareholders' deficit £'000
1 January 2018	-	-	-
Comprehensive income for the year:			
Result for the year	-	-	-
	<hr/>	<hr/>	<hr/>
Contributions by and distributions to owners	-	-	-
Dividends	-	-	-
Other movements	-	-	-
	<hr/>	<hr/>	<hr/>
Total contributions by and distributions to owners	-	-	-
	<hr/>	<hr/>	<hr/>
31 December 2018	-	-	-
	<hr/>	<hr/>	<hr/>
1 January 2019	-	-	-
Comprehensive income for the year:			
Loss for the year	-	(523)	(523)
	<hr/>	<hr/>	<hr/>
	-	(523)	(523)
Contributions by and distributions to owners			
Dividends	-	-	-
Other movements	-	-	-
	<hr/>	<hr/>	<hr/>
Total contributions by and distributions to owners	-	-	-
	<hr/>	<hr/>	<hr/>
31 December 2019	-	(523)	(523)
	<hr/>	<hr/>	<hr/>

The notes on pages 16 to 33 form part of these financial statements.

Techstream Group Holdings Limited

Consolidated statement of cash flows for the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Cash outflows from operating activities			
Cash generated from operations	19	1,325	533
Interest paid		(732)	(562)
Tax paid		(31)	(43)
Impact of translation differences		(109)	(250)
		<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities		453	(322)
		<hr/>	<hr/>
Cash flows from investing activities			
Business acquisitions, net of acquired cash		-	121
Purchase of intangible fixed assets		(56)	(463)
Purchase of tangible fixed assets		(42)	(114)
Interest received		2	7
		<hr/>	<hr/>
Net cash outflow from investing activities		(96)	(449)
		<hr/>	<hr/>
Cash flows from financing activities			
Net loan proceeds from related parties		-	-
New loans issued		365	1,291
Repayment of loans		(622)	(249)
		<hr/>	<hr/>
Net cash (outflow)/inflow from financing activities		(257)	1,042
		<hr/>	<hr/>
Increase in cash and cash equivalents		100	271
		<hr/>	<hr/>
Cash and cash equivalents at the start of the year		516	245
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year		616	516
		<hr/>	<hr/>

The notes on pages 16 to 33 form part of these financial statements.

Techstream Group Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2019

1 Accounting policies

Techstream Group Holdings Limited is a private company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the Group's operations and its principal activities are set out in the directors' report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

Company disclosure exemptions

In preparing the separate financial statements of the company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the company as the results are included in the totals for the group as a whole in the consolidated financial statements of the ultimate parent; and
- Disclosures in respect of the company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole in the consolidated financial statements of the ultimate parent; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the company as their remuneration is included in the totals for the group as a whole in the consolidated financial statements of the ultimate parent.

The following principal accounting policies have been applied:

Basis of consolidation

These financial statements consolidate the results and position of the Company's subsidiaries for the year to 31 December 2019 and for the comparative period for the year to 31 December 2018.

Control of the Group's subsidiaries is predicated based on the majority share ownership of those subsidiaries by the Company, whether directly or indirectly.

The results of the full year of all subsidiaries is consolidated for the full financial year under audit.

Going concern

As at 31 December 2019, the Techstream Group (The 'Group'), held cash of £0.6m less a £4m invoice finance facility and shareholder loans of £4.9m decreasing to £3.13m raised post yearend. On 17th January 2020, the Techstream Group was acquired by Whcoriver Bidco Limited (subsequently changing its name to Techstream IGHB Limited) and simultaneously Etonwood Limited and Xcede Group Holdings were acquired forming the enlarged Techstream Group. As part of the transaction Techstream IGHB Limited drew down a loan of £6.5m and an £11m UK based Invoice Finance Facility with Investec Bank which replaced the Group's previous invoice finance facility. At the end of February 2021, amounts repayable on the Loan totalled £6m and amounts repayable on the Invoice Finance Facility was £4.7m. The Group's Loan from Investec Bank is subject to covenants relating to Gross Margins, EBITDA and cash availability assessed on a monthly basis.

Techstream Group Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (*continued*)

1 Accounting policies (*continued*)

Going concern (continued)

Although the COVID-19 pandemic has caused client demand to fall dramatically from Q2 2020, meaning the Group traded below 70% of EBITDA budgets, revenues in the Groups core markets have remained strong and the Group has been able to reduce costs largely via utilising the furlough scheme in the UK and government assistance around the world. The Group has therefore been able to trade profitably in 2020. The Group has also mitigated potential cash flow delays by deferring Q2 VAT payments in the UK and has requested a PAYE & Corporation tax deferment plan with HMRC. As part of its ongoing support of the Group Investec waived the Group's requirement to adhere to its EBITDA covenant between April and November 2020.

To assess the reasonableness of the going concern basis of preparation the Directors have prepared financial forecasts for the period to March 2022 (base case scenario). These forecasts have been prepared considering the impact of the COVID -19 pandemic and a weakened market. Throughout the going concern review period as determined by the Directors base case scenario the Group meets its financial covenants and is forecast to meet its liabilities as they fall due. The Group's minimum cash holding is £1.5m (with the exception of certain months where a lower covenant value has been agreed with Investec). A key assumption within the base case forecast is the ability of the Group to repay Loan Notes totalling £1.53m to its ultimate parent Universal Partners Limited in Q4 2020. Current forecasts indicate repayment of this loan do not impact compliance with relevant covenant requirements. If the impact of the pandemic and trading over this period is worse than forecast, the Directors have the ability to defer the payment of these Loan Notes to a later date to ensure compliance with the relevant covenants with Investec, although the Group would suffer an increased rate of interest.

In addition to the base case scenario, downside forecast stress testing scenarios have demonstrated that the Group could withstand both a prolonged decrease in revenue without breaching its banking facilities if additional cost measures are exercised. For example, the Group could withstand a more than 20% decrease on the already depressed revenues used within the forecast for 12 months. In this scenario the directors would undertake a number of measures including freeze on hiring of staff, reduction in discretionary payments such as staff bonuses, reduction in commission payments impacted by reduced revenue and overall reduction in non-essential expenditure. Once these measures are taken into consideration the covenants in place for these facilities will continue to be adhered to.

The Group has also looked to extend the invoice discounting facilities around the world to provide sufficient working capital as the business secures further contract based opportunities. Given the Groups financial performance during the global 'lockdown', the Directors believe that there is reasonable assurance that if COVID-19 does continue to cause economic unrest and weakened opportunity to trade, the Group would be able to take sufficient mitigation action to ensure it can remain within current banking facilities and operate as a going concern.

On this basis, the Directors have a reasonable expectation that the Group will have sufficient cash flow and available resources to continue operating for at least 12 months from the approval date of these financial statements. Accordingly, the Group and the Company continues to adopt the going concern basis in preparing its Financial statements.

Presentational currency

The presentational currency and functional currency determined by the directors is GBP, being the currency in which the majority of the Group's sales, purchases and payroll are earned and incurred respectively.

Techstream Group Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

Foreign currency transactions

The Group records transactions in the functional currency of each of its subsidiaries separately (these differing from £ sterling for entities domiciled in overseas jurisdictions). Where transactions in each of these subsidiaries differ from the functional currency of that entity, the transaction is recorded at the exchange rate prevailing on the date of that transaction.

Monetary assets and liabilities are retranslated at the year end where these are receivable or payable in a currency different to the functional currency, at the rate prevailing at the year end date. The exchange differences arising on such translation are recognised within the income statement of the respective entities.

The results of overseas subsidiaries in different functional currencies to the presentational currency of the Group (the £) are translated using an average rate for the year that management consider to be materially consistent with the results that would be obtained from retranslating all individual transactions at the transaction date throughout the year as noted above.

The year end balance sheets of those overseas subsidiaries are translated at the foreign currency to sterling conversion rate at the year end (irrespective of whether or not they are monetary assets), while opening reserves are converted at the rate prevailing at the start of the financial year. The differences on translating overseas subsidiaries are recognised directly within the statement of other comprehensive income.

Turnover

Turnover in respect of permanent placement fees is recognised when the company has fulfilled its contractual obligations in accordance with the underlying contracts. Depending on the contract, this is either on the start date of the candidates' employment, or when a candidate accepts an offer of employment and a start date has been determined. Where revenue is recognised on acceptance the directors considers the likelihood of withdrawal and makes a provision accordingly.

Turnover in respect of temporary placements is recognised when the service has been rendered and accepted by the client. Turnover excludes value added tax.

Revenue derived from long term contracts is recognised according to the number of placements made.

Techstream Group Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

1 Accounting policies (continued)

Goodwill

Goodwill arising on an acquisition of a subsidiary undertaking, or an unincorporated business, is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Impairment tests on the carrying value of goodwill are undertaken:

- at the end of the first full financial year following acquisition;
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Contracts

Contracts represent the expected net profit contribution of acquired assets from certain business combinations which are then amortised on a straight line basis over the period through which they are expected to be economically useful to the company.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Contracts	-	Straight line over 5 years
Goodwill	-	Straight line over 5 years

Depreciation

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a straight line basis

Leasehold improvements	-	over the life of the lease
Computer equipment	-	33 1/3% straight line method
Fixtures, fittings and equipment	-	33 1/3% and 20% straight line method

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

Gains and losses on disposals are determined by the carrying amount and are recognised in the income statement.

Taxation

The charge for taxation is based on the profit for the period and taken into account taxation deferred.

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date and are measured at an undiscounted basis.

The recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Techstream Group Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (*continued*)

1 Accounting policies (*continued*)

Pension costs and other post-retirement benefits

The Company operates a defined contribution pension scheme and makes contributions to the scheme on behalf of its employers.

These contributions are recognised as an expense in the income statement when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives to enter into operating lease agreements are initially recorded as deferred income and released to the profit and loss account over the period to the date on which the rent is first expected to be adjusted to the prevailing market rate.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the company either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the company's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- *Tangible fixed assets (see note 11)*

Tangible fixed assets, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Techstream Group Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

2 Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

- *Amounts owed from group undertakings*

Management regularly assess balances due from other entities within the Group and whether these are recoverable. Where it is considered that the future cash flows of these debts are less than the carrying amount in the Techstream Group Holdings Limited entity financial statements appropriate provisions are made against these balances to reflect the recoverability of the asset.

- *Basis of preparation*

The Group has limited forward visibility and like all organisations, at this stage it is hard to predict the full extent of the impact of COVID-19. Consequently, there is a high degree of uncertainty in respect of future outcomes, however, the various stress test scenarios indicate that the Group can continue to operate within its banking facilities.

In the event that there is a more significant downturn than in the scenarios tested, there are further mitigating actions which could include but are not limited to, further reductions in capital expenditure, further reductions in non-business critical expenditure as well as the potential for headcount reductions. As a consequence, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence and meet its liabilities as they fall due over the going concern review assessment period.

3 Turnover

Turnover is wholly attributable to the principal activity of the company.

Group	2019 £'000	2018 £'000
UK and Europe	40,163	37,259
Middle East and Africa	2,160	906
Asia Pacific	1,955	1,321
USA	2,172	-
Other	103	-
	46,553	39,486

4 Employees

Group	2019 £'000	2018 £'000
Staff costs consist of:		
Wages and salaries	7,676	5,045
Social security costs	423	450
Other pension costs	97	164
	8,197	5,659

The average number of employees, including directors, during the year was 140 (2018 - 97).

The company does not directly employ any staff and therefore the disclosures of employee costs required under the Companies Act 2006 are not relevant here in the context of "company only" figures.

Techstream Group Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (*continued*)

5 Operating profit

	2019	2018
Group	£'000	£'000
This has been arrived at after charging:		
Depreciation	434	43
Amortisation of intangibles	498	510
Auditors remuneration		
- Audit of the group and parent company accounts	26	41
- Audit of the group's subsidiaries pursuant to legislation	37	41
- Other non-audit services	23	-
Foreign exchange losses/(gains)	111	(118)
	<u> </u>	<u> </u>

6 Exceptional costs

Exceptional costs relate to legacy client credit notes, relocation costs, merger & acquisition costs, termination fees of former ID facility and arrangement fees for new ID facility.

7 Interest payable and similar expenses

	2019	2018
Group	£'000	£'000
Interest on loan and invoice discounting	645	641
	<u> </u>	<u> </u>

8 Taxation on loss from ordinary activities

	2019	2018
Group	£'000	£'000
<i>Current tax</i>		
Corporation tax charge for the year	51	16
Adjustment in respect of previous years	(2)	-
Deferred tax recognised	22	-
	<u> </u>	<u> </u>
Total current tax	71	16
	<u> </u>	<u> </u>

Techstream Group Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (continued)

8 Taxation on loss from ordinary activities (continued)

The tax assessed for the year is higher (2018: higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	2019 £'000	2018 £'000
Loss on ordinary activities before tax	(728)	(195)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 19% (2018 - 19%)	(138)	(37)
Effects of:		
Expenses not deductible for tax purposes	116	165
Capital allowances in excess of depreciation	49	-
Adjustments to tax charge in respect of previous periods	(2)	-
Taxes suffered in overseas jurisdictions	11	16
Deferred tax not recognised	35	(89)
Income not taxable	-	(39)
Total tax charge	71	16

Techstream Group Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (continued)

9 Investments

Company	Shares in subsidiary undertakings £'000
Cost	
At 31 December 2019	2,000

The Company's principal subsidiary undertakings are as follows:

Subsidiary undertaking	Country of registration	Registered office address	Class	Holding type	Shares held %	Activity
Cloudstream Global Limited	UK	First Floor, 3-8 Carburton Street, London, England, W1W 5AJ	Ordinary	Direct	100%	Recruitment services
PHD Search and Select Limited	UK	Duredin, Strathtay Pitlochry, Scotland PH9 0PJ	Ordinary	Indirect	80%	Research
Cloudstream Global International Limited	UK	First Floor, 3-8 Carburton Street, London, England, W1W 5AJ	Ordinary	Direct	100%	Holding company
Techstream Group Talent Services SL	Spain	Calle Altamira 5, Edificio Ayala, Planta 2 Spain, 11311	Ordinary	Indirect	100%	Recruitment services
Techstream Global Recruitment Limited	Republic of Ireland	Blg Chartered Accountants, 3rd Floor, the Boathouse Bishop Street, Dublin 8 Ireland	Ordinary	Indirect	100%	Recruitment services
Techstream Group International Limited	UK	First Floor, 3-8 Carburton Street, London, England, W1W 5AJ	Ordinary	Direct	100%	Holding company
Earthstream Global Limited	UK	First Floor, 3-8 Carburton Street, London, England, W1W 5AJ	Ordinary	Indirect	100%	Recruitment services

Techstream Group Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (continued)

9 Investments (continued)

Subsidiary undertaking	Country of registration	Registered office address	Class	Holding type	Shares held %	Activity
Earthstream Global GmbH	Germany	Dachauer Street 65 80335 Munich Germany	Ordinary	Indirect	100%	Recruitment services
Techstream Group Inc.	USA	25 Broadway, Suite 9033 New York, 10004	Ordinary	Indirect	100%	Recruitment services
Techstream Global Pte (formerly known as 'Earthstream Global Pte')	Singapore	9 Battery Road, 26-02 Straits Trading Building, Singapore 049910	Ordinary	Indirect	100%	Recruitment services
Earthstream Global SL	Spain	Calle Altamira 5, Edificio Ayala, Planta 2 Spain, 11311	Ordinary	Indirect	100%	Recruitment services
Techstream Group Schweiz GmbH (formerly known as 'Earthstream Global (Schweiz) GmbH')	Switzerland	Leutschenbachstrasse 95 CH-8050 Zurich Switzerland	Ordinary	Indirect	100%	Recruitment services
Earthstream Global KK	Japan	c/o QCIC Consulting K.K. Umezaki Building 3F 4-4-4 Hatchobori Chuo-ku, Tokyo 104-0032	Ordinary	Indirect	100%	Recruitment services
ESG 1 Limited	UK	First Floor, 3-8 Carburton Street, London, England, W1W 5AJ	Ordinary	Indirect	100%	Holding company
Earthstream Global Consulting GmbH	Germany	Dachauer Street 65 80335 Munich Germany	Ordinary	Indirect	100%	Recruitment services
Techstream Group Talent Services (Pty) Limited	South Africa	Longkloof Studios Darters Road, Gardens Cape Town South Africa, 8001	Ordinary	Indirect	100%	Recruitment services
Techstream Group Consulting Services (Pty) Limited	South Africa	Longkloof Studios Darters Road, Gardens Cape Town South Africa, 8001	Ordinary	Indirect	100%	Recruitment services
Taitan Consulting Limited	United Kingdom	First Floor, 3-8 Carburton Street, London, England, W1W 5AJ	Ordinary	Indirect	100%	Recruitment services

Techstream Group Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (*continued*)

9 Investments (*continued*)

ESG 1 Limited, Techstream Group International Limited and Cloudstream Group International Limited were exempted from the requirement to a statutory audit in the year by virtue of taking the s479A exemption from audit through issuance of a parental guarantee by Techstream Group Holdings Limited.

During the year, Cloudstream Asia Pacific Pte Limited's business was amalgamated with Techstream Global Pte Limited and the legacy company was wound up, leading to its effective disposal from Cloudstream Global Limited. CHHF Limited was similarly disposed of in the year following a wind up of its activities.

In 2020, Earthstream Global KK was disposed of – there was no material impact on these financial statements.

10 Intangible fixed assets

Group	Goodwill Techstream Group International Limited £'000	Goodwill PHD Search and Select Limited £'000	Contracts Voyage Global Energy Limited £'000	Contracts Simply Executive Contractors Limited £'000	Total £'000
<i>Cost</i>					
At 1 January 2019	4,809	172	463	799	6,243
Additions	-	-	58	-	58
At 31 December 2019	4,809	172	521	799	6,301
<i>Amortisation</i>					
At 1 January 2019	321	2	54	293	670
Charged within the year	481	18	111	160	770
Impairment registered in the year	-	95	-	-	96
At 31 December 2019	802	115	165	453	1,535
<i>Net book value</i>					
At 31 December 2019	4,007	57	356	346	4,766
At 31 December 2018	4,488	170	409	506	5,573

An additional £58k of assets on the Voyage Global Energy Limited contracts was identified within the financial year and added to the intangible asset register as noted above.

In the year, an impairment charge of £95k was taken against the goodwill of PHD Search and Select Limited following internal review by Management of the recoverable value of the asset.

Techstream Group Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (continued)

11 Tangible assets

Group	Computer equipment £'000	Fixtures and fittings £'000	Leasehold improvements £'000	Merchandise of articles £'000	Total £'000
<i>Cost</i>					
At 1 January 2019	327	127	89	-	543
Additions	-	10	2	6	18
Disposals	(130)	-	-	-	(130)
At 31 December 2019	197	137	91	6	431
<i>Depreciation</i>					
At 1 January 2019	250	54	62	-	366
Charge for the year	-	18	-	-	18
Foreign exchange differences	7	7	4	-	18
Disposals	(119)	-	-	-	(119)
At 31 December 2019	138	79	66	-	283
<i>Net book value</i>					
At 31 December 2019	59	58	25	6	148
At 31 December 2018	77	73	27	-	177

12 Debtors

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Trade debtors	8,002	9,129	-	-
Amounts owed by group undertakings	-	-	1,650	1,680
Other debtors	145	337	-	-
Accrued Income	361	72	-	-
Prepayments	216	195	-	-
	8,724	9,733	1,650	1,680

All amounts shown under debtors fall due for payment within one year. Amounts owed by group undertakings attract no interest, are repayable on demand and are unsecured.

Techstream Group Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (*continued*)

13 Creditors: amounts falling due within one year

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Trade creditors	2,439	2,532	-	-
Amounts owed to associates	-	-	-	-
Social security and other taxes	226	322	-	-
Other creditors	172	241	-	-
Amounts owed under invoice discounting arrangements	4,440	4,895	-	-
Directors loan accounts	(28)	101	-	-
Corporation Tax payable	48	-	-	-
Accruals and deferred income	1,113	916	493	-
	<u>8,410</u>	<u>9,007</u>	<u>493</u>	<u>-</u>

The company's invoice discounting facility is secured on the company's trade debtors.

14 Creditors: amounts falling due after more than one year

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Shareholder loans	4,143	4,400	-	-
Loan note series A	430	430	430	430
Loan note series B	1,250	1,250	1,250	1,250
Loan note series C	2,000	2,000	2,000	2,000
	<u>7,823</u>	<u>8,080</u>	<u>3,680</u>	<u>3,680</u>

The shareholders have confirmed they would need to give at least one year and a day's notice for the loans to be repaid. No notice has been received as at the date of the approval of these financial statements. Amounts due from shareholders hold no contractual repayment date or interest assessable.

Loan note series A comprises loans made to three shareholders of the Group (two of whom are directors). The principal on the note is repayable in 5 years from the date of the loan being issued, 2 April 2023. Interest is charged at a rate of 10%. The interest payable does not compound and is payable in full in the event of any early repayment of the principal of the loan.

Loan note series B comprises loans made to a shareholder of the Group (who is a director). The principal on the note is repayable in 5 years from the date of the loan being issued, 2 April 2023. Interest is charged at a rate of 10%. The interest payable does not compound and is payable in full in the event of any early repayment of the principal of the loan.

Techstream Group Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

14 Creditors: amounts falling due after more than one year (continued)

Loan note series C comprises loans made to a shareholder of the Group. The principal on the note is repayable in 5 years from the date of the loan being issued, 2 April 2023. Interest is charged at a rate of 10% in the first year of issue, 12.5% in the second year of issue, and 15% in the final three years of issue. The interest payable does not compound and is payable in full in the event of any early repayment of the principal of the loan.

The gross maturity analysis of loans falling due (excluding the shareholder loans) is as follows:

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Loan payments falling due within 1 year	456	406	456	406
Loan payments falling due within 1-2 years	468	456	468	456
Loan payments falling due within 2-5 years	4,265	4,733	4,265	4,733
	<hr/>	<hr/>	<hr/>	<hr/>
Total gross payments	5,189	5,595	5,189	5,595
Less future interest payments	(1,509)	(1,915)	(1,509)	(1,915)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance sheet value	3,680	3,680	3,680	3,680
	<hr/>	<hr/>	<hr/>	<hr/>

15 Financial Instruments

Group	2019 £'000	2018 £'000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	9200	10,054
	<hr/>	<hr/>
Financial liabilities		
Financial liabilities measured at amortised cost	15,959	16,765
	<hr/>	<hr/>

Financial assets at amortised cost comprise cash at bank and in hand, trade debtors, other debtors and accrued income.

Financial liabilities at amortised cost comprise trade creditors, other creditors, amounts owed under invoice discounting arrangements, directors' loan accounts, accruals, shareholder loans and loan notes series' A, B and C.

Techstream Group Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 *(continued)*

16 Share capital

Group and company

Allotted, called up and fully paid

Number	Class	Nominal value	Capital £'000
4,002	Ordinary 'A'	£0.01	-
4,002	Ordinary 'B'	£0.01	-
2,000	Ordinary 'C'	£0.01	-
1,557,207	Ordinary 'D'	£0.001	-
6,899	Ordinary 'E'	£0.001	-
11,000	Ordinary 'F'	£0.001	-
4	Ordinary 'G'	£0.01	-
			<hr/>
			-
			<hr/>

The following shares were allotted and fully paid for cash at par during the period:

4,002 Ordinary 'A' shares of £0.01 each
 4,002 Ordinary 'B' shares of £0.01 each
 2,000 Ordinary 'C' shares of £0.01 each
 1,557,207 Ordinary 'D' shares of £0.001 each
 6,899 Ordinary 'E' shares of £0.001 each
 11,000 Ordinary 'F' shares of £0.001 each
 4 Ordinary 'G' shares of £0.01 each

Techstream Group Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

17 Related party transactions

Included in creditors due in less than one year and creditors due in more than one year are the following amounts due to directors of the Group:

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
I Nash	434	475	50	50
P Beeke	2,936	2,934	330	330
M D Petrie	1,559	1,600	1,250	1,250
	4,929	5,009	1,630	1,630

I Nash's loan to the business constitutes £50k of series A loan notes as described in note 14 (2018: £50k), and £384k (2018: £425k) that sits as a legacy balance within the Techstream Group International Limited sub-group. The repayment terms of the legacy loan balances are as per note 14. No amount has been written off and no interest is outstanding. Interest accrued on I Nash's series A loan note of £9k in the year (2018: £nil) remains outstanding at 31 December 2019.

P Beeke's loan to the business constitutes £330k of series A loan notes as described in note 14 (2018: £330k), £1,169k (2018: £1,412k) that sits as a legacy balance within the Techstream Group International Limited sub-group and £1,457k (2018: £1,192k) of injected balances to Cloudstream Global Limited. The repayment terms of the legacy loan balances and Cloudstream Global Limited balances are as per note 14. No amount has been written off and no interest is outstanding.

P Beeke injected £365k of further loans during the year, and expensed net costs of £343k as a reduction against these loans. Interest of £58k was accrued on the series A loan note and this has been fully paid at the year-end.

M Petrie's loan to the business constitutes £1,250k of series B loan notes as described in note 14 (2018: £1,250k) and £202k (2018: £350k) of injected balances to Cloudstream Global Limited. The repayment terms of the Cloudstream Global Limited balances are as per note 14. No amount has been written off and no interest is outstanding.

M Petrie injected £123k of further loans during the year, and expensed net costs of £271k as a reduction against these loans. Interest of £219k was accrued on the series B loan note, of which £111k was paid leaving £108k payable at the year-end.

The company has taken advantage of the exemption allowed by FRS 102 'Related Party disclosures', not to disclose any transactions with members of the group headed Techstream Group Holdings Limited on the grounds that 100% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements.

Total compensation paid in the year to key management personnel amounted to £842k (2018: £883k).

18 Ultimate controlling party

In the opinion of the directors, there is no ultimate controlling party.

Techstream Group Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (*continued*)

19 Operating cash flow reconciliation

	2019 £'000	2018 £'000
Loss after taxation	(799)	(211)
<i>Adjust for:</i>		
Depreciation and amortisation	932	553
Interest payable	646	641
Interest receivable	(2)	(7)
Taxation expense	71	16
Foreign exchange gains and losses	112	(118)
Decrease in trade and other debtors	1,009	481
Decrease in trade and other creditors	(644)	(838)
	<hr/>	<hr/>
Cash generated from operations	1,325	533
	<hr/>	<hr/>

20 Operating lease commitments

The group and company had the following land and buildings commitments to non-cancellable operating leases at the balance sheet date:

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Falling due within 1 year	488	577	-	-
Falling due within 2-5 years	132	620	-	-
Falling due in more than 5 years	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total	620	1,197	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

Techstream Group Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (*continued*)

21 Post balance sheet events

Sale of the business to WHCoriver Limited

On 27 January 2020, the Group was acquired by WHCoriver Limited, with the objective of creating an expanded group structure including Etonwood and Xcede Group Holdings Limited.

The Group transferred 100% of its share capital to the new owner, WHCoriver Limited, for total consideration of £2,873k (shares of £473k and loan notes of £2,400k).

Loan note instruments in the Group totaling £5,286k were exchanged for consideration of £6,149k (cash of £4,640k and loan notes of £1,509k).

As such, total consideration paid by WHCoriver Limited for the transaction was £9,022k.

Of the historic loan facilities of £4,143k (note 14), £600k became repayable on the basis of monthly instalments of £10k (£120k due within one year, £480k due within 2-5 years) and the remaining £3,543k is unaffected by the transaction with those balances being inherited by the Group headed up by WHCoriver Limited and remaining payable on the same terms defined in the balance sheet at 31 December 2019.

The combination with Etonwood and Xcede is expected to drive increased performance for the Group, however the financial impact is not yet able to be quantified with sufficient accuracy by management.

Covid-19 (Coronavirus) pandemic

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus as a "pandemic". First identified in late 2019 and known now as COVID-19, the outbreak has impacted thousands of individuals worldwide. In response, many countries have implemented measures to combat the outbreak which have impacted global business operations. The effects of COVID-19 have created significant economic disruption to overall business commerce and as a result, there is uncertainty as to when economic activity will begin to be re-established, how long the impacts of COVID-19 will affect businesses and what the long term-term impacts will be. Management continues to closely evaluate the impacts of the current economic environment on the Company's business and make adjustments to Company's operations and cost structure to effectively respond to the immediate impacts.